



# ANNUAL REPORT



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# WHO WE ARE

## OUR VISION

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

## OUR PURPOSE

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

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

## OUR VALUES

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

## WHAT WE DO

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

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

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

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

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

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

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

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

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

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

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

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

### **Grow through diversification**

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

# ESTABLISHMENT

For nearly 70 years, the CAE has provided learning opportunities to the Victorian community through a wide range of programs and services, adapting to meet the continually changing needs of adult learners.

The Centre for Adult Education (CAE) is a Victorian State Government entity established under the Education & Training Reform Act 2006 as an Adult Education Institution. CAE is a registered training organisation delivering qualifications from the Australian Qualifications Framework and is an ELICOS provider and Non-school Senior Secondary provider. CAE delivers accredited courses designed to help adults complete their secondary education and begin or change their career direction, as well as a regular calendar of fun and educational short courses.

## Programs

CAE is a leading provider of Adult and Community Education (ACE) in Victoria. It 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.

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 programs and services in the following areas:

- > Vocational Education and Training (VET): in partnership with Box Hill Institute at CAE campuses including Community Services, Business, Disability Support, Training and Assessment (TAE), Writing and Editing, and Visual Arts, ranging from beginner to advanced levels.
- > School of Foundation Studies: 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

Located in a thriving Melbourne café district, CAE delivers the majority of its courses from three central locations in the heart of Melbourne's CBD. In 2015, courses were delivered at 253 and 278 Flinders Lane and 21 Degraaf Street. CAE also offers courses at the Ola Cohn Centre in East Melbourne, at Box Hill Institute in Box Hill and Lilydale, and in partnership with other organisations throughout Melbourne.

## Relevant Minister

The relevant Minister in 2015 was:

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

## History

The 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 2006* 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 2015 as the third 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.

# CHAIR'S STATEMENT



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

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

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

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

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

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

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

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

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

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

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

**Ms Suzanne Ewart**  
Board Chair

18 March 2016

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



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

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

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

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

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

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

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

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

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

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

**Mr Norman Gray AM**  
Chief Executive Officer

18 March 2016

# 2015 HIGHLIGHTS

**In 2015 CAE delivered 645 short courses to more than 10,000 students.**

## **Skills and Jobs Centre**

In late 2015 Box Hill Institute Group was awarded grants to establish and run two Victorian Government Skill and Jobs Centres. Based at the CAE Degraives Street building, the Skills and Jobs Centre will be the flagship Melbourne centre, providing a one-stop shop for the public to access retraining opportunities, career advice and education options. Conveniently located in the hustle and bustle of one of Melbourne's busiest districts, next to Flinders Street Station, the Skills and Jobs Centre will also accommodate a permanently-located representative from the Victorian Government Department of Education and Training and the office of the newly appointed Victorian Skills Commissioner.





## Languages Centre of Excellence

The CAE Languages Centre of Excellence (LCE) commenced operation in 2015 and is responsible for the development and delivery of all Box Hill Institute Group's language courses and training for languages other than English. It runs an extensive language short course program, offering 22 different languages from beginner to more challenging levels, including special purpose and customised courses for education and business groups. Over 3,500 students enrolled in LCE courses in 2015.

CAE is a member of the panel of language service providers for the Australian Defence Force (ADF) School of Languages, and the LCE regularly supplies language teachers for ADF contracts in Victoria and interstate. CAE owns the curricula for the Certificates II, III and IV in Applied Languages, for which the LCE manages the accreditation and licencing.

## Foundation Studies Success

CAE is the largest provider of VCE for adults in Victoria, assisting people who have not completed high school to return and study in a flexible, adult environment. CAE also offers VCE for young people whose schools do not offer a full range of subjects, for whom school has not worked out or for those returning to study after a break such as illness.

- > In 2015 CAE delivered education programs to approximately 300 Year 12 and 200 Year 11 VCE learners, including 200 students sitting Year 12 final exams.
- > Eight CAE students achieved an ATAR score of 90 or above in 2015, with at least two receiving scholarship offers at University of Melbourne.

As well as VCE Success, CAE Foundation Studies highlights during 2015 include:

- > The launch of a new pre-VCAL pilot addressing the literacy and numeracy skills of newly-arrived Burmese people in the Lilydale area, to assist them in entering VCAL programs.
- > Approximately 100 learners enrolled in three levels of VCAL.

- > The delivery of education programs to approximately 40 Transition Education students (students with disabilities), 100 literacy and numeracy students and 150 EAL (English as an Additional Language) students.
- > Delivery of the Federal Government's seasonal workers contract; delivering Language, Literacy and Numeracy (LLN) courses to approximately 50 students.
- > The CAE established partnerships with the YWCA, Thornbury Women's Neighbourhood House, Common Ground, Peter Mac, Mission Australia and DENSO to deliver or auspice pre-accredited programs for their clients.
- > CAE student, John Wood was a finalist in the 2015 Learn Local Awards. John was a participant in a program delivered with Common Ground, a service provider for the homeless.
- > The CAE received re-accreditation as a Non-School Secondary Provider by the Victorian Assessment and Curriculum Authority for the next five years.

## Audit Compliance

During 2015 CAE successfully completed a number of stringent and important audits by our national and state regulators.

The 2015 successful audits included:

- > Australian Skills Quality Authority (ASQA) Registered Training Organisation Reregistration Audit. CAE was given the maximum unconditional RTO registration of seven years (until Nov 2021).
- > The Department of Education and Training, Victorian Training Guarantee, 2015 Contract Compliance Audit.
- > Victorian Registration and Qualifications Authority (VRQA) Senior Secondary Registration Audit
- > Adult, Community and Further Education Board (ACFE) Pre-accredited Training Ineligible Module Enrolment Audit.

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

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

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

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

## Board Members

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

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

## Board Committees

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

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

### Audit, Finance and Risk Committee

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

Membership during 2015 included:

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

### Remuneration Committee

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

Membership during 2015 included:

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

### **Nominations Committee**

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

Membership during 2015 included:

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

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

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

Membership during 2015 included:

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

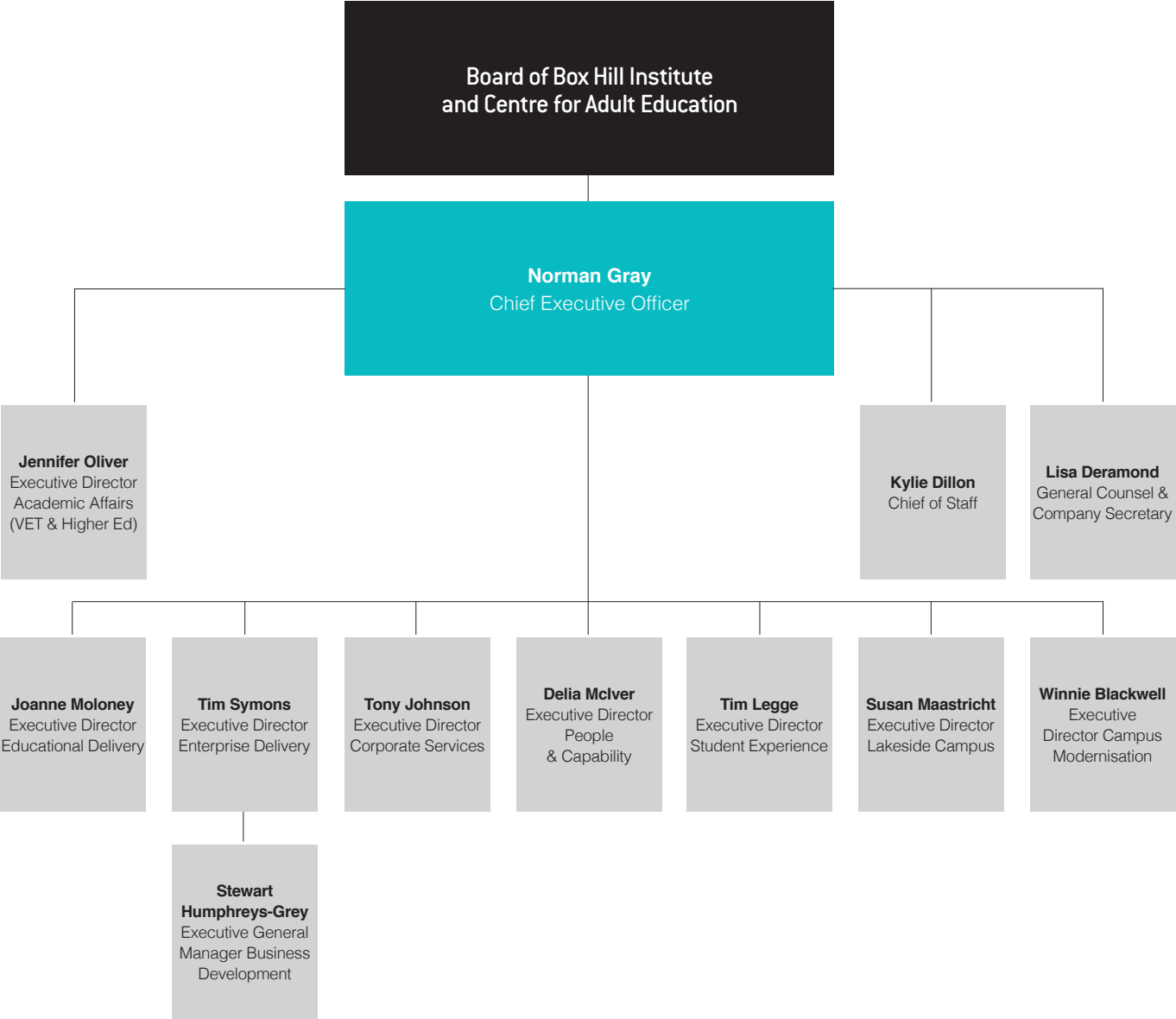
### **Directors of Box Hill Enterprises Limited**

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

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

# EXECUTIVE MANAGEMENT STRUCTURE 2015

Senior Executive Management Team  
as at 31 December 2015



## Five Year CAE Financial Summary

YEAR ENDED 31 DECEMBER	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summary of Financial Performance</b>					
Total Income from Transactions	16,247	15,006	19,264	19,487	23,342
Total Expenses from Transactions	15,302	18,822	(19,829)	(21,105)	(25,389)
Other Economic Flows and Discontinued Operations	832	836	3,904	596	-
<b>Net result</b>	<b>1,777</b>	<b>(2,980)</b>	<b>3,339</b>	<b>(1,024)</b>	<b>(2,047)</b>
<b>BALANCE SHEET PERFORMANCE:</b>					
Assets	12,174	10,971	15,907	12,975	12,782
Liabilities	4,837	5,642	7,598	8,006	6,809
<b>NET WORTH</b>	<b>7,337</b>	<b>5,329</b>	<b>8,309</b>	<b>4,970</b>	<b>5,973</b>

## CAE

The Centre for Adult Education recorded a net result of \$1.777 million gain (2014: \$2.980 million loss) compared to a Board approved operating budget of \$1.747 million loss.

## Comprehensive Operating Statement / Balance Sheet

The higher result in 2015 compared to 2014 is due to a combination of factors:

- > 2015 income from transactions increased by \$1.241 million. This predominantly relates to a one-off inter-company forgiveness of debt of \$2.800 million which was offset by a fall in short course income.
- > Decreases in expenditure have also contributed to the positive result, primarily a reduction in employee expenses of \$3.134 million as a flow on from the organisational realignment in 2014 and ongoing refinement of operations to maximise efficiencies.

The net result of \$1.777 million has resulted in an increase in the Centre for Adult Education's overall net worth.

## Risk Management and Attestation Statement

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

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

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

### B. Insurance Requirements

BHIG complies with this requirement apart from:

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

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



**Suzanne Ewart**

Board Chair

18 March 2016

## Statements of Pecuniary Interests

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

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

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

Telephone: (03) 9286 9222

## Details of Shares Held By Senior Officers

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

## National Competition Policy

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

## Freedom of Information

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

Requests under the *Freedom of Information Act 1982* should be addressed to The Freedom of Information Officer (contact details on page 15).

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

Any student may see their personal record by applying to:

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

Telephone: (03) 9286 9572

Any staff members may see their personal records by applying to:

Executive Director - People & Capability

Box Hill Institute Group  
465 Elgar Road  
Box Hill VIC 3128

Telephone: (03) 9286 9265

## Financial Reporting Directions

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

## Compulsory Student Services and Amenities Fee

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

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

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

Total Student Services and Amenities Fees collected for CAE for the year ending 31 December 2015 were \$109,693.

## Protected Disclosure Act

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

## Carers Recognition Act

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

## Conduct Principles

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

## **Victorian Public Sector Travel Principles**

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

## **Occupational Health and Safety**

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

Increased focus on proactive hazard identification, as well as hazard and near miss reporting, has contributed to an increase in 2015 to 37.14 hazard and incident reports per 100 FTE, compared to 8.99 in 2014 and 5.56 in 2013. Near miss reporting increased throughout the year to an annual total of 10 reports, or 9.29 reports per 100 FTE.

There were three lost time standard claims in 2015, compared to one in 2014 and one in 2013. One psychological lost time claim in 2015 had claim costs capped by WorkSafe at \$360,200, which has increased 2015 claim costs to an average of \$129,498.72, with current average claims costs for 2014 and 2013 claims respectively at \$2,577.00 and \$9,479.69.

An early intervention injury management and proactive claims management focus led to a reduction in lost time days across the Box Hill Institute Group during 2015. The Lost Time Injury Frequency Rate for the Group at end 2015 was 2.15, well below the target of seven.

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

## **Environmental Performance**

Total energy usage, segmented by primary source, including Green Power	Total Energy	4,063,514 megajoules
	Electricity	3,379,428 megajoules
	Natural Gas	684,086 megajoules
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets	1.33 tonnes	
Percentage of electricity purchased as Green Power	0%	
Units of energy used (per effective full time employee)	33,307 megajoules	
Units of energy used per unit of building area (per m2)	108.01 megajoules	
Total units of metered water consumed by water source	4400 kilolitres (mains water)	
Units of metered water consumed in offices (per effective full time employee)	36.06 kilolitres	
Units of metered water consumed in offices of building area (per m2)	1.08 kilolitres	
Total greenhouse gas emissions associated with energy use	8953 tonnes (electricity)	

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



## Building Services

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.

## Compliance with Other Legislation

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

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

## Major Commercial Activities

In accordance with the Commercial Guidelines – TAFE Institutes, in 2015 CAE undertook no major commercial activities.

## Additional information available on request

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

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

Enquiries should be addressed to:

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

Telephone: (03) 9286 9222

Campaigns

Campaigns More than \$100k									
Campaign Name	Summary	Start Date	End Date	Advertising (Media) Exp 2015 (excl. GST)	Creative & Campaign Dev. Exp 2015 (excl. GST)	Research & evaluation Exp 2015 (Excl. GST)	Print & Collateral Exp 2015 (Excl. GST)	Other Campaign Exp 2015 (Excl. GST)	Total (Excl. GST)
2015 CAE Autumn Guide	CAE short courses for Autumn	6/04/2015	12/07/2015	\$146,731.38	\$-	\$-	\$46,758.29	\$8,173.98	\$201,663.65
2015 CAE Summer Course Guide Campaign & Boost	CAE short courses for Summer	10/01/2015	25/05/2015	\$159,930.15	\$-	\$-	\$57,585.06	\$14,921.35	\$232,436.56

Consultancies over \$10,000

Details of consultancies engaged during 2015 are as follows:

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

Consultancies under \$10,000

Number of Engagements		2
Total Fees Incurred		\$5,890

# WORKFORCE DATA

## Workforce Data

TEACHING STAFF									
Employment Status		Full Time 2015	Full Time 2014	Part Time 2015	Part Time 2014	Total 2015	Total 2014	EFT 2015	EFT 2014
On-going	Female	5	4	17	20	22	24	13.2	15.8
On-going	Male	2	0	6	7	8	7	5.5	4.3
Fixed Term	Female	1	0	1	2	2	2	1.4	5.2
Fixed Term	Male	0	1	0	0	0	1	0.0	1
Casual/Tutor, Sessional	Female	0	0	236	280	236	280	28.3	21.9
Casual/Tutor, Sessional	Male	0	0	112	117	112	117	13.1	9.9
<b>SUB-TOTAL</b>	<b>Female</b>	<b>6</b>	<b>4</b>	<b>254</b>	<b>302</b>	<b>260</b>	<b>306</b>	<b>42.9</b>	<b>42.9</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>2</b>	<b>1</b>	<b>118</b>	<b>124</b>	<b>120</b>	<b>125</b>	<b>18.6</b>	<b>15.2</b>
ADMINISTRATIVE and NON-TEACHING STAFF									
Employment Status		Full Time 2015	Full Time 2014	Part Time 2015	Part Time 2014	Total 2015	Total 2014	EFT 2015	EFT 2014
Executive Officers	Female	0	0	0	0	0	0	0.0	0
Executive Officers	Male	0	0	0	0	0	0	0.0	0
Management	Female	1	1	0	0	1	1	1.0	1
Management	Male	1	0	0	0	1	0	0.5	0
General On-going	Female	19	16	8	7	27	23	19.9	21.2
General On-going	Male	19	17	2	2	21	19	15.0	18.6
General Fixed Term	Female	7	5	1	4	8	9	2.0	7.7
General Fixed Term	Male	2	2	1	1	3	3	0.4	2.8
General Casual	Female	0	0	66	85	66	85	5.9	9.8
General Casual	Male	0	0	19	17	19	17	1.5	3.1
<b>SUB-TOTAL</b>	<b>Female</b>	<b>27</b>	<b>22</b>	<b>75</b>	<b>96</b>	<b>102</b>	<b>118</b>	<b>28.8</b>	<b>39.7</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>22</b>	<b>19</b>	<b>22</b>	<b>20</b>	<b>44</b>	<b>39</b>	<b>17.4</b>	<b>24.5</b>
<b>TOTAL</b>	<b>Female</b>	<b>33</b>	<b>26</b>	<b>329</b>	<b>398</b>	<b>362</b>	<b>424</b>	<b>71.7</b>	<b>82.6</b>
<b>TOTAL</b>	<b>Male</b>	<b>24</b>	<b>20</b>	<b>140</b>	<b>144</b>	<b>164</b>	<b>164</b>	<b>36</b>	<b>39.7</b>
<b>GRAND TOTAL</b>		<b>57</b>	<b>46</b>	<b>469</b>	<b>542</b>	<b>526</b>	<b>588</b>	<b>107.7</b>	<b>122.3</b>

## Employment and Conduct Principles

CAE 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**  
**2015**

## INDEPENDENT AUDITOR'S REPORT

### To the Board members, Centre for Adult Education

#### *The Financial Report*

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

#### *The 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, I and my 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 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
15 March 2016



Dr Peter Frost  
Acting Auditor-General

# CENTRE FOR ADULT EDUCATION FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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



**Suzanne Ewart**  
Board Chair

11 March 2016

Box Hill, Melbourne



**Norman Gray AM**  
Chief Executive Officer

11 March 2016

Box Hill, Melbourne



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

11 March 2016

Box Hill, Melbourne

**Centre for Adult Education (CAE)**  
**Comprehensive Operating Statement**  
**for the year ended 31 December 2015**

		2015	2014
	Note	\$'000	\$'000
<b>Income from transactions</b>			
Government contributions - operating	2(a)	5,835	5,819
Sales of goods and services	2(b)	5,051	7,065
Interest	2(c)	7	66
Fair value of assets and services received free of charge or for nominal consideration	2(d)	-	40
Other income	2(e)	5,354	2,016
<b>Total income from transactions</b>		<b>16,247</b>	<b>15,006</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	7,488	10,622
Depreciation and amortisation	3(b)	625	659
Grants and other transfers	3(c)	-	135
Supplies and services	3(d)	1,536	2,641
Other operating expenses <sup>1</sup>	3(e)	5,653	4,765
<b>Total expenses from transactions</b>		<b>15,302</b>	<b>18,822</b>
<b>Net result from transactions (net operating balance)</b>		<b>945</b>	<b>(3,816)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on financial instruments <sup>2</sup>	4(a)	12	16
Share of net profits of associates and joint venture entities, excluding dividends	4(b)	597	535
Other gains from other economic flows	4(c)	223	285
<b>Total other economic flows included in net result</b>		<b>832</b>	<b>836</b>
<b>Net result</b>		<b>1,777</b>	<b>(2,980)</b>
<b>Other economic flows – other comprehensive income</b>			
Changes in physical asset revaluation surplus <sup>3</sup>	13	231	-
<b>Total other economic flows – Other comprehensive income</b>		<b>231</b>	<b>-</b>
<b>Comprehensive result</b>		<b>2,008</b>	<b>(2,980)</b>

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

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

<sup>2</sup> 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments, except when these are taken through the financial assets available-for-sale revaluation surplus.

<sup>3</sup> Changes in revaluation surplus excludes share of net movement in associates, which is disclosed separately.



# Centre for Adult Education (CAE)

## Balance Sheet

as at 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	5	1,131	1,040
Receivables	6	1,604	466
Investments accounted for using the equity method	7	1,347	1,304
<b>Total financial assets</b>		<b>4,082</b>	<b>2,810</b>
<b>Non-financial assets</b>			
Property, plant and equipment	8	7,840	7,962
Intangible assets	9	73	11
Other non-financial assets	10	179	188
<b>Total non-financial assets</b>		<b>8,092</b>	<b>8,161</b>
<b>Total assets</b>		<b>12,174</b>	<b>10,971</b>
<b>Liabilities</b>			
Payables	11	3,783	4,549
Provisions	12	1,054	1,093
<b>Total liabilities</b>		<b>4,837</b>	<b>5,642</b>
<b>Net assets</b>		<b>7,337</b>	<b>5,329</b>
<b>Equity</b>			
Accumulated deficit		(2,588)	(4,365)
Reserves	13	2,307	2,076
Contributed capital		7,618	7,618
<b>Net worth</b>		<b>7,337</b>	<b>5,329</b>
Commitments for expenditure	15	45,304	47,858
Contingent assets and liabilities	16	(424)	(410)

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

**Centre for Adult Education (CAE)**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2015**

	Physical asset revaluation surplus	Accumulated deficit	Contributions by owner	Total
<i>Note</i>	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>	2,076	(1,385)	7,618	8,309
Net result for the year	-	(2,980)	-	(2,980)
<b>Year ended 31 December 2014</b>	<b>2,076</b>	<b>(4,365)</b>	<b>7,618</b>	<b>5,329</b>
Net result for the year	-	1,777	-	1,777
Other comprehensive income for the year 13	231	-	-	231
<b>Total equity at 31 December 2015</b>	<b>2,307</b>	<b>(2,588)</b>	<b>7,618</b>	<b>7,337</b>

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 2015**

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government contributions - operating		4,800	4,965
User fees and charges received		11,444	11,626
Interest received		7	66
<b>Total receipts</b>		<b>16,251</b>	<b>16,657</b>
<b>Payments</b>			
Payments to suppliers and employees		(15,947)	(20,604)
Goods and services tax paid to the ATO		(433)	(252)
<b>Total payments</b>		<b>(16,380)</b>	<b>(20,856)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>14</b>	<b>(129)</b>	<b>(4,199)</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(334)	(74)
Payments received from investment in associates		554	673
<b>Net cash provided by/(used in) investing activities</b>		<b>220</b>	<b>599</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>91</b>	<b>(3,600)</b>
Cash and cash equivalents at the beginning of the financial year		<b>1,040</b>	<b>4,640</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>1,131</b>	<b>1,040</b>

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 2015

### 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 2015 and the comparative information presented for the year ended 31 December 2014.

The following is a summary of the material accounting policies adopted by 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, 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 2015**

**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, 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, 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, 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 CAE's independent valuation agency.

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. 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 CAE. CAE has no controlled entities.

**Associated entities (associates)**

Associates are those entities over which 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, 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 2015**

### **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 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 CAE's major activities as follows:

###### **Government contributions**

Government contributions are recognised as revenue in the period when 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 2015**

### **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 CAE when:

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

###### **(i) Rental Income**

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

###### **(ii) 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 2015

### 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 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.

CAE does not recognise any deferred liability in respect of the plan(s) because 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	2015	2014
		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.



# **Centre for Adult Education (CAE)**

## **Notes to the Financial Statements**

**for the year ended 31 December 2015**

### **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, 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 CAE's contractual payables and advances received.

# **Centre for Adult Education (CAE)**

## **Notes to the Financial Statements**

**for the year ended 31 December 2015**

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

**Impairment of financial assets**

At the end of each reporting period, 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

for the year ended 31 December 2015

### 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 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:

	2015	2014
Capitalised computer software	3-5 years	3-5 years

###### 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.

# **Centre for Adult Education (CAE)**

## **Notes to the Financial Statements**

**for the year ended 31 December 2015**

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

# **Centre for Adult Education (CAE)**

## **Notes to the Financial Statements**

**for the year ended 31 December 2015**

### **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 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.



**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**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 16) 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 Materiality**

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

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

# Centre for Adult Education (CAE)

## Notes to the Financial Statements

for the year ended 31 December 2015

### Statement of significant accounting policies

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

##### 1.19 Change in accounting policy

There were no changes in accounting policy during the year.

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

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

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

##### 1.20 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. As at 31 December 2015 the following standards and interpretations (applicable to the CAE) had been issued but were not mandatory for financial year ending 31 December 2015. 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 2018	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: · establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; · prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	1 Jan 2016	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

# **Centre for Adult Education (CAE)**

## **Notes to the Financial Statements**

**for the year ended 31 December 2015**

### **Statement of significant accounting policies**

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

##### **1.20 New accounting standards and interpretations (continued)**

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

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

##### **1.21 Critical accounting judgements and key sources of estimation uncertainty**

In the application of 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 CAEs assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability CAE uses market-observable data to the extent it is available. Where Level 1 inputs are not available, 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 8 and 19(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.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**Statement of significant accounting policies**

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

**1.21 Critical accounting judgements and key sources of estimation uncertainty (continued)**

- 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).

**1.22 Rounding of amounts**

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

**1.23 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**  
**for the year ended 31 December 2015**

		2015	2014
		\$'000	\$'000
<b>2</b>	<b>Income from transactions</b>		
(a)	<b>Grants and other transfers (other than contributions by owners)</b>		
	<b>Government financial assistance</b>		
	<b>(i) Government contributions - operating</b>		
	State Government recurrent	5,835	5,819
	<b>Total government financial assistance</b>	<b>5,835</b>	<b>5,819</b>
(b)	<b>Sales of goods and services</b>		
	Student fees and charges	474	722
	<b>Rendering of services</b>		
	Fee for service - Government	239	305
	Fee for service - International operations - onshore	60	2
	Fee for service - International operations - offshore	-	198
	Fee for service - short courses	4,073	5,424
	Fee for service - other	125	96
	<b>Total rendering of services</b>	<b>4,497</b>	<b>6,025</b>
	<b>Other non-course fees and charges</b>		
	Sale of goods	80	318
	<b>Total other fees and charges</b>	<b>80</b>	<b>318</b>
	<b>Total revenue from sale of goods and services</b>	<b>5,051</b>	<b>7,065</b>
(c)	<b>Interest</b>		
	<b>Interest from financial assets not at fair value through P/L:</b>		
	Interest on bank deposits	7	66
	<b>Net interest income</b>	<b>7</b>	<b>66</b>
(d)	<b>Fair value of assets and services received free of charge or for nominal consideration</b>		
	<b>Assets:</b>		
	Services - Resources received free of charge	-	40
	<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>-</b>	<b>40</b>
(e)	<b>Other income</b>		
	Donations, bequests and contributions	-	30
	Rental income	2,292	1,568
	Other revenue	3,062	418
	<b>Total other income</b>	<b>5,354</b>	<b>2,016</b>

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

	2015	2014
	\$'000	\$'000
<b>3 Expenses from transactions</b>		
<b>(a) Employee expenses</b>		
Salaries, wages, overtime and allowances	5,744	8,190
Superannuation	524	761
Payroll tax	446	507
Worker's compensation	61	58
Long service leave	104	205
Annual leave	298	543
Termination benefits	309	358
Others	2	-
	<b>7,488</b>	<b>10,622</b>
<b>(b) Depreciation and amortisation</b>		
<b>Depreciation of non-current assets</b>		
Buildings	6	26
Plant and equipment	27	15
<b>Total depreciation</b>	<b>33</b>	<b>41</b>
<b>Amortisation of non-current physical and intangible assets</b>		
Leasehold improvements	590	587
Software	2	31
<b>Total amortisation</b>	<b>592</b>	<b>618</b>
<b>Total depreciation, amortisation and impairment</b>	<b>625</b>	<b>659</b>
<b>(c) Grants and other transfers (other than contributions by owners)</b>		
Grants and subsidies other Vet Programs	-	135
<b>Total grants and other payments</b>	<b>-</b>	<b>135</b>
<b>(d) Supplies and Services</b>		
Purchase of supplies and consumables	339	681
Communication expenses	143	202
Contract and other services	750	1,047
Building repairs and maintenance	203	633
Minor equipment	25	4
Fees and charges	76	74
<b>Total supplies and services</b>	<b>1,536</b>	<b>2,641</b>

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

	2015	2014
	\$'000	\$'000
<b>3 Expenses from transactions (Continued)</b>		
<b>(e) Other operating expenses</b>		
Marketing and promotional expenses	873	616
Occupancy expenses	312	219
Audit fees and services	5	35
Staff development	16	53
Travel and motor vehicle expenses	4	7
Other expenses	544	458
<b>Total other expenses</b>	<b>1,754</b>	<b>1,388</b>
<b>Operating lease rental expenses:</b>		
Lease payments	3,899	3,377
<b>Total operating lease rental expenses</b>	<b>3,899</b>	<b>3,377</b>
<b>Total other operating expenses</b>	<b>5,653</b>	<b>4,765</b>

# Centre for Adult Education (CAE)

## Notes to the Financial Statements

for the year ended 31 December 2015

	2015 \$'000	2014 \$'000
<b>4 Other economic flows included in net result</b>		
<b>(a) Net gain/(loss) on financial instruments and statutory receivables/payables</b>		
Impairment of loans and receivables	12	16
<b>Total net gain/(loss) on financial instruments</b>	<b>12</b>	<b>16</b>
<b>(b) Share of net profits/(losses) of associates and joint venture entities excluding dividends</b>		
Share of net profits/(losses) of associates excluding dividends	597	535
<b>Total share of net profit(loss) of associates and joint ventures excluding dividends</b>	<b>597</b>	<b>535</b>
<b>(c) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	223	285
<b>Total other gains/(losses) from other economic flows</b>	<b>223</b>	<b>285</b>

	2015 \$'000	2014 \$'000
<b>5 Cash and deposits</b>		
Cash at bank and on hand	1,131	1,040
<b>Total cash and cash equivalents</b>	<b>1,131</b>	<b>1,040</b>

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

	2015 \$'000	2014 \$'000
<b>(a) Reconciliation to cash at the end of the year</b>		
Balances as above	1,131	1,040
<b>Balance as per cashflow statement</b>	<b>1,131</b>	<b>1,040</b>



**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

	2015 \$'000	2014 \$'000
<b>6 Receivables</b>		
<b>Current receivables</b>		
<b>Contractual</b>		
Trade receivables <sup>1</sup>	1,484	445
Provision for doubtful contractual receivables (See also Note 6(a) below)	-	(16)
Revenue receivable	120	26
<b>Total contractual</b>	<b>1,604</b>	<b>455</b>
<b>Statutory</b>		
GST receivable from ATO	-	11
<b>Total statutory</b>	<b>-</b>	<b>11</b>
<b>Total current receivables</b>	<b>1,604</b>	<b>466</b>
<b>Total receivables</b>	<b>1,604</b>	<b>466</b>

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

	2015 \$'000	2014 \$'000
<b>(a) Movement in the provision for doubtful contractual receivables</b>		
Balance at beginning of the year	(16)	(32)
Reversal of unused provision recognised in the net result	15	30
Increase in provision recognised in the net result	-	(14)
Reversal of provision for receivables written off during the year as uncollectible	1	-
<b>Balance at end of the year</b>	<b>-</b>	<b>(16)</b>

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
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	2015 \$'000	2014 \$'000
<b>7 Investments accounted for using the equity method</b>		
At the beginning of the financial year	1,304	1,442
Share of operating profit of equity accounted investments	597	535
Payment received for share of operating profit	(554)	(673)
<b>Total investments accounted for using the equity method</b>	<b>1,347</b>	<b>1,304</b>

Name of entity	Ownership interests	
	2015 %	2014 %
Cambridge Boxhill Language Assessment Unit Trust (incorporated in Australia)	30	30

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

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

	Land	Buildings	Work in progress	Plant & equipment	Leasehold improvements	Art works	Total
a)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>							
Cost	-	-	-	-	11,056	-	11,056
Valuation	1,833	53	-	27	-	456	2,369
Accumulated depreciation	-	(23)	-	(8)	(4,918)	-	(4,949)
<b>Net book amount</b>	<b>1,833</b>	<b>30</b>	<b>-</b>	<b>18</b>	<b>6,138</b>	<b>456</b>	<b>8,476</b>
<b>Year ended 31 December 2014</b>							
Opening net book amount	1,833	30	-	18	6,138	456	8,475
Additions	-	-	-	75	40	-	115
Depreciation expense	-	(26)	-	(15)	(587)	-	(628)
<b>Closing net book amount</b>	<b>1,833</b>	<b>4</b>	<b>-</b>	<b>78</b>	<b>5,591</b>	<b>456</b>	<b>7,962</b>
<b>At 31 December 2014</b>							
Cost	-	-	-	75	11,096	-	11,171
Valuation	1,833	53	-	27	-	456	2,369
Accumulated depreciation	-	(49)	-	(24)	(5,505)	-	(5,578)
<b>Net book amount</b>	<b>1,833</b>	<b>4</b>	<b>-</b>	<b>78</b>	<b>5,591</b>	<b>456</b>	<b>7,962</b>
<b>Year ended 31 December 2015</b>							
Opening net book amount	1,833	4	-	78	5,591	456	7,962
Additions	-	77	32	92	69	-	270
Revaluation of assets	231	-	-	-	-	-	231
Depreciation expense	-	(6)	-	(27)	(590)	-	(623)
<b>Closing net book amount</b>	<b>2,064</b>	<b>75</b>	<b>32</b>	<b>143</b>	<b>5,070</b>	<b>456</b>	<b>7,840</b>
<b>At 31 December 2015</b>							
Cost	-	77	32	167	11,165	-	11,441
Valuation	2,064	53	-	27	-	456	2,600
Accumulated depreciation	-	(55)	-	(51)	(6,095)	-	(6,201)
<b>Net book value at the end of the financial year</b>	<b>2,064</b>	<b>75</b>	<b>32</b>	<b>143</b>	<b>5,070</b>	<b>456</b>	<b>7,840</b>

**Centre for Adult Education (CAE)**  
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**8 Property, plant and equipment (continued)**

	Carrying amount as at 31 Dec 2015 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices \$'000	Observable price inputs \$'000	Un-observable inputs \$'000
<b>Fair value measurement hierarchy for b) assets as at 31 December 2015</b> Classified in accordance with the fair value hierarchy, see Note 1.21				
Land at fair value:				
- Specialised land	2,064	-	-	2,064
Total of land at fair value	2,064	-	-	2,064
Artworks at fair value	456	-	-	456
Total Artworks at fair value	456	-	-	456
	<b>2,520</b>	<b>-</b>	<b>-</b>	<b>2,520</b>

	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
<b>Fair value measurement hierarchy for b) assets as at 31 December 2014</b> Classified in accordance with the fair value hierarchy, see Note 1.21				
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 Buildings	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
	<b>2,295</b>	<b>-</b>	<b>-</b>	<b>2,295</b>

There were no transfers between Levels during the year.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

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

**c) Valuations of property, plant and equipment**

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

The fair value of land and building was determined after applying the fair value derived by the Valuer General as at 31 December 2012. The Valuer General in determining this adopted the market approach whereby subject land is compared to recent comparable land sales or sales of land with no added or nominal value improvement value, making adjustments for points of difference to fair value. Valuation of the subject land was determined by analysing land sales in comparable proximity to the subject property and allowing for shape, size, topography, location and other relevant factors specific to the land being valued. From the sales analysed, an appropriate rate per square meter has been applied to the subject property. As at 31 December 2015 the CAE used the Valuer General's land indices to establish if these values had materially moved. The movement was greater than 10% and managerial revaluation on the land and building was \$231,000.

The fair value of 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 depreciated replacement cost approach whereby subject assets were valued at replacement cost of assets after applying the appropriate depreciation rate, on a useful life basis after making adjustments for condition and general maintenance. This approach was used as market approach was considered not suitable as the assets are rarely sold except as part of a continuing business, or alternatively, the improvements are of a specialised nature and the market buying price would differ materially to the market selling price as the asset is normally bought as a new asset but could only be sold for its residual value. As at 31 December 2015 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. CAE considers that the carrying amount represents a fair approximation of fair value for cultural assets as at 31 December 2015.

**Specialised land and specialised building**

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

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

An independent valuation of CAE'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.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

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

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

	Specialised Land	Specialised Buildings	Plant & Equipment	Artwork
Reconciliation of Level 3 fair value as at 31 December 2015	\$'000	\$'000	\$'000	\$'000
Opening balance	1,833	4	2	456
Revaluation of assets	231	-	-	-
Depreciation	-	(4)	(2)	-
<b>Closing balance</b>	<b>2,064</b>	<b>-</b>	<b>-</b>	<b>456</b>

	Specialised Land	Specialised Buildings	Plant & Equipment	Artwork
Reconciliation of Level 3 fair value as at 31 December 2014	\$'000	\$'000	\$'000	\$'000
Opening balance	1,833	30	18	456
Depreciation	-	(26)	(16)	-
<b>Closing balance</b>	<b>1,833</b>	<b>4</b>	<b>2</b>	<b>456</b>

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

The disclosures below are for both 2014 and 2015.

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

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
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	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>9 Intangible assets</b>		
<b>Computer software at cost</b>		
<b>Gross carrying amount</b>		
Opening balance	154	<b>154</b>
Additions	64	-
<b>Closing balance</b>	<b>218</b>	<b>154</b>
Accumulated depreciation, amortisation and impairment		
Opening balance	(143)	(112)
Amortisation	(2)	(31)
<b>Closing balance</b>	<b>(145)</b>	<b>(143)</b>
<b>Net book value at the end of the financial year</b>	<b>73</b>	<b>11</b>

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>10 Other non-financial assets</b>		
<b>Current other non-financial assets</b>		
Prepayments	179	188
<b>Total other non-financial assets</b>	<b>179</b>	<b>188</b>

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>11 Payables</b>		
<b>Current</b>		
<b>Contractual</b>		
Supplies and services <sup>1</sup>	309	497
Accrued expenses	532	382
Lease incentive liabilities	276	259
Related Party Payable- Parent Entity	-	379
Revenue in Advance	808	1,000
<b>Statutory</b>		
Amounts owing to Victorian Government	123	29
GST payable	8	-
<b>Total current payables</b>	<b>2,056</b>	<b>2,546</b>
<b>Non-Current</b>		
Lease incentive Liabilities	1,727	2,003
<b>Total non-current payables</b>	<b>1,727</b>	<b>2,003</b>
<b>Total payables</b>	<b>3,783</b>	<b>4,549</b>

<sup>1</sup> The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice.

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

Please refer to Note 19(iii) for the maturity analysis of contractual payables.

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

Please refer to Note 19(iii) for the nature and extent of risks arising from contractual payables.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

	2015	2014
	\$'000	\$'000
<b>12 Provisions</b>		
<b>Current provisions</b>		
<b>Employee benefits (Note 12(a))<sup>1</sup></b>		
Annual leave (Note 12(a))		
Unconditional and expected to settle within 12 months <sup>2</sup>	98	233
Unconditional and expected to settle after 12 months <sup>2</sup>	165	27
Long service leave (Note 12(a))		
Unconditional and expected to settle within 12 months <sup>2</sup>	169	31
Unconditional and expected to settle after 12 months <sup>2</sup>	299	491
Provisions for on-costs (Note 12(a)) and Note 12(b))		
Unconditional and expected to settle within 12 months <sup>2</sup>	27	37
Unconditional and expected to settle after 12 months <sup>2</sup>	48	88
Other provisions	113	11
<b>Total current provisions</b>	<b>919</b>	<b>918</b>
<b>Non-current provisions</b>		
Long service leave (Note 12(a)) <sup>1</sup>	116	151
On costs (Note 12(a)) <sup>1</sup> and Note 12(b))	19	24
<b>Total non-current provisions</b>	<b>135</b>	<b>175</b>
<b>Total provisions</b>	<b>1,054</b>	<b>1,093</b>

	2015	2014
	\$'000	\$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>		
<b>Current employee benefits</b>		
Annual leave	263	260
Long service leave	468	522
<b>Non current employee benefits</b>		
Long service leave	116	151
<b>Total employee benefits</b>	<b>847</b>	<b>933</b>
Current on costs	75	125
Non-current on costs	19	24
<b>Total on costs</b>	<b>94</b>	<b>149</b>
<b>Total employee benefits and oncosts</b>	<b>941</b>	<b>1,082</b>

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

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



**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**12 Provisions (continued)**

	<b>2015</b>		
	<b>\$'000</b>		
<b>(b) Movement in provisions</b>	<b>Oncosts</b>	<b>Others</b>	<b>Total</b>
<b>Opening balance</b>	149	11	<b>160</b>
Reductions arising from payments	(16)	(11)	<b>(27)</b>
Reductions arising from re measurement	(39)	-	<b>(39)</b>
Additional provisions recognised	-	113	<b>113</b>
<b>Closing balance</b>	<b>94</b>	<b>113</b>	<b>207</b>
Current on costs	75	113	188
Non-current on costs	19	-	19
<b>Total provisions</b>	<b>94</b>	<b>113</b>	<b>207</b>

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>13 Reserves</b>		
<b>Physical asset revaluation surplus</b>		
Balance at 1 January	2,076	2,076
Revaluation increments	231	-
<b>Total reserves</b>	<b>2,307</b>	<b>2,076</b>

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

	2015	2014
	\$'000	\$'000
<b>14 Cash flow information</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and deposits disclosed in balance sheet	1,131	1,040
<b>Balance as per cash</b>	<b>1,131</b>	<b>1,040</b>

	2015	2014
	\$'000	\$'000
<b>(b) Reconciliation of operating result after income tax to net cash</b>		
Net result for the year	1,777	(2,980)
<b>Non-cash flows in operating result</b>		
Depreciation and amortisation of non-current assets	625	659
Fair value of assets received free of charge	-	(40)
<b>Total non-cash flows in operating result</b>	<b>625</b>	<b>619</b>
<b>Movements included in investing and financing activities</b>		
Share of associate's (profits)/losses, excluding dividends	(597)	(535)
<b>Total movements included in investing and financing activities</b>	<b>(597)</b>	<b>(535)</b>
<b>Changes in operating assets and liabilities</b>		
Decrease /(Increase) in trade receivables	(1,138)	685
Decrease/(increase) in other assets	9	(32)
Increase/(decrease) in payables	(767)	(1,347)
Increase/(decrease) in provisions	(39)	(609)
<b>Total change in operating assets and liabilities</b>	<b>(1,935)</b>	<b>(1,303)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(129)</b>	<b>(4,199)</b>

	2015	2014
	\$'000	\$'000
<b>15 Commitments for expenditure</b>		
<b>Non-cancellable operating lease commitments payable</b>		
<b>Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:</b>		
Within one year	3,916	3,655
Later than one year but not later than five years	18,905	18,861
Later than five years	27,013	30,128
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>	<b>49,834</b>	<b>52,644</b>
GST reclaimable on the above	(4,530)	(4,786)
<b>Net commitments operating leases</b>	<b>45,304</b>	<b>47,858</b>

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
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	2015 \$'000	2014 \$'000
<b>16 Contingent assets and liabilities</b>		
Details and estimates of maximum amounts of contingent assets and contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:		
<b>Contingent Liabilities</b>		
<b>In respect of Business Undertakings</b>		
Bank Guarantees issued at reporting date:		
271 Collins Street Pty Ltd	(238)	(238)
Mutual Consolidated Investments Pty Ltd	(186)	(172)
<b>Total Contingent Liabilities</b>	<b>(424)</b>	<b>(410)</b>
<b>Net Estimated Contingent Liabilities</b>	<b>(424)</b>	<b>(410)</b>

**17 Leases**

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

Refer to Note 15 (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.

	2015 \$'000	2014 \$'000
<b>As at the reporting date the CAE leased out the following assets:</b>		
253 Flinders Lane, Melbourne - City Library	4,892	5,762
253 Flinders Lane, Melbourne - Shopfront Cafes	618	742
271 Collins Street	2,229	-
40-44 Degraes Street	510	-
41 Gipps Streets	20	-
<b>Gross amount of leased assets</b>	<b>8,269</b>	<b>6,504</b>
<b>Operating Lease Receivables</b>		
<b>Non-cancellable operating lease receivables</b>		
<b>Payments due</b>		
Within one year	2,565	1,139
Later than one year but not later than five years	5,704	5,365
<b>Total operating lease receivables</b>	<b>8,269</b>	<b>6,504</b>
GST reclaimable on the above	(750)	(590)
<b>Net operating leases receivables</b>	<b>7,519</b>	<b>5,914</b>

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

Employees of CAE are entitled to receive superannuation benefits and CAE 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:

	2015 \$'000	2014 \$'000
<b>Superannuation</b>		
<b>Paid Contribution for the Year</b>		
<b>Defined benefit plans :</b>		
Emergency Services State Superannuation Fund – revised and new	21	47
<b>Total defined benefit plans</b>	<b>21</b>	<b>47</b>
<b>Defined contribution plans:</b>		
VicSuper	313	454
Other	190	259
<b>Total defined contribution plans</b>	<b>503</b>	<b>713</b>
<b>Total paid contribution for the year</b>	<b>524</b>	<b>760</b>
<b>Contribution Outstanding at Year End</b>		
<b>Defined contribution plans :</b>		
VicSuper	13	18
Other	7	11
<b>Total</b>	<b>20</b>	<b>29</b>

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

2 The above amounts were measured as at 31 December of each year.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**19 Financial Instruments**

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

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.

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

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.

CAE 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 CAE under policies approved by the Board.

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

	2015 \$'000	2014 \$'000
<b>Carrying amount of financial instruments by category:</b>		
<b>(a) Financial assets</b>		
Cash and Deposits (Note 5)	1,131	1,040
Receivables <sup>1</sup>	1,484	430
Revenue Receivables (Note 6)	120	26
<b>Total financial assets</b>	<b>2,735</b>	<b>1,496</b>
<b>(b) Financial liabilities at amortised costs</b>		
Payables <sup>1</sup>		
Supplies and services (Note 11)	309	497
Other payables (Note 11)	2,535	2,644
<b>Total financial liabilities</b>	<b>2,844</b>	<b>3,141</b>

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables, statutory payables and related party.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**19 Financial Instruments (continued)**

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

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

	2015 \$'000	2014 \$'000
<b>Net holding gain/(loss) on financial instruments by category</b>		
<b>(a) Interest income/(expense)</b>		
Financial assets - loans and receivables	7	66
<b>Total interest income/(expense)</b>	<b>7</b>	<b>66</b>
<b>(b) Impairment loss</b>		
Financial assets - loans and receivables	12	16
<b>Total impairment loss</b>	<b>12</b>	<b>16</b>

**(ii) Credit risk**

Credit risk arises from the contractual financial assets of CAE, which comprise cash and deposits and non-statutory receivables. 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 \$25,000 are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet CAE's strict credit policies may only purchase in cash or using recognised credit cards.

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

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

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

In addition, 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. 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 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**  
**for the year ended 31 December 2015**

**19 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 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 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 CAE'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 <sup>1</sup>

	Financial institutions	Gov't agencies	Other counter-party	Total
	(AA- rating) '000	(AAA rating) '000	\$'000	\$'000
<b>2015</b>				
Cash and deposits	1,129	-	2	1,131
Receivables	-	160	1,444	1,604
<b>Total contractual financial assets 2015</b>	<b>1,129</b>	<b>160</b>	<b>1,446</b>	<b>2,735</b>
<b>2014</b>				
Cash and deposits	1,038	-	2	1,040
Receivables	-	315	140	455
<b>Total contractual financial assets 2014</b>	<b>1,038</b>	<b>315</b>	<b>142</b>	<b>1,495</b>

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

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**19 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	
<b>2015 Financial assets</b>							
Receivables <sup>1</sup>							
Trade receivables	1,484	1,006	50	119	304	5	-
Revenue receivables	120	120	-	-	-	-	-
<b>Total 2015 financial assets</b>	<b>1,604</b>	<b>1,126</b>	<b>50</b>	<b>119</b>	<b>304</b>	<b>5</b>	<b>-</b>
<b>2014 Financial assets</b>							
Receivables <sup>1</sup>							
Trade receivables	445	342	84	6	(4)	1	16
Revenue receivables	26	26	-	-	-	-	-
<b>Total 2014 financial assets</b>	<b>471</b>	<b>368</b>	<b>84</b>	<b>6</b>	<b>(4)</b>	<b>1</b>	<b>16</b>

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

**(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 16.



**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**19 Financial Instruments (continued)**

**(iii) Liquidity risk (continued)**

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

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

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 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, is \$424,000 (2014: \$410,000) in relation to financial guarantees (refer to Note 16), represents CAE's maximum exposure to liquidity risk.

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

			Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	3 month	3 months – 1 year	1-5 years	5 + years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015 Financial liabilities							
Payables <sup>1</sup>							
Supplies and services	309	309	309	-	-	-	-
Other payables	2,535	2,535	550	55	202	1,278	450
Total 2015 financial liabilities	2,844	2,844	859	55	202	1,278	450
2014 Financial liabilities							
Payables <sup>1</sup>							
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	-

<sup>1</sup> Payables disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST payables) and related parties.

## **19 Financial Instruments (continued)**

### **(iv) Market risk**

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

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

There has been no significant change in 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.

#### **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. 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. CAE has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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 2015**

**19 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
2015 Financial assets							
Cash and deposits	1.0%	1,131	1,129	-	-	-	2
Receivables <sup>1</sup>							
Trade receivables	-	1,484	-	-	-	-	1,484
Revenue receivables	-	120	-	-	-	-	120
<b>Total 2015 financial assets</b>		<b>2,735</b>	<b>1,129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,606</b>
2015 Financial liabilities							
Payables <sup>1</sup>							
Supplies and services	-	309	-	-	-	-	309
Other payables	7.9%	2,535	-	276	1,278	450	531
<b>Total 2015 financial liabilities</b>		<b>2,844</b>	<b>-</b>	<b>276</b>	<b>1,278</b>	<b>450</b>	<b>840</b>
2014 Financial assets							
Cash and deposits	1.5%	1,040	1,038	-	-	-	2
Receivables <sup>1</sup>							
Trade receivables	-	430	-	-	-	-	430
Revenue receivables	-	26	-	-	-	-	26
<b>Total 2014 financial assets</b>		<b>1,496</b>	<b>1,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458</b>
2014 Financial liabilities							
Payables <sup>1</sup>							
Supplies and services	-	497	-	-	-	-	497
Other payables	7.9%	2,644	-	259	2,003	-	382
<b>Total 2014 Financial liabilities</b>		<b>3,141</b>	<b>-</b>	<b>259</b>	<b>2,003</b>	<b>-</b>	<b>879</b>

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

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**19 Financial instruments (continued)**

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

**Sensitivity analysis and assumptions**

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. 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 (2014:50 basis points up and down) in market interest rates.

The following tables show the impact on CAE's net result and equity for each category of financial instrument held by 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
<b>31 December 2015</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual Financial assets</b>					
Cash and Deposits	1,131	(6)	(6)	6	6
Receivables <sup>1</sup>	1,604	-	-	-	-
<b>Total increase/ (decrease) in financial assets</b>	<b>2,735</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>
<b>Contractual Financial liabilities</b>					
Payables <sup>1</sup>	309	-	-	-	-
Other financial liabilities	2,535	-	-	-	-
<b>Total increase/ (decrease) in financial liabilities</b>	<b>2,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/ (decrease)</b>	<b>(109)</b>	<b>(6)</b>	<b>(6)</b>	<b>6</b>	<b>6</b>

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

<sup>1</sup> Receivables and payables disclosed here as financial instruments exclude statutory receivables, statutory payables and related parties..

## **19 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 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).

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.

CAE's contractual financial liabilities are measured at amortised costs; none of the classes of financial liabilities are readily traded on organised markets in standardised form; hence the fair value disclosures are not required.

**Centre for Adult Education (CAE)**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**20 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.

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

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

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

**(iii) Members of the Board 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	01/01/2015 - 31/12/2015
Mr Greg Malone	Board Nominee	01/01/2015 - 31/12/2015
Mr Francis Bruce Thompson	Ministerial Nominee	01/01/2015 - 31/05/2015
Mr Phillip Davies	Ministerial Nominee	01/01/2015 - 31/12/2015
Ms Helen Buckingham	Ministerial Nominee	01/01/2015 - 31/12/2015
Mr Allan Moore	Board Nominee	01/01/2015 - 31/12/2015
Ms Mary Beth Bauer	Ministerial Nominee	01/01/2015 - 31/12/2015
Mr Jack Diamond	Ministerial Nominee	01/12/2015 - 31/12/2015
Ms Tracey Cooper	Board Nominee	01/12/2015 - 31/12/2015
Ms Julie Eisenbise	Board Nominee	01/12/2015 - 31/12/2015

**(iv) Executive officers**

**Reumeration of executive officers**

There are no executive officers whose total remuneration from CAE exceeded \$100,000.

**(v) Payments to other personnel**

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

**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 2015**

**21 Related parties**

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 - Nil).

	2015 \$'000	2014 \$'000
<b>22 Remuneration of auditors</b>		
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	36	35
<b>Total Remuneration of auditors</b>	<b>36</b>	<b>35</b>

	2015 \$'000	2014 \$'000
<b>23 Ex-gratia expenses</b>		
Ex-gratia expenses		
Ex-gratia payments on termination of employment <sup>1</sup>	38	14
<b>Total ex-gratia payments</b>	<b>38</b>	<b>14</b>

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

**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 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 36% (2014:32.5%) 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.

# DISCLOSURE INDEX

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<b>Charter and Purpose</b>			
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3	FRD 22G	Nature and range of services provided including communities served	2-3
<b>Management and Structure</b>			
4	FRD 22G	Organisational structure and chart, including responsibilities	10
5	FRD 22G	Names of Board members	8
<b>Financial and Other Information</b>			
6	FRD 03A	Accounting for Dividends	N/A
7	FRD 07A	Early adoption of authoritative accounting pronouncements	40
8	FRD 10	Disclosure Index	70-73
9	FRD 17B	Long Service leave and annual leave for employees	37-38
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
11	FRD 22G	Operational and budgetary objectives, performance against objectives and achievements	N/A
12	FRD 22G	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at (a) to (e) in the FRD	14
13	FRD 22G	Workforce data for current and previous reporting period including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections	17
14	FRD 22G	Summary of the financial results for the year including previous 4 year comparisons	11
15	FRD 22G	Significant changes in financial position	11
16	FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	1-7
17	FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods	69
18	FRD 22G	Summary of application and operation of the Freedom of Information Act 1982	13
19	FRD 22G	Discussion and analysis of operating results and financial results	11
20	FRD 22G	Significant factors affecting performance	11
21	FRD 22G	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	N/A
22	FRD 22G	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) – (d) in the FRD	16
23	FRD 22G	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	15



Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
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24	FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy	12
25	FRD 22G	Summary of application and operation of the Protected Disclosure Act 2012	13
26	FRD 22G and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	14
27	FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> <li>1. Total number of consultancies of \$10,000 or more (excluding GST)</li> <li>2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available</li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol> <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> <li>&gt; Consultant engaged</li> <li>&gt; Brief summary of project</li> <li>&gt; Total project fees approved (excluding GST)</li> <li>&gt; Expenditure for reporting period (excluding GST)</li> <li>&gt; Any future expenditure committed to the consultant for the project</li> </ul>	16
28	FRD 22G	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	13
29	FRD 22G	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)	12, 15
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32	FRD 29A	Workforce Data Disclosures on the public service employee workforce.	17
33	SD 4.5.5(a)	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent	12
34	SD 4.2(g)	Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives	1-8
35	SD 4.2(h)	The Report of Operations must be prepared in accordance with requirements of the relevant Financial Reporting Directions	21
36	SD 4.2(j)	The Report of Operations must be signed and dated by a member of the Responsible Body	21
37	CG 10 (clause 27)	Major Commercial Activities	15
38	CG 12 (clause 33)	Controlled Entities	N/A

# DISCLOSURE INDEX

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<b>Financial Statements required under Part 7 of the Financial Management Act 1994</b>			
39	SD 4.2(a)	The financial statements must be prepared in accordance with:	26
		> Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views);	
		> Financial Reporting Directions; and	
40	SD 4.2(b)	> business rules.	22-69
		The financial statements are to comprise the following:	
		> income statement;	
		> balance sheet;	
		> statement of recognised income and expense;	
41	SD 4.2(c) and FMA s 49	> cash flows statement; and	21
		> notes to the financial statements.	
		<b>Other Requirements under Standing Direction 4.2 / Financial Management Act 1994 (Fma)</b>	
		The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion:	
		> the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period;	
42	SD 4.2(d)	> the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and	42
		> the financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views).	
43	SD 4.2(e)	Rounding of amounts	21
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44	FRD 11A	Review and recommendation by Audit Committee or responsible body prior to finalisation and submission	69
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46	FRD 102	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	N/A
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48	FRD 104	Non-financial physical assets	N/A
49	FRD 105A	Foreign currency	N/A
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		Cash flow statements	

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page number
<b>Other Requirements as per Financial Reporting Directions in Notes to the Financial Statements (Continued)</b>			
54	FRD 112D	Defined benefit superannuation obligations	58
55	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	33, 48
56	FRD 114A	Financial instruments – general government entities and public non-financial corporations	59-67
57	FRD 119A	Transfers through contributed capital	39, 24
58	FRD 120I	Accounting and reporting pronouncements applicable to the reporting period	26-42
59	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>&gt; Education and Training Reform Act 2006 (ETRA)</li> <li>&gt; TAFE institute constitution</li> <li>&gt; Directions of the Minister for Training and Skills (or predecessors)</li> <li>&gt; TAFE institute Commercial Guidelines</li> <li>&gt; TAFE institute Strategic Planning Guidelines</li> <li>&gt; Public Administration Act 2004</li> <li>&gt; Financial Management Act 1994</li> <li>&gt; Freedom of Information Act 1982</li> <li>&gt; Building Act 1983</li> <li>&gt; Protected Disclosure Act 2012</li> <li>&gt; Victorian Industry Participation Policy Act 2003</li> </ul>	15
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2015	13
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	14
62	Key Performance Indicators	<p><i>See table on page 6 of the guidelines for required formatting.</i></p> <p><i>Institutes to report against:</i></p> <ul style="list-style-type: none"> <li>&gt; KPIs set out in the annual Statement of Corporate Intent; and</li> <li>&gt; Employment costs as a proportion of training revenue;</li> <li>&gt; Training revenue per teaching FTE;</li> <li>&gt; Operating margin percentage;</li> <li>&gt; Training Revenue diversity.</li> </ul>	N/A
63	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> <li>&gt; Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li> <li>&gt; Nature of strategic and operational risks for overseas operations</li> <li>&gt; Strategies established to manage such risks of overseas operations</li> <li>&gt; Performance measures and targets formulated for overseas operations</li> <li>&gt; The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	N/A



## **Centre for Adult Education**

253 Flinders Lane  
Melbourne Victoria 3000

Telephone: 03 9652 0611  
Website: [cae.edu.au](http://cae.edu.au)

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