

2010 ELTHAM COLLEGE CONSOLIDATED ANNUAL REPORT

Incorporating
NOTICE OF ANNUAL GENERAL MEETING

ABN 31 004 992 750



Chairman
C.J. Heysen

Company Secretary
I. Cowan
B.Bus. C.P.A.

Life Members
Lucien Anceschi
James Bonthorne
John Brenan
John Burnell
Yvonne Canty
Ross Fett
Lyn Gilbert
Val Jones
Keith McKechnie
Brian McLean
Ruth Nicholls
Beryl Nichols
Helen Rees-Sterry
Paolo Riboni
Sandra Shaw
Cordell Short
Rein Tender
James Troedel
Geoff Watt
David Wilkinson
Allen Williams

Life Governor
Lyn Littlefield OAM

Vice-Chairpersons
P.A. Pattison
C. Royse

Auditors
Deloitte Touche Tohmatsu
550 Bourke Street,
Melbourne, 3000.

Deceased Life Members
Des Davey OAM
Arthur Kirkright
Charis Pelling

Directors
L.E. Clarke AM
I. Cowan
B. Ding
L.A. Evered
R.F. Fett
M.D. Houlihan JP
A.M. Lane
J.P. Littlefield
P.M. O'Rourke
P.P. Robertson
C.J. Seidler
M. Tasca
L.E. Ward
D.R. Warner
H.L. Woodman

Registered Office
Eltham College
1660 Main Road,
Research, 3095.

Postal Address
P.O. Box 40,
Eltham, 3095.

MISSION

To release and enhance talents

DIRECTORS – ATTENDANCE AT BOARD MEETINGS 2010/2011

	March	AGM April	May	June	Aug.	Nov.	Dec.	Feb.	Total
Heysen C.	*	*	*	*	*	*	*	*	8/8
Pattison P.	*	*	*	*	*	*	*	*	8/8
Royse C.	*	*	*	-	*	*	*	*	7/8
Clarke L.	*	*	-	*	*	*	*	*	7/8
Cowan I.	*	*	*	*	*	-	*	*	7/8
Ding B.	-	-	*	*	-	*	*	-	4/8
Evered L.	*	*	*	*	*	*	*	*	8/8
Fett R.	*	*	*	-	-	-	*	-	4/8
Houlihan M.	*	*	*	*	*	*	*	*	8/8
Lane A.			*	*	*	*	*	*	6/6
Littlefield J.	-	*	*	*	*	*	*	*	7/8
O'Rourke P.	*	-	*	*	-	*	*	*	6/8
Robertson P.	*	*	*	*	*	*	*	*	8/8
Seidler C.	-	*	*	*	*	*	*	*	7/8
Tasca M.	-	-							0/2
Ward L.	-	*	*	*	*	*	-	*	6/8
Warner D.	*	*	*	*	*	*	*	*	8/8
Woodman H.	*	*	*	-	-	*	*	*	6/8

NOTICE OF ANNUAL GENERAL MEETING

ELTHAM COLLEGE (ABN 31 004 992 750)

NOTICE IS HEREBY GIVEN that the THIRTY NINTH ANNUAL GENERAL MEETING of the Members of the College will be held at Eltham College, 1660 Main Road, Research, on Monday the 2nd of May 2011 at 8.00 p.m. The meeting will be held in the D.D. Davey Library Auditorium.

1. Ordinary Business

- to ratify the Minutes of the AGM held on 19th April 2010.
- to receive and adopt the Financial Statements for the year ended 31st December 2010.
- to appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year.

2. Election of Directors

To elect three members of the College to the College Board of Directors, in accordance with Clause 7.2(c).

Dr Royse, Mr Pattison and Mr Fett have completed their tenure of office, and being eligible, offer themselves for re-election.

3. Procedure for Nomination of Directors

Nominations of Directors are made under Clause 7.2(d) of the Constitution.

Any member who requires a copy of the Eltham College Constitution may obtain one from the Business Office. Completed nomination forms must be received by the Company Secretary at least 11 clear days before the Annual General Meeting.

In accordance with a decision of the Board, candidates nominating for election as directors are asked to enclose a personal election statement of not more than 200 words giving brief particulars of their candidature. Election statements will be forwarded to members seven days prior to the Annual General Meeting, if an election of Directors is to be held. Nomination forms are available from the Business Office.

4. Other Business

To transact any other business that may be legally brought before the Meeting.



I. Cowan
Secretary
22nd March, 2011, Research.

NOTE: Each member entitled to attend and vote at this Meeting may appoint a proxy. A proxy must be a member. The instrument appointing a proxy must be deposited at the Registered Office of the College not less than 48 hours before the person named in such instrument purports to vote in respect thereof. A proxy form is enclosed.

CEO'S REPORT

ELTHAM College, incorporating ELTHAM and our very new Melbourne City School, represents exciting and relevant schooling transformation. Transformation is a dynamic concept. Like the global and national world around it, ELTHAM College is in a state of constant transformation. This is what makes it relevant to young people and their world. There is nothing accidental about ELTHAM's openness and close relations with the local and global community. To 'fence off' the school from the world outside would be to seriously disadvantage our young people. They have to be able to develop as effective global citizens managing and owning their living, learning and working. Our Campus in the City and Melbourne City School are transparent examples of a school that is consistently at the cutting edge of schooling, with students as the primary client and personalised attention to all families.

I am pleased to provide an Annual Report that will give an overview of our performance as a 21st Century knowledge era school and enable members to make judgments against benchmarks set by the Federal and State Governments.

ELTHAM is a school in which the term 'value-added' as demanded by Government as an add-on, is incorporated into what ELTHAM is. ELTHAM has a working together culture in which change, as in the 21st Century world in which we live, is embedded within our culture. Relationships are at the core of our success and learning is a collaborative process with students and teachers, but outcomes are proudly owned by students.

ELTHAM's value-add is very much about **an education for life**. ELTHAM has embedded creativity and social and emotional learning, alongside academic and vocational learning, into the curriculum. Its young people learn to effectively manage their living, learning and working by the time they graduate from school.

PROGRAM AND FACILITY RENEWAL

The Chairman has reported on developments in this area within the context of debate on schooling resources and funding. It seems appropriate for me to express our position. We commit between \$1.5 and \$2m each year to ensure that our facilities match our learning and people directed culture. Our Draft Master Plan, now submitted to Nillumbik Shire, will ensure relevant facilities well into the 21st Century.

STUDENT INFORMATION

We believe that student outcomes and student experiences reflect a school working effectively to its vision, mission and values. In 'releasing and enhancing talents', we personalise attention to each student and their families and, by the senior years, we are able to customise the curriculum so that the passions and ambition of our students can be met.

NATIONAL TESTING

All school results for one-day testing are reported on the MySchool Website and show ELTHAM well above the benchmarks. ELTHAM's results clearly indicate that young people can develop excellent and very functional enabling skills in literacy and numeracy while still developing the other essential enabling skills for successful participation in the 21st Century. For example, work with Swinburne University - a major centre for research into emotional intelligence (EQ) - shows that our students are developing strength in EQ and this is supported by their school engagement and the results of destination studies.

YEAR 12 OUTCOMES

VCE Results 2010

We take pride in having assisted the students of 2010 to reach their potential through individual customised pathways to success. This has resulted in not only a fine set of results but moreover a portfolio of skills, experiences, achievements and attitudes that will influence their choice of future directions far more profoundly than their ATAR score.

We congratulate our senior students on gaining another set of good results, and wish them continued success and enjoyment in pursuing their life pathways.

142 sought an ATAR (Australian Tertiary Admissions Rank) score. 29 students achieved a score of 90+. Seven students achieved a 99.

- Tom Wu 99.7; Cameron Royse 99.55; James Fitzsimmons 99.35; Amanda Wood 99.3; Lara McQuillan 99.15; Edward Green 99.1; Daniel Tong 99.1

James Fitzsimmons completed Enhancement Studies at University level in Mathematics and Mat Blair in Chemistry, gaining tertiary experience and bonus towards their ATAR.

VCE Completion in 2010 included 94 students completing a VET Certificate II, 81 completing a Certificate III or receiving a Statement of Attainment to be built on and 21 a Certificate IV or building on attainments to complete it.

A high study score of 40+ places a student in the top 7.5% of the state cohort in that subject. Overall, Final Year students gained a total of 110 study scores above 40 during their combined VCE years 2009-2010. 13% of our students achieved 40+ study scores, close to double the state average (this was 1% above last year). Given that we encourage our First and Second Year students to explore one, two or even three VCE subjects and most do the VCE exams in these, this is a good story.

Congratulations to those who have gained study scores of 50, the maximum score awarded in any subject. They were James Fitzsimmons (Further Mathematics and Multimedia), Joshua Hart (Information Technology VET), Amanda Wood (Business Management), Daniel Tiong (International Studies), Jackson Reid (PE), Lara McQuillan (Psychology), Stephen Hendy (IT Applications), Samer Ata (Maths Methods) and Daniel Patrick (PE).

The median Study Score in 2009 was 32, the same as last year.

However, it is not just the ATAR score. There are the vocational certificates, tertiary entry via folios and interviews and the apprenticeships and traineeships. One of the great things about this group has been their acceptance of the many ways in which people use the VCE to achieve their 'passions' and their acceptance of each others' ambitions and choices.

The role that **ELTHAM's unique LifeWork Centre** plays in helping young people, with their families, match passion, ambition and ability with subject selection and then post-school course selection is a central part of our Year 9 and Senior Years' culture. It also is why the vast majority of students will achieve the post-school area of their choice.

A total of 93% of students received either their first, second or third preferences for post-school higher studies. That 65% of our local students received their first preference is an enormous testament to the maturity of their decision making. 46% of international students achieved their first preference which also is very high. It is particularly commendable as International students only start the consultation process with the LifeWork Centre generally in Year 11 whereas our local students commence in Year 9.

Of the **students heading to university** - 18% will attend the University of Melbourne, 20% RMIT, 25% La Trobe, 16% Deakin, 9% Monash, 7% Swinburne, 4% Victoria University and 1% will attend Australian Catholic University. Students heading to TAFE comprise of 30% attending RMIT and 25% attending William Angliss and Box Hill. Our international students also shared in results' success, with 36% receiving offers to study at Melbourne University.

Such good results are neither a surprise nor a new phenomenon at ELTHAM. Results achieved in 2009 compared to 2010 did not vary greatly. In 2009, 91.1% of students received 1st round offers, while 95.3% of students received 1st round offers in 2010.

I hope you will take the time to congratulate our graduates on all they have achieved whilst at ELTHAM.

REFLECTING ON THE VCE RESULTS

Senior schooling should be about developing those attributes, skills and knowledge needed to move into a post-school world with comfort and with skills of ownership and self-management. Universities and TAFEs have a variety of instruments at their disposal to determine whether they will accept a student or not. However, the cheapest and quickest is through converting senior studies into tertiary entrance scores.

Sadly, VCE is seen as an instrument of ATAR (Australian Tertiary Admissions Rank) scores and fundamentally that is what people celebrate or decry. Just as someone should be celebrating the finish of school and a new stage in life, an ATAR score can take away that celebration. A lower than needed or expected ATAR score is not the end of the world, rather a call for reflecting on different pathways. That university and TAFE selection continues to dictate what senior schooling is, creates a stress and pressure that is both unreasonable and unnecessary.

ELTHAM is a non-selective school that aims to release and enhance the talents of each of its students individually, within a team and collaborative environment. We believe we succeed in this, through broad curriculum opportunities that enable individually planned student programs, regardless of background and fields of interest. We value each young adult for their individual aspirations and talents and provide many opportunities for those talents to be better explored and realised through academic and vocational studies. We equally value the studies that young people select and do not have regard for hierarchies of studies or people.

Central to our work with young people is the development of the disposition and skill to be a life-long self-directed learner as is the development of the capabilities to manage their own living, learning and working. Overwhelmingly our **destination studies**, fifteen months and five years after graduation, tell us that our graduates are self-directed and comfortable managing their own lives.

ELTHAM works with its students to empower them to be confident, collaborative managers of their own living, learning and working and with the essential enabling skills to succeed in a complex 21st Century economy.

You may also have noticed in *The Age Magazine*, December 10, three of ELTHAM's ExEC'S in the "Top 100 2010: 100 extraordinary people, 100 amazing stories" of people to watch. Fergus Green, Class of 2001 was overall 19th within the law section. Matt Carnell, Class of 2006, together with Bessie Grant, Class of 2009, were overall 73rd in the food section. They are seen as being people who will make a difference. I expect that many of the Class of 2010 also will be among the 'movers and shakers' and make a difference.

STUDENT RETENTION

The retention ratio for 2010 for Prep to Year 11 was 96% the same rate as 2009. 91% (84% 2009) of students who commenced Year 9 at ELTHAM went on to complete Year 12 at ELTHAM.

STUDENT ATTENDANCE

ELTHAM students attend regularly and, it seems, happily, showing that an average of student attendance was greater than 97% (non-attendance was 2.9%). This information does not exclude students on exchange, engagement in other legitimate activities for home, learning, sport etc. As a school we are very supportive of families taking time to expose their children to other 'worldly learning experiences'.

TEACHER INFORMATION

Teacher Qualifications

Highest Qualification Held	Percentage
Doctorate	2%
Masters	21%
Graduate Diploma	6%
Honours Degree	6%
Bachelor Degree	59%
Diploma	6%

EXPENDITURE AND PROFESSIONAL LEARNING

During 2010 the focus areas of ELTHAM's Professional Learning program were StudyWiz and Curriculum Mapping. Teachers from all sections were involved in intensive in-house training with consultant and trainer Dr Kerri McKenna on the use of StudyWiz. Russell Ives, Director Curriculum and Learning oversaw training with teachers on the use of Atlas as a curriculum mapping tool.

Compliance training in the areas of First Aid, Anaphylaxis, Autism Spectrum, swimming and rescue certification, and OHS were undertaken during 2010.

All teaching staff and numerous non-teaching staff were involved in a variety of Professional Learning opportunities including in-house and external in-services, conferences, seminars and workshops. A number of teachers were supported financially and/or in terms of time release in their higher tertiary studies or through attendance at national or international conferences.

Annually ELTHAM budgets 1.5% of its salary budget for relevant learning programs for its staff.

STAFF RETENTION

Twelve teaching staff concluded their employment with ELTHAM during or at the end of 2010 (excluding five teachers who were on replacement contracts for up to a year). Of these twelve: one retired; two accepted promotional offers at other independent schools; one accepted a lectureship in Education at La Trobe University; one commenced employment as an Education Officer with the State Library of Victoria; two moved to teach at other schools; one left to begin work as an education consultant; one was declared redundant and three resigned to travel or work in industry.

This equates to a retention rate of 89% of our on-going teaching staff from 2010 into the 2011 school year.

STAFF ATTENDANCE

Staff absence through illness and carers leave in 2010 resulted in an attendance of 98.3%

STUDENT, PARENT AND STAFF SURVEYS

We complete surveys every two years, through commissioned work with the independent company Insync. In 2010 Insync conducted student, parent and staff surveys on our behalf.

In brief, students, staff and parents expressed high levels of comfort with ELTHAM and there was solid alignment between what they saw as important and how they judged performance. A gap score of 2.00 or above between importance and performance ratings was regarded as statistically significant. There were no such gaps. A review of the results across the 16 common variables identified no substantial gap scores (2.00 or above) for either students or parents. This is a pleasing outcome for ELTHAM College.

Insync concluded:

There is a high degree alignment between what parents and staff perceive to be areas of high performance. These areas relate to enjoyment at being at the school, supporting the school's chosen values and students being prepared for the future through their learning at ELTHAM College.

There is also high alignment between what students and parents perceive to be areas of high performance. These areas relate to enjoyment at being at the school, supporting ELTHAM's values and behaviours, supporting the school and what it stands for, and students being prepared for the future through their learning at ELTHAM College.

Four variables were common to both students and staff. These relate to enjoyment at being at the school, being prepared for the future through their learning at ELTHAM College, supporting the schools values and behaviours and, assisting students develop their disposition and skills for self-directed learning.

Two of the three groups displayed unique variables of high performance:

Parents expressed unique high performance relating to children developing their talents at ELTHAM College.

Staff identified ELTHAM College coaching students to achieve their academic/vocational potential as a unique area of high performance.

In addition, we also run a number of activities that enable families, staff and students to engage in providing feedback and discussions about our education programs. We ran nine Parent Open Forums in addition to some 22 sectional parent, student, and teacher conferences. Staff meet regularly in section meetings to review activities and generate new ones. Students are engaged in small groups by section case managers as well as by their teachers and Student Council and School Captains meet with senior staff, Executive and College Board.

CONCLUSION

I believe this Report accurately reflects ELTHAM College, incorporating its City School and Campus, as relevant and innovative 21st Century schools. I would like to acknowledge College staff and Executive, the College Board and Associations for their dedication and skill in promoting great opportunities and outcomes for young people. I further would like to thank parents for the manner in which they partner us. Above all, I thank and congratulate our young people for taking up the challenges, exploring opportunities and leading the way in working with us to redefine schooling. National benchmarks suggest Australia should spend more time celebrating young people because Australian young people compare well on the International stage. Please join me in celebrating the life experiences and achievements of our young people across Research and the City.



Dr David Warner
Principal/CEO

CHAIRMANS' REPORT

I have great pleasure in presenting my 2010 Report on Eltham College which involves me reporting on both ELTHAM College of Education and Melbourne City School (MCS).

These are exciting schools and the Board is delighted with the culture and achievement of our young people and the way in which they work together and with their staff. I would like to thank both students and staff for the manner in which they set the standard for this, and indeed other schools, in terms of collaborative learning.

On behalf of the Board, thank you for being part of ELTHAM during 2010. ELTHAM has worked very hard since its commencement in 1974 to be an open and transparent school, one where families are always welcome as part of the schooling process with their children. During 2010 there were seven parent forums where parents were able to raise issues and concerns. From these have come increased awareness and various changes. Thank you for your contributions to our continuing commitment to improvement.

I would like also to acknowledge and thank the families who joined Melbourne City School in 2010. They have seen what MCS is setting out to be and they like the personalised attention and the 21st Century education transformation. We look forward to the school growing giving ELTHAM a CBD school that is exciting, challenging and geared to families and young people in the CBD. At the same time we will have a sister school that will help make ELTHAM and its leadership in schooling all the stronger.

I am happy to Report on a number of our activities.

2010 Accounts

As with the 2009 Annual Report, we are required to report our accounts and financial statements to you in a consolidated form. MCS expenses incurred in start up and operations have been consolidated with all other aspects of Eltham College in our Annual Report. Eltham College continues to operate in surplus.

2010 Budget

The College operated within the business plan parameters and was able to reinvest in people, refurbishments and new equipment. The crisis in the global economy has presented some new issues for all of us in terms of international and local enrolments and the level of short-term support for families. We do recognise that it is appropriate to use federal funding to help with this level of support.

Capital Works 2010

We received from the Federal Government \$75,000 towards our master planning and refurbishment of the Middle Years Science Laboratory and a further \$193,500 under the Digital Education Revolution scheme towards IT infrastructure. We received \$1.9m from the Building Education Revolution funding as part of the GFC economic stimulus plan. This allowed us to extend the Junior Years facility. The preps moved in to the new facility in November and the old Prep Centre has become "Discovery" and houses Outside School Hours Care and the new recyclable materials centre.

ELTHAM Master Plan

The draft Master Plan has been completed and it provides an exciting blueprint for ELTHAM's journey as the school leading the 21st Century schooling transformation. The Plan was submitted to Nillumbik Shire Council in December. 2011 will involve a period of negotiations with the Shire and also neighbours to obtain endorsement. Copies of the plan are on the College Intranet, the Knowledge Network.

Development Office

We have appointed a Development Director, Ms Julie Marshall, to set up a Development Office for the College. Her role will be to position the College so that it can implement its Master Plan over the next twenty years. She is developing a strategic plan for fund-raising appeals and benefaction to support the implementation of the Master Plan.

Melbourne City School

The feedback from parents and students has been exceptionally complementary of this new venture in independent schooling. We also have developed a greater association with ELTHAM to ensure that MCS is embedded within the history and success of ELTHAM.

Board Workshop

The Board 2010 workshop was held at the Hospitality Training Centre. It continued a focus on setting new directions in the continuous schooling transformation journey. Particular attention was paid to ensuring the right directions for the completion of the Master Plan and in setting new facility and curriculum directions for senior schooling. Professor Colin Royse managed the workshop on senior schooling. The Board reviewed curriculum, particularly the extension of inquiry approaches in Prep to Year 8 to enhance both depth of learning in relation to individual student passion, group-community learning and the further development of self-direction skills and disposition in learning.

Associations

I would like to thank our Associations for their continued support. ExEC'S, has grown into a strong organisation with almost 6000 ex-students registered and in contact. The Early and Junior Years Association of ECCA contributed strongly to the landscaping associated with the junior years' extension and have donated \$10,000 towards the equipping of the recyclable materials project in Discovery.

Surveys

The College commissioned Insync to conduct three surveys in 2010: Students, parents and Staff. These have been reported to the school community and show a very healthy culture. The College conducts these comprehensive surveys every two years.

Conclusion

I would like to conclude this report by acknowledging the dedication and hard work of all Board Directors. They are busy people who volunteer their time and give their commitment to the College. The Board itself thanks members of the College community for their continued support for this wonderful school.

On behalf of the Board, I would like to thank the Principal/CEO and staff, students, parents and all members of our community for their contributions to and belief in ELTHAM and its Schooling.



C J HEYSEN
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in submitting herewith the financial statements for the year ended 31st December, 2010, together with Notes to and forming part of the Accounts. This report is made in accordance with a resolution of the Directors.

(a) Names of Directors in office during the year of this report are as follows:

Chairperson

Christopher Jonathan HEYSEN
Experience: Director since 1991
Chairperson since 1998
Chairperson: The Melbourne City School
Board Committees: Education Policy Committee

Vice Chairpersons

Paul Anthony PATTISON
Experience: Director since 1996
Vice Chairperson since 2003
Director: The Melbourne City School
Chairperson: The Eltham College Foundation Ltd
Board Committees: Budget & Finance Committee
Audit Committee
Development Committee

Carolyn ROYSE
Experience: Director since 2002
Vice Chairperson since 2006
Director: The Melbourne City School
Board Committees: Education Policy Committee
Audit Committee

Directors

Leslie Edward CLARKE AM
Experience: Founder, Director since 1973
Board Committee: Budget & Finance Committee

Iain COWAN
Experience: Company Secretary since 1997
Director since 2000
Director and Secretary: The Melbourne City School
Board Committees: Budget and Finance Committee
Master Facilities Planning Committee
Secretary: The Eltham College Foundation Ltd
Employee: Business Manager, Eltham College

Benjamin Li Bing DING
Experience: Director since 2009

Lisbeth Anne EVERED
Experience: Director since 2007
Board Committees: Education Policy Committee (Chairperson)
Development Committee
Master Facilities Planning Committee

Ross Francis FETT
Experience: Director since 1996
Director: The Eltham College Foundation Ltd (Eltham College Board Nominee)
Board Committees: Budget and Finance Committee (Chairperson)
Development Committee

DIRECTORS' REPORT

Michael David HOULIHAN JP

Experience: Director since 2006

Board Committees: Master Facilities Planning Committee (Chairperson)
Budget and Finance Committee
Development Committee

Angela Mary LANE

Experience: Director since 2010

Eltham College Board Nominee: Eltham College Community Association

Justin Peter LITTLEFIELD

Experience: Director since 2002

Chairperson: ExECS – Eltham College Former Student Association

Representative Director: ExECS

Board Committee: Master Facilities Planning Committee

Paul Michael O'ROURKE

Experience: Director since 2008

Board Committee: Audit Committee (Chairperson)

Petra Pamela ROBERTSON

Experience: Director since 2007

Representative Director: Eltham College Staff

Board Committees: Master Facilities Planning Committee
Education Policy Committee

Employee: Teaching Staff – Eltham College

Christopher John SEIDLER

Experience: Director since 2007

Representative Director: The Eltham College Foundation Ltd

Board Committees: Master Facilities Planning Committee

Margot TASCA

Experience: Director since 2007

Retired from College Board April 2010

Lionel Edward WARD

Experience: Director since 2005

Appointed Director: Eltham College Board

Board Committees: Development Committee (Chairperson)
Master Facilities Planning Committee

David Ross WARNER

Experience: Director since 2000

Director: The Melbourne City School

Director: The Eltham College Foundation Ltd

Employee: CEO and Principal – Eltham's Schools

Board Committees: All Committees except Audit Committee

Helen Lynette WOODMAN

Experience: Director since 2008

Representative Director: Eltham College Community Association

Board Committees: Education Policy Committee

DIRECTORS' REPORT

- (b) The Company's long term objective is to be seen as the significant leader in schooling transformation for the 21st Century, making schooling relevant to young people of the current era. This will be achieved, inter alia, by having ELTHAM's schools as primary examples, preparing and delivering papers to significant education conferences world-wide presented by noted ELTHAM educationalists, and ensuring that ELTHAM's schooling philosophies are regularly conveyed through National and State media.

The short to mid-term objectives are:

1. to embed 21st Century schooling in ELTHAM's schools and release and enhance the talents of each individual student
 - (i) by ensuring that the student is at the centre of all curricula and care
 - (ii) by training staff to engage and include students in curriculum and care process development
 - (iii) by ensuring our teaching and learning processes promote self-directed learning and self management, engender self esteem, collaboration and providing personalised attention for both young people and their families, by ensuring attention is given equally to the development of all intelligences and talents
 - (iv) by ensuring we employ the best teaching and care staff available
 - (v) by integrating into curricula and learning processes aspects of life central to today and tomorrow rather than yesterday
 - (vi) by ensuring that learning at ELTHAM's schools is a three way process, having teachers, students and their parents collaboratively involved
 - (vii) by providing the learning opportunities for students to ensure that individual passion is acknowledged and achieved, that all students experience success and engagement, can grow in self-esteem and personal confidence and be ready to manage their living, learning and working beyond school.
2. to sustain and grow enrolments within economic limits at each of our campuses and schools
3. to achieve a minimum 1% return on income annually for the purpose of re-investment in the Company's assets.

Achievement of these objectives is measured and monitored regularly by the College Board and its committees. The College monitors performance in all the traditional ways set by Government (VCE, ATAR scores, NAPLAN testing) as well as regular assessment of learning. The College conducts formal bi-annual surveys of staff, students and parents to assess the success of our 21st Century schooling objectives. Our graduates are also surveyed at 15 months out and 5 years out of school to assess their progress. All of the above and the further development of teaching and learning practices are reviewed and assessed by the Education Policy Committee of the Board throughout the year and reported to the full Board at each of its meetings during the year.

The objectives relating to enrolment levels and financial performance are measured and monitored by the Budget and Finance Committee of the Board throughout the year and reported to the full Board at each of its meetings during the year.

The Audit Committee of the Board monitors the integrity of the financial reporting and assesses and monitors the College's exposure to risk and the effective management of risk and reports to the full Board at each of its meetings during the year.

The Master Facilities Planning Committee reviews and assesses the integrity of current and future building projects and reports to the full Board at each of its meetings during the year.

The Development Committee seeks to engender a culture of philanthropy, plans fundraising programs and reports to the full Board at each of its meetings during the year.

All Board and Executive Reviews, and the daily operations of our schools, are conducted in accordance with the Strategic Directions of the entity as described in the Company's 5-year Strategic Business Plan, which is reviewed, refined and further developed annually at a weekend workshop comprising all Directors of the Company, all members of the Colleges' extended Executive Management team and the 6 school Captains, plus a range of other students, as appropriate. The Plan incorporates the Company's Vision and Mission Statements, Value Statement, Core Capabilities and Key Performance Areas defined for the current year.

The Company's Strategic Plan is communicated to Members annually.

DIRECTORS' REPORT

- (c) The surplus from operations of the Consolidated entity for the year ended 31st December, 2010 was \$1,924,425 (2009: \$162,711). The 2010 surplus includes a favourable net adjustment of \$141,213 (2009: \$237,302) in respect of the recognition of movements in the Defined Benefit liability for the year.

It was not necessary to make provision for Income Tax as the College claims exemption from Income Tax under the Income Tax Assessment Act 1997.

- (d) An amount of \$113,005 was paid or is payable to an architectural partnership, Clarke Hopkins Clarke for professional architectural services of which Directors Leslie Edward Clarke AM and Justin Littlefield are partners.

A sum of \$61,595 was paid to First Boom Investments Co. in respect of international student commissions, of which Director Benjamin Ding is a Director.

Except for the above no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he/she is a member or with a Company in which he/she has a substantial material interest.

- (e) On 7th February 2011, the Board of Eltham College extended the term of the loan to Melbourne City School until at least March 2012 and increased the loan amount to \$3,000,000. No other matters or circumstances have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

- (f) The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- * indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- * paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings except for the payment of a standard directors and officers liability insurance premium of \$2,986 to cover events other than wilful breach of duty.

- (g) No person has applied for leave of the Court to bring proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

- (h) The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

- (i) The Directors are of the opinion that the Company has complied with all relevant environmental legislation so far as it concerns the operations of the Company.

- (j) The auditor's independence declaration for the year ended 31st December 2010 is included on page 12.

- (k) Members are required to pay \$10 membership fees per year. Members guarantee to contribute an amount not exceeding \$20 per member to the assets of the Company in the event of winding up.

Events other than those of a Financial nature:

Comments on all other aspects of the School's activities have been omitted from this report in favour of a full coverage of events which is contained in the CEO's Report and the Chairman's Review (refer pages 2 to 7 of the 2010 Annual Report) and to be presented on behalf of the Board of Directors to Members at the Annual General Meeting on the 2nd May, 2011.

DATED AT Research this 21st Day of March, 2011.



R.F. FETT
Director



M.D. HOULIHAN
Director

The Board of Directors
Eltham College
1660 Main Road
RESEARCH VIC 3095

21 March 2011

Dear Board Members,

Eltham College

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eltham College.

As lead audit partner for the audit of the financial statements of Eltham College for the financial year ended 31 December 2010, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Robert D D Collie
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Eltham College

We have audited the accompanying financial report, being a special purpose financial report, of Eltham College, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 15 to 34.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the Members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eltham College on 21 March 2010 would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte

Opinion

In our opinion, the financial report of Eltham College is in accordance with the *Corporations Act 2001*, including:

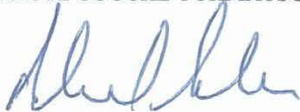
- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2010 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



DELOITTE TOUCHE TOHMATSU



Robert D D Collie
Partner
Chartered Accountants
Melbourne, 21 March 2011

DIRECTORS' DECLARATION

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, the financial report is a special purpose financial report prepared in order to meet the needs of Members and which has been prepared specifically for distribution to members in accordance with the entity's constitution.

The Directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



C. ROYSE
Director



P.A. PATTISON
Director

DATED at Research this 21st Day of March, 2011.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
Revenue	2	22,907,256	19,624,572	22,447,742	19,571,301
Less:					
Salaries and related expenses		13,609,889	12,399,461	12,995,774	12,197,278
Tuition related expenses		1,621,117	1,541,298	1,585,953	1,537,168
Borrowing costs		192,208	177,294	104,170	152,937
Depreciation expense		1,811,635	1,677,137	1,760,196	1,672,216
Finance and legal expenses		424,563	446,678	390,144	414,371
Administrative expenses		830,451	833,200	795,562	811,875
Facility costs		1,844,827	1,858,791	1,381,689	1,365,917
Promotion		648,141	528,002	468,958	398,299
Total Expenses		<u>20,982,831</u>	<u>19,461,861</u>	<u>19,482,446</u>	<u>18,550,061</u>
Surplus for the year		<u>1,924,425</u>	<u>162,711</u>	<u>2,965,296</u>	<u>1,021,240</u>
Other comprehensive income					
Actuarial gain on defined benefits plan		<u>77,000</u>	<u>143,000</u>	<u>77,000</u>	<u>143,000</u>
Total comprehensive income for the year		<u>2,001,425</u>	<u>305,711</u>	<u>3,042,296</u>	<u>1,164,240</u>

The Notes to the Accounts form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
Current assets					
Cash and cash equivalents	4	548,219	1,850	515,847	1,850
Trade and other receivables	5	1,041,629	1,145,402	2,864,084	2,201,269
Inventories	6	112,419	112,854	112,419	112,854
Prepayments	7	411,992	508,262	351,926	429,485
Total current assets		2,114,259	1,768,368	3,844,276	2,745,458
Non-current assets					
Property, plant and equipment	8	20,222,422	18,284,328	19,774,661	17,940,988
Total non-current assets		20,222,422	18,284,328	19,774,661	17,940,988
Total assets		22,336,681	20,052,696	23,618,937	20,686,446
Current liabilities					
Trade and other payables	9	3,478,625	2,753,782	2,876,184	2,484,124
Borrowings	10	2,500,000	2,037,909	2,500,000	2,051,436
Provisions	11	2,120,866	1,774,791	2,079,722	1,772,452
Total current liabilities		8,099,491	6,566,482	7,455,906	6,308,012
Non-current liabilities					
Trade and other payables	9	275,415	281,865	264,790	278,490
Borrowings	10	1,000,000	2,000,000	1,000,000	2,000,000
Retirement benefit obligations	12(d)	668,000	912,000	668,000	912,000
Total non-current liabilities		1,943,415	3,193,865	1,932,790	3,190,490
Total liabilities		10,042,906	9,760,347	9,388,696	9,498,502
Net assets		12,293,775	10,292,349	14,230,241	11,187,944
Equity					
Retained earnings		12,293,775	10,292,349	14,230,241	11,187,944
Total equity	13	12,293,775	10,292,349	14,230,241	11,187,944

The Notes to the Accounts form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Consolidated		Parent	
	2010	2009	2010	2009
Note	\$	\$	\$	\$
Balance as at 1 January	10,292,350	9,986,639	11,187,945	10,023,705
Surplus for the year	1,924,425	162,711	2,965,296	1,021,240
Other comprehensive income	77,000	143,000	77,000	143,000
Total Comprehensive Income	2,001,425	305,711	3,042,296	1,164,240
Balance as at 31 December	12,293,775	10,292,350	14,230,241	11,187,945

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated		Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
Cash flow from operating activities					
Receipts from fundraising		76,933	329,685	66,833	296,502
Receipts from school fees, grants and other income		21,421,914	18,551,671	20,987,209	18,458,902
Payments to suppliers and employees		(16,895,514)	(17,267,630)	(15,935,626)	(16,593,803)
Interest received		38,616	26,548	37,577	26,095
Interest and other costs of finance paid		(192,208)	(189,395)	(104,170)	(152,937)
Net cash provided by operating activities	16(b)	4,449,741	1,450,879	5,051,823	2,034,759
Cash flow from investing activities					
Proceeds from sale of property, plant & equipment		477,903	824,725	477,903	824,725
Purchase of property, plant & equipment		(3,843,366)	(2,328,018)	(3,687,507)	(2,004,360)
Loan to The Melbourne City School		-	-	(776,787)	(671,064)
Net cash used in investing activities		(3,365,463)	(1,503,293)	(3,986,391)	(1,850,699)
Cash flows from financing activities					
(Repayment of)/proceeds from borrowings		(500,000)	910,100	(500,000)	910,000
Net cash provided by (used in) financing activities		(500,000)	910,100	(500,000)	910,000
Net increase in cash and cash equivalents		584,278	857,686	565,432	1,094,160
Cash and cash equivalents at the beginning of the financial year		(36,059)	(893,745)	(49,585)	(1,143,745)
Cash and cash equivalents at the end of the financial year	16(a)	548,219	(36,059)	515,847	(49,585)

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies

This financial report is a special purpose financial report prepared in order to meet the needs of Members and which has been prepared specifically for distribution to Members in accordance with the entity's constitution. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The financial report was authorised for issue by the directors on 21st March 2011. Eltham College is a company limited by guarantee, incorporated and domiciled in Australia. The financial report covers Eltham College as a consolidated entity. Eltham College is the parent company and sole member of the Melbourne City School.

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

Going Concern

The financial report has been prepared on the going concern basis. While the statement of financial position discloses a net current asset deficiency of \$5,985,232 (Parent \$3,611,630) (2009: \$4,798,114: Parent \$3,562,554), fees billed and/or received in advance of \$549,289 (Parent \$547,897) (2009 Consolidated and Parent \$806,281) are included as a current liability. The fees billed and/or received in advance will be fully utilised in the operations of the College in the following and future years. Family deposits of \$1,353,097 (Parent \$1,316,597) (2009 \$1,033,840, Parent \$1,020,840) are also included as a current liability as they are repayable within a period of less than 12 months should a student leave one of our schools. These deposits do not vary significantly from period to period and are a requirement of students being enrolled at our schools. The directors therefore believe that these deposits form part of the long term funding of the College.

Also included within current liabilities for both the consolidated entity and the Parent, are bank borrowings of \$2,500,000 (Parent \$2,500,000) which are commercial bills which will be repaid within the next 12 months. These borrowings are part of an ongoing banking facility agreement with National Australia Bank which provides funding to a maximum of \$6,155,000. At 31 December 2010, \$2,655,000 of the facility remains undrawn.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the College's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and 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.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in changes to the entity's accounting policies in the following areas that have affected the amounts reported for the current or prior periods:

Presentation of the financial statements - as a consequence of the adoption of AASB 101 *Presentation of Financial Statements* (2007) and its associated amending standards, the company no longer presents an income statement, cash flow statement and balance sheet but presents, in lieu thereof, a statement of comprehensive income, statement of cash flows and a statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 123 Borrowing Costs (as revised in 2007) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123

The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The amendments have led to a number of changes in the detail of the company's accounting policies - some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 <i>Financial Instruments</i> , AASB 2009- 11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013	31 December 2013
• AASB 2010-3 <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 July 2010	31 December 2011
• AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</i>	1 January 2011	31 December 2011
• AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	31 December 2011
• AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>	1 January 2013	31 December 2013

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

The following material accounting policies which are consistent with the previous period unless otherwise stated have been adopted in the preparation of this report.

(a) Basis of Consolidation

Eltham College is a consolidated entity comprising Eltham College, and the entity it controls, being The Melbourne City School.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are measured on the cost basis.

Plant and Equipment

Items of plant and equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of those assets based on depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation

The depreciation amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives commencing from the first accounting year following the date of acquisition.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit and loss of the company in the year of disposal.

The depreciation rates used for each class of depreciable assets are:

Class of fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture, equipment & improvements	10% - 20%
Computer related equipment	33.33%

(c) Income Tax

The income of the Company is exempt from income tax by virtue of the Income Tax Assessment Act 1997.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Fee Income

The amount shown in respect of fee income is the net amount after deducting discounts.

(f) Membership Subscriptions

Members are required to pay \$10 membership fees per year. Members guarantee to contribute an amount not exceeding \$20 per member to the assets of the Company in the event of winding up.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

(g) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

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

(h) Revenue

Revenue from tuition fees, subject levies and other receipts from students are recognised upon the delivery of the service or goods. Government grants are recognised as and when received. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue received for capital purposes and endowments is recorded as income through the statement of comprehensive income and then transferred to capital reserves or endowments reserves.

(i) Cash & Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, and investments in money market instruments.

(j) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

(k) Defined Benefit Superannuation Fund

In respect of defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted annually. Consideration is given to any event that could impact the funds up to balance sheet date where the interim valuation is performed at an earlier date.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. Any asset recognised is limited to unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Actuarial gains and losses are amortised over the expected average remaining working lives of the participating employees in the scheme. Gains or losses on the curtailment of or settlement of a defined benefit plan are recognised in the statement of comprehensive income when the College is demonstrably committed to the curtailment or settlement.

Past service costs are recognised when incurred to the extent that benefits are vested, and otherwise amortised on a straight-line basis over the vesting period.

(l) Financial instruments

Loans and receivables, including parent loans

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Parent loans are repayable on demand and therefore classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

(l) Financial instruments (cont)

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

(m) Borrowing Costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

(n) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Lease Incentives

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

(p) Members

	<u>2010</u>	<u>2009</u>
Membership as at 31 st December	967	889

During 2010 the membership register was reviewed and non-financial members from previous years removed.

(q) Comparative Amount

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

Note	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
2. Revenue				
Fee Income- Net	15,224,874	14,491,361	14,877,464	14,491,361
Government Per Capita Grants				
- Victorian State Government	579,190	586,122	564,794	586,122
- Federal Government	3,046,567	2,851,101	2,961,181	2,851,101
	3,625,757	3,437,223	3,525,975	3,437,223
Victorian State Government Grants				
- Early Learning Centre	25,009	10,030	25,009	10,030
- Other	41,316	65,722	41,316	65,722
	66,325	75,752	66,325	75,752
Federal Government Grants				
- Capital Grants	2,168,500	250,000	2,168,500	250,000
- Other Government Grants	188,248	114,834	188,248	114,834
	2,356,748	364,834	2,356,748	364,834
Gain/(Loss) on disposals of plant and equipment	384,266	(186,361)	384,266	(186,361)
Interest Received	38,617	26,549	37,577	26,095
Other Income	1,133,736	1,085,531	1,132,554	1,065,895
Fundraising	2(a) 76,933	329,683	66,833	296,502
Total Revenue	22,907,256	19,624,572	22,447,742	19,571,301
2(a) Fundraising Receipts				
Building Fund	64,983	106,502	59,883	96,502
ECCA	-	100,000	-	100,000
Eltham College Foundation Ltd.	-	100,000	-	100,000
Donations	11,950	23,181	6,950	-
	76,933	329,683	66,833	296,502

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. Surplus from Operations

Surpluses from Operations have been determined after:

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Expenses				
Borrowing costs – other persons	192,208	189,395	104,170	152,937
Depreciation of non-current assets	1,811,635	1,677,137	1,760,196	1,672,216
Movement in provisions				
Employee entitlements				
- Holiday Pay	39,087	(30,177)	39,914	(32,516)
- Long Service Leave	157,248	16	157,248	16
- Study Leave	9,108	(35,403)	9,108	(35,403)
- Salary Accrual	140,632	-	101,000	-
Expenses resulting from movement in Provisions	346,075	(65,564)	307,270	(67,903)
Bad and doubtful debts				
- Bad debts written off	50,656	17,561	50,656	17,561
- Increase/(Decrease) in Doubtful Debt Provision	3,471	-	-	-
Total bad and doubtful debts	54,127	17,561	50,656	17,561
Rental Expenses				
- City Campus/MCS	711,639	682,263	282,000	271,560
	711,639	682,263	282,000	271,560
Remuneration of auditors				
- Audit or review of the financial report	42,650	40,719	38,000	33,621
	42,650	40,719	38,000	33,621
4. Cash and Cash Equivalents				
Cash on hand	2,350	1,850	1,850	1,850
Cash at Bank	545,869	-	513,997	-
	548,219	1,850	515,847	1,850

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
5. Trade and other receivables				
School fees outstanding	823,104	792,625	794,757	792,625
Less allowance for doubtful debts	(211,095)	(207,624)	(207,624)	(207,624)
	612,009	585,001	587,133	585,001
Other	429,620	560,401	429,620	545,724
	1,041,629	1,145,402	1,016,753	1,130,725
Amount owed by Controlled Entity				
- Melbourne City School	-	-	1,847,331	1,070,544
	1,041,629	1,145,402	2,864,084	2,201,269
6. Current Inventories				
Work in progress	112,419	112,854	112,419	112,854
7. Other current Assets				
Prepayments	411,992	508,262	351,926	429,485
8. Property, Plant and Equipment				
Freehold land at cost	2,190,617	2,225,245	2,190,617	2,225,245
Buildings and site services	29,257,162	26,066,586	28,861,444	25,807,917
Less accumulated depreciation	(12,794,509)	(11,440,326)	(12,768,642)	(11,440,326)
	16,462,653	14,626,260	16,092,802	14,367,591
Plant and equipment	8,242,523	7,700,424	8,134,120	7,610,831
Less accumulated depreciation	(6,673,371)	(6,267,600)	(6,642,878)	(6,262,679)
	1,569,152	1,432,824	1,491,242	1,348,152
	20,222,422	18,284,329	19,774,661	17,940,988

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

Consolidated		Parent	
2010	2009	2010	2009
\$	\$	\$	\$

8(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

CONSOLIDATED	Freehold Land	Buildings & Site Services	Plant & Equipment	Total
Balance at the beginning of the year	2,225,245	14,626,260	1,432,824	18,284,329
Additions	-	2,284,744	1,558,622	3,843,366
Disposals	(34,628)	(42,285)	(16,725)	(93,638)
Depreciation Expense		(406,066)	(1,405,569)	(1,811,635)
Carrying amount at the end of the year	2,190,617	16,462,653	1,569,152	20,222,422

ELTHAM COLLEGE	Freehold Land	Buildings & Site Services	Plant & Equipment	Total
Balance at the beginning of the year	2,225,245	14,367,591	1,348,152	17,940,988
Additions	-	2,147,695	1,539,812	3,687,507
Disposals	(34,628)	(42,285)	(16,725)	(93,638)
Depreciation Expense	-	(380,199)	(1,379,997)	(1,760,196)
Carrying amount at the end of the year	2,190,617	16,092,802	1,491,242	19,774,661

9. Trade and Other Payables

Current

Fees in advance	549,289	806,281	547,897	806,281
Parent's deposits	1,353,097	1,033,840	1,316,597	1,020,840
Trade payables	816,873	363,034	254,837	106,376
Other	759,366	550,627	756,853	550,627
	3,478,625	2,753,782	2,876,184	2,484,124

Non Current

Other	275,415	281,865	264,790	278,490
	275,415	281,865	264,790	278,490

10. Borrowings

Current

Bank Overdraft	-	37,909	-	51,436
Bank Loans – Secured	2,500,000	2,000,000	2,500,000	2,000,000
Lease Liability and Hire Purchase - Unsecured	-	-	-	-
	2,500,000	2,037,909	2,500,000	2,051,436

Non-Current

Bank Loans - Secured	1,000,000	2,000,000	1,000,000	2,000,000
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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

Consolidated		Parent	
2010	2009	2010	2009
\$	\$	\$	\$

10(a) The bank overdraft and bank loans are secured by first mortgages over freehold land and buildings. The College has a \$6,155,000 credit facility with National Australia Bank. (refer note 16C)

11. Provisions

Current

Employee Benefits

Holiday Pay	285,887	246,800	284,375	244,461
Long Service Leave	1,026,034	868,786	1,026,034	868,786
Study Leave	43,313	34,205	43,313	34,205
Salary Accrual	765,632	625,000	726,000	625,000
	<u>2,120,866</u>	<u>1,774,791</u>	<u>2,079,722</u>	<u>1,772,452</u>

12. Retirement Benefit Obligations

a) Accounting Policies

The College immediately recognises all actuarial gains and losses in the statement of changes in equity.

b) Plan Information

The College has transferred all members from the Eltham College Superannuation Fund to other funds at 1 February 2006. Defined Benefit members of the plan have transferred to Non-Government Schools Superannuation Fund as Accumulation Fund members but with a written promise that their benefit on retirement will not be less than it would have been on retiring from the College Fund. The Eltham College Superannuation Fund was wound up during 2007.

Reconciliation of the present value of the defined benefit obligation

Present obligations at beginning of the year	5,676,000	5,328,000	5,676,000	5,328,000
Current service cost	126,000	123,000	126,000	123,000
Interest cost	259,000	178,000	259,000	178,000
Contributions by plan participants	77,000	86,000	77,000	86,000
Actuarial (gains)/losses	(58,000)	142,000	(58,000)	142,000
Benefits paid (including tax and expenses)	<u>(596,000)</u>	<u>(181,000)</u>	<u>(596,000)</u>	<u>(181,000)</u>
Present value of defined benefit obligation at the end of the year	<u>5,484,000</u>	<u>5,676,000</u>	<u>5,484,000</u>	<u>5,676,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$

c) Reconciliation of the fair value of plan assets

Fair value of plan assets at beginning of the year	4,901,000	4,274,000	4,901,000	4,274,000
Expected return on plan assets	376,000	342,000	376,000	342,000
Actuarial gains/(losses)	-	261,000	-	261,000
Employer contributions	158,000	119,000	158,000	119,000
Contributions by plan participants	77,000	86,000	77,000	86,000
Benefits paid (including tax and expenses)	(596,000)	(181,000)	(596,000)	(181,000)
Fair value of plan assets at end of the year	4,916,000	4,901,000	4,916,000	4,901,000

d) Reconciliation of assets and liabilities recognised in the statement of financial position

Present value of funded defined benefit obligations at end of year	5,484,000	5,676,000	5,484,000	5,676,000
Fair value of plan assets at end of year	(4,916,000)	(4,901,000)	(4,916,000)	(4,901,000)
	568,000	775,000	568,000	775,000
Provision for superannuation tax	100,000	137,000	100,000	137,000
Net liability recognised in the statement of financial position at end of year	668,000	912,000	668,000	912,000

(e) Expense recognised in income statement

The income statement recognition disclosure in the College accounts should note the line item(s) of the income statement in which the items are included.

Current service cost	126,000	123,000	126,000	123,000
Interest Cost	259,000	178,000	259,000	178,000
Expected return on plan assets	(376,000)	(342,000)	(376,000)	(342,000)
Provision for superannuation tax	(16,000)	(24,000)	(16,000)	(24,000)
Expense recognised in income statement	(7,000)	(65,000)	(7,000)	(65,000)

(f) Amounts recognised in the statement of changes in equity

Actuarial (gains)/losses	(77,000)	(143,000)	(77,000)	(143,000)
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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$

(g) Cumulative amount recognised in the statement of changes in equity

Cumulative amount of actuarial losses	217,000	294,000	217,000	294,000
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(h) Plan Assets

The percentage invested in each asset class at the reporting date:

Australian equities	35%	35%	35%	35%
Overseas equities	26%	29%	26%	29%
Fixed interest securities	13%	10%	13%	10%
Properties	9%	10%	9%	10%
Other	17%	16%	17%	16%

i) Fair value of plan assets

The fair value of plan assets includes no amounts relating to:

- Any of the College's own financial instruments
- Any property occupied by, or other assets used by, the College

j) Expected return on plan assets

The expected return on assets assumption is determined by weighing the expected long-term for each asset class by the target allocation of asset to each class. The returns used for each class are net of investment tax and investment fees.

k) Actual return on plan assets

Actual return/(loss) on fund assets	376,000	603,000	376,000	603,000
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l) Principal actuarial assumptions at the reporting date

Discount rate (gross of tax)	5.5%	5.6%	5.5%	5.6%
Discount rate (net of tax)	4.7%	4.8%	4.7%	4.8%
Expected return on plan assets	7.5%	8.0%	7.5%	8.0%
Future salary increases	4.0%	4.0%	4.0%	4.0%
Future pension increases	n/a	n/a	n/a	n/a

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
m) Historical Information				
Present value of defined benefit obligations	5,484,000	5,676,000	5,484,000	5,676,000
Fair value of plan assets	(4,916,000)	(4,901,000)	(4,916,000)	(4,901,000)
(Surplus)/Deficit in plan	568,000	775,000	568,000	775,000
Experience adjustment – plan liabilities	(73,000)	433,000	(73,000)	433,000
Experience adjustment – plan assets	-	261,000	-	261,000
n) Expected Contributions				
Expected employer contributions	98,000	106,000	98,000	106,000
Expected contributions by plan participants	84,000	90,000	84,000	90,000
13. Retained earnings				
Balance at the beginning of the financial year	10,292,350	9,986,638	11,187,945	10,023,705
(Loss) Surplus from ordinary activities	(462,221)	(654,274)	588,750	237,436
Capital Grants	2,168,500	250,000	2,168,500	250,000
Donations	76,933	329,683	66,833	296,502
AASB119 Adjustment – Defined Benefit Fund	141,213	237,302	141,213	237,302
Surplus attributable to members of the entity	1,924,425	162,711	2,965,296	1,021,240
Transfer to and from retained earnings (AASB119)	77,000	143,000	77,000	143,000
Balance at the end of the financial year	12,293,775	10,292,350	14,230,241	11,187,945
14. Commitments for Expenditure				
a) Capital expenditure				
Plant and Equipment				
Not longer than 1 year	520,945	347,697	455,600	222,700

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
14. Commitments for Expenditure (cont)				
b) Operating Lease Commitments				
Not longer than one year	380,285	367,425	-	-
Longer than 1 year but not longer than 5 years	3,317,959	2,825,473	-	-
Longer than 5 years	2,805,909	3,678,680	-	-
	6,504,153	6,871,578	-	-
c) Finance Lease Commitments				
Not longer than one year	193,260	363,564	189,227	363,564
Longer than 1 year but not longer than 5 years	347,906	105,697	333,790	105,697
	541,166	469,261	523,017	469,261

15. The company is a public company limited by guarantee, domiciled and incorporated in Australia, and is a not-for-profit organisation. Distributions to members are prohibited under the Company's Constitution.

16. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and Cash Equivalents

Cash on hand	2,350	1,850	1,850	1,850
Cash at bank overdraft	545,869	(37,909)	513,997	(51,436)
	548,219	(36,059)	515,847	(49,586)

(b) Surplus from the period to net cash flows operations with operating activities

Surplus for the period	1,924,425	162,711	2,965,296	1,021,240
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Non Cash Flows in Operating Profit

(Gain)/loss on sale or disposal of non-current assets	(384,266)	186,361	(384,266)	186,361
Depreciation and amortisation of non-current assets	1,811,635	1,677,137	1,760,196	1,672,216
Bad debts	50,656	17,561	50,656	17,561
Defined benefit scheme	(167,000)	(185,000)	(167,000)	(185,000)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Change in Net Assets & Liabilities:				
Decrease/(Increase) in receivables	53,117	(263,842)	63,317	(336,975)
Decrease/(Increase) in prepayments	96,270	(204,274)	77,559	(125,499)
Decrease/(Increase) in Work in Progress	435	(29,102)	435	(29,102)
Increase/(Decrease) in current payables	718,394	155,058	378,360	(117,973)
Increase/(Decrease) in employee provisions	346,075	(65,564)	307,270	(67,903)
Increase/(Decrease) in Hire Purchase Liabilities	-	(167)	-	(167)
Net cash from operating activities	4,449,741	1,450,879	5,051,823	2,034,759

(c) Standby arrangements with banks to provide funds and support facilities

Credit facility	6,155,000	6,500,000	6,155,000	6,500,000
Bank overdraft	-	(37,909)	-	(51,436)
Amount utilised	(3,500,000)	(4,000,000)	(3,500,000)	(4,000,000)
Unused credit facility	2,655,000	2,462,091	2,655,000	2,448,564

17. Subsequent Events

On 7th February 2011, the Board of Eltham College extended the term of the loan to Melbourne City School until at least March 2012 and increased the loan amount to \$3,000,000. No other matters or circumstances have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

18. Additional Company Details

The principal place of business and registered office of the company is 1660 Main Road, Research 3095.

Front Cover Photographs

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