

2011 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

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
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.

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

MISSION

To release and enhance talents

DIRECTORS – ATTENDANCE AT BOARD MEETINGS 2011/2012

	March	AGM May	May	Aug.	Sept.	Nov.	Dec.	Feb.	Total
Heysen C.	*	*	*	*	*	*	*	*	8/8
Pattison P.	*	*	*	*	*	*	*	*	8/8
Royse C.	*	*	*	*	*	*	*	*	8/8
Clarke L.	*	*	*	*	-	*	*	*	7/8
Cowan I.	*	*	*	*	*	*	*	*	8/8
* Ding B.	-	-	-	-	-	-	-	-	0/8
Evered L.	*	*	*	*	*	*	*	-	7/8
Fett R.	*	-	*	*	*	-	*	-	5/8
Houlihan M.	*	*	*	*	*	*	*	*	8/8
Lane A.	*	*	*	*	*	-	*	*	7/8
Littlefield J.	*	*	*	*	*	*	*	*	8/8
O'Rourke P.	*	*	*	*	-	*	*	*	7/8
Robertson P.	*	*	*	-	*	*	*	*	7/8
Seidler C.	*	*	-	*	-	*	*	-	5/8
Ward L.	*	*	-	-	*	*	*	*	6/7
Warner D.	*	-	-	*	*	*	*	*	6/8
Woodman H.	*	*	-	-					2/4

* Mr Ding is resident in China assisting with our international student recruitment.

NOTICE OF ANNUAL GENERAL MEETING

ELTHAM COLLEGE (ABN 31 004 992 750)

NOTICE IS HEREBY GIVEN that the FORTIETH ANNUAL GENERAL MEETING of the Members of the College will be held at Eltham College, 1660 Main Road, Research, on Monday the 23rd of April 2012 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 2nd May 2011.
- to receive and adopt the Financial Statements for the year ended 31st December 2011.
- 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).

Ms Evered and Mr Houlihan have completed their tenure of office, and being eligible, offer themselves for re-election. Mr O'Rourke has completed his tenure of office but is unable to continue due to a relocation overseas.

3. Procedure for Nomination of Directors

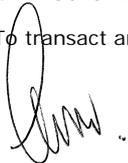
Nominations of Directors are made under Clause 7.2(d) of the Constitution.

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
20th March 2012, 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

We conclude each year by celebrating the experiences and achievements of young people during the year. These celebrations demonstrated confident and talented young people enjoying school and their learning. To illustrate, the History Centre Years 3 and 4, engaged their families in their learning for a night. The students were the teachers. In the city, Year 9 families were invited into a simulation incorporating some of their experiences and together explored exciting and unusual aspects of Melbourne and its history. MCS students took their families on a 'treasure hunt' to discover the learning they had experienced during the year.

I am pleased to provide an Annual Report on ELTHAM and Melbourne City School that will give an overview of our performance as 21st century knowledge era schools 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 required 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.

STUDENT INFORMATION

We believe that student outcomes and student experiences reflect schools working effectively to their 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 passion and ambition of our students can be met.

National Testing

All school results for one-day NAPLAN testing are reported on the *My School* 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 strengths in EQ and this is supported by their school engagement and the results of destination studies. While MCS participated in the National testing, the numbers were too small for aggregation.

NAPLAN tests are conducted at Year3, 5, 7 & 9 across Australia.

Results are interpreted and reported using 10 developmental bands that show expected progression in key enabling skills of literacy and numeracy. National Benchmarks are derived for young people at each of the year levels that testing occurs.

All of our students at each of the four year levels (Years 3, 5, 7 and 9) were well above National benchmarks and have made strong progress between testing periods. These results are available on the My School website.

YEAR 12 OUTCOMES

2011 VCE results

We offer congratulations to each and every one of our students who completed their VCE in 2011! 128 students sat their VCE (Unit3/4) exams and 128 sought an ATAR (Australian Tertiary Assessment Result) score. A score of 90+ was obtained by 35 students. This means that 27.3% of our students were in the top 10% in the State (this is 36.5% above the number of students in 2010 who achieved 90+). In total 237 students sat VCE examinations.

Our highest scoring student was Josh Green, with a score of 99.45. Josh was a 2011 College Captain, dancer, School Wear Committee member and House Leader. Josh is studying for the Bachelor of Fine Arts (Dance) at Melbourne University, Faculty of the Victorian College of the Arts. Josh was accepted into both Dance and Design based on a combination of interviews and auditions and did not need his ATAR!

VCE at ELTHAM in 2011 included 189 students completing a VET Certificate II, 63 completing a Certificate III or receiving a Statement of Attainment, and 34 gaining credit towards or achieving a Certificate IV.

High Study Scores

Congratulations to those who have gained study scores of 50, the maximum score awarded in any subject. There were eight students with perfect study scores of 50:

- Annabelle Pendlebury (History)
- Denham Sadler (Media)
- Liam Parsons (VET Music Performance)
- Brenton Chan (Further Mathematics)
- Samer Ata (Specialist Maths and Maths Methods)
- Joshua Green (Studio Arts)
- Daniel Patrick (PE)
- Stephen Hendy (IT Applications)

Overall, Year 12 students gained a total of 110 study scores above 40 during their combined VCE years 2010-2011. 13% of our students achieved 40+ study scores which is close to double the state average. A score of 40+ places a student in the top 7.5% of the State cohort in that subject. The median study score was 32 (2010 and 2009 median scores were also 32).

University Extension Studies

Students undertaking Extension Studies programs at University included:

- Ariani Plukaard – Indonesian – University of Melbourne – 1st Class Honours and University of Melbourne prize for the top performing Extension Studies student in Indonesian
- Chris Bendle – History – University of Melbourne
- Lindsay Douglas – Biology, University of Melbourne
- Dale Clarke – Chemistry, Monash University

Year 11

We are always proud of the courage of our Year 10 and 11 students who select from one to three VCE studies.

109 Year 11 students completed at least one Unit 3-4 study. 22 achieved 40 plus scores with Edward Cobbold achieving 40+ in both Interactive Digital Media and Community Recreation.

A reflection on Year 12, 2011

At a time of year when we tend to focus on results it is also important to remember that a young person's value in the world cannot and should not be defined by a mere number.

To paraphrase Sir Ken Robinson, internationally recognised leader in the development of education, creativity and innovation, it is important to change our framework from asking "How intelligent are our students?" to "How are our students intelligent?" At ELTHAM we do focus on the latter framework through our mission to 'release and enhance individual talent'.

Senior schooling should be about developing the attributes, skills and knowledge needed to move into a post-school world with comfort and with the 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, for post-school institutions the cheapest and quickest way of assessing students is by converting senior studies into tertiary entrance scores.

At ELTHAM I feel that we successfully celebrate the talents of all our students. 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, vocational and personal studies. We place equal value on the studies that young people select and do not subscribe to hierarchies of studies or people.

The LifeWork team should also be congratulated for their dedication in assisting our Senior students with the often difficult tasks and choices presented to them. The College prides itself on offering flexibility which allows students to reach their potential through individual customised opportunities for success. Our teachers are very accommodating and supportive of students following their passions, resulting in the class of 2011 having a portfolio of skills, experiences, achievements and attitudes that will influence their choice of future directions far more profoundly than their ATAR score.

We hope all our Year 12 students from 2011 continue to enjoy success and happiness as they take up new opportunities. In my letter to them I said: "We are proud of the individual ways in which you have achieved your goals and followed your passions. Go well as you continue to pursue a life of learning."

Class of 2011 Destinations and Preferences

From their Early Years, but formally from Year 9, we work with young people to explore opportunities, identify their passions and start to make good decisions for themselves about life and learning choices. The LifeWork Centre works with students in Year 9 and the Senior Years, and with their parents, so that students are able to make informed decisions about their post-school choices, so that they know what they are working towards, and they know what ATAR they will need if, in fact, they do need one. Students do not mindlessly work for a score and then decide their destinations after receiving the score. This is because post-school experiences suggest that this is not a good recipe for post-school success, particularly at University. Our Senior students generally make very good decisions and they do make good choices between university and vocational education (eg TAFE). A really nice thing about our Senior Years is that we all respect these choices, so students do not feel anything but good about their personal decisions whether they are seeking to study medicine, design, engineering, arts, law, automotive, cooking, hospitality/event management or hairdressing. 86% of students gained their first, second or third preference which indicates a very high number realising their dreams. 98% received a first round offer (compared to 95% in 2010 and 92% in 2009).

Student Retention

The retention ratio for 2011 for Prep to Year 11 was 92.3%. 89% (91% in 2010; 84% in 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 2.8%). 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 – ELTHAM COLLEGE

Staff Retention

The retention rate of teaching staff in 2011 was 90%.

Nine permanent teaching staff left the employment of ELTHAM College during or at the end of 2011 (excluding teachers who were on replacement contracts). One relocated to Geelong to live and work, one into retirement, one took up a carpentry apprenticeship, two accepted teaching posts in an international school in Singapore, one started up her own small business, one accepted a redundancy, one moved to another school, one left the workforce for an extended period to be with her family and one has accepted a permanent appointment with the Victorian Curriculum and Assessment Authority (VCAA).

Staff Attendance

Staff absence through personal leave (sick leave or carer's leave) in 2011 resulted in an attendance statistic of 97%.

Staff Qualifications

ELTHAM's staff is highly qualified with over one quarter holding Doctorates, Masters or Honours degrees.

	Percentage (%)
Doctorate	3
Masters	18
Honours Degree	7
Graduate Diploma	7
Bachelor's Degree	56
Diploma	8

Expenditure and Teacher Participation in Professional Learning

All teachers attended a range of targeted in-house professional learning and training offerings covering areas such as numeracy, literacy, student learning disabilities, curriculum design and pedagogy. Senior School, Year 9 and Middle Years staff participated in training in the use of StudyWiz.

Beyond these internally conducted sessions, our teaching staff has participated in a plethora of external Professional Development programs. These include, but are not limited to, courses, seminars and workshops conducted by subject associations to maintain levels of professional licence, such as First Aid, Anaphylaxis and Life Saving training. Ninety-seven teachers received some form of externally provided professional development in 2011. The average expenditure per teacher on external professional development was approximately \$600. This figure does not include the cost of replacement teachers.

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.

TEACHER INFORMATION – MELBOURNE CITY SCHOOL

Staff Retention

The number of full-time equivalent teachers who left at the end of 2011 was 0.2. Therefore the retention rate was 96.4%.

Staff Attendance

Staff absence through personal leave (sick leave or carer's leave) in 2011 resulted in an attendance of 99.8%.

Staff Qualifications

	Percentage (%)
Masters	29
Honours Degree	14
Graduate Diploma	14
Bachelor's Degree	43

Expenditure and Teacher Participation in Professional Learning

In 2011, 7 teachers participated in professional learning activities. The average expenditure on externally facilitated professional development was approximately \$350 per staff member. This figure includes facilitator and provider fees and registration fees, but does not include the cost of replacement teachers. It should be noted that some professional development activities were cost free to the School. A strong program of internally provided professional development sessions was delivered during the year and on student free days.

Christmas Day Hail Storm

Considerable damage was done to the Research Campus in this storm. The insurance damage bill is likely to exceed \$6m. However, our insurers, builder and staff ensured that we were able to open the 2012 school year on time.

Conclusion

This Report reflects ELTHAM College, incorporating its City School and Campus, as the leader in 21st century schooling. I would like to acknowledge College staff and Executive and 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 extremely well on the International stage. Please join me in celebrating the learning and life experiences and achievements of ELTHAM College's young people across Research and the City.



Dr David Warner
Principal/CEO

CHAIRMAN'S REPORT

I have great pleasure in presenting my 2011 Report on ELTHAM College which involves me reporting on both ELTHAM College 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 also the way in which they work with staff. I would like to thank students and staff for the manner in which they have set the standard for collaborative learning for both schools and indeed for other schools.

On behalf of the Board, I thank our families for being part of ELTHAM during 2011. 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 2011 there were five parent forums (Senior Years excluded) where parents were able to discuss issues and raise concerns. This proactive process allows 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 were with Melbourne City School in 2011. They have seen what MCS is setting out to be and they like the personalised attention and the 21st Century education transformation.

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

2011 Accounts

As with the 2010 Annual Report, we are required to report our accounts and financial statements to you in a consolidated form. MCS income and expenses have been consolidated with all other aspects of ELTHAM College.

2011 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 continues to present 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.

International Students

The cost of the Australian dollar, coupled with what is perceived as a negative Australian Government approach to China, has seen the start of a serious decline in the international export market for education in Australia. ELTHAM has not been immune, but has generally managed to maintain a good intake of international students. It is so important that we maintain a strong international enrolment to support our global culture and our preparation of young people to live, learn and work in a global environment.

Capital Works 2011

We committed \$450,000 to the construction of the Senior Science Social Learning Space, a new entrance to science, and to the re-build of the Physics laboratory. This was completed early in 2012. We have invested in ensuring that our Science Facilities are state-of-the-art and attractive to students. There is a strong motivational focus to attract students to exploring the sciences and considering Senior School and post-school specialisations. Science is one of the much needed areas for Australia's economic development as a knowledge era nation. Our approach is creative and, therefore, encouraging of an entrepreneurial spirit in young people.

During 2011 we committed to the re-build of music and performance into a modern Music and Performance Centre with high levels of ICT infrastructure. Stage 1, including lift access from the Great Southern Road, has been completed. The cost of this total capital project will be \$3.5m.

ICT

We are moving successfully to an environment where the College now supports remote access for students and staff to all their work files. It now also supports access through mobile communication devices at school. The College network is now multi-platform.

ELTHAM Master Plan and Rezoning

The years of 'battling' the development difficulties of being located in a Rural Conservation Zone are now over. During 2011, the Minister for Planning, the Hon Matthew Guy, re-zoned our land to Special Use Zone and incorporated the Research Campus Master Plan into the Nillumbik Planning Scheme. This gives us considerable security into the future in terms of College developments and particularly Master Plan projects.

Demographic Changes in Nillumbik Shire

During 2011 we continued to analyse the demographic statistics and projections for Nillumbik, our major student catchment area. The Shire continues to have a significant decline in the 0-15 age-groups. In this context we have decided to re-position ELTHAM for the future as a school of between 800 and 860 students. The Nillumbik Shire is projected to have negligible growth during the next twenty years compared to the rest of Melbourne. Banyule and Manningham Shires are only marginally better. There is a positive context, however, in that ELTHAM College manages ELTHAM College Kids (ECK), the child care and kindergarten centres of the ELTHAM College Foundation. There are over 500 children in the four ECK Centres and the number of centres is expected to increase over the next four years. The Foundation's strategic plan to grow its business through to 2023 will provide us with considerable support to continue to enhance our schooling leadership and innovation.

Associations

I would like to thank our Associations for their continued support. ExECS, has grown into a strong organisation with over 6000 ex-students registered and in contact. ExECS ran four re-unions during 2011 and these were well attended and made positive contributions to our school. ECCA and its Early and Junior Years Association contributed some \$25,000 to the College and the Foundation contributed \$50,000 to the new Science Social Learning Space. MCS had a small, informal group of parents who have formed the heart of its parent body.

Conclusion

I would like to conclude this report by acknowledging the dedication and hard work of Board Directors of ELTHAM College and Melbourne City School. Board Directors are busy people who volunteer their time and give their commitment to the College and MCS. ELTHAM College and MCS Boards thank members of the school communities for their continued support for these wonderful schools. On behalf of the Board, I also would like to thank the Principal/CEO and Principal of MCS, staff, students, parents and all members of our communities for their contributions to, and belief in, ELTHAM's commitment to young people and its leadership of 21st century schooling.



C J HEYSEN
Chairman

DIRECTORS' REPORT

Your Directors have pleasure in submitting herewith the financial statements for the year ended 31st December, 2011, 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 and since the end of the financial year 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

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 deficit from operations of the Consolidated entity for the year ended 31st December, 2011 was \$134,540 (2010: surplus \$1,924,425). The 2011 deficit (2010 surplus) includes a favourable net adjustment of \$216,686 (2010: \$141,213) 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 \$65,176 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 \$9,563 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 19th March 2012, the Board of Eltham College extended the term of the loan to Melbourne City School to at least 31st March 2013. The loan is for an amount of up 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 \$3,604 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 2011 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 2011 Annual Report) and to be presented on behalf of the Board of Directors to Members at the Annual General Meeting on the 23rd April, 2012.

DATED AT Research this 19th Day of March, 2012.



R.F. FETT
Director



M.D. HOULIHAN
Director

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

19 March 2012

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 2011, I declare that 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 2011, 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 that gives a true and fair view 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 gives a true and fair view and 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 would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 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, 19 March 2012

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 to satisfy the directors' reporting requirements under the Corporations Act 2001.

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 19th Day of March, 2012.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue	2	20,875,221	22,907,256	20,130,285	22,447,742
Less:					
Salaries and related expenses		13,747,426	13,609,889	13,097,517	12,995,774
Tuition related expenses		1,383,627	1,621,117	1,355,272	1,585,953
Borrowing costs		190,079	192,208	55,034	104,170
Depreciation expense		1,889,746	1,811,635	1,822,162	1,760,196
Finance and legal expenses		449,427	424,563	421,377	390,144
Administrative expenses		754,329	830,451	693,042	795,562
Facility costs		1,907,345	1,844,827	1,575,651	1,381,689
Promotion		687,782	648,141	491,249	468,958
Total Expenses		<u>21,009,761</u>	<u>20,982,831</u>	<u>19,511,304</u>	<u>19,482,446</u>
(Deficit) Surplus for the year		<u>(134,540)</u>	<u>1,924,425</u>	<u>618,981</u>	<u>2,965,296</u>
Other comprehensive (loss)/income					
Actuarial (loss)/gain on defined benefits plan		<u>(977,000)</u>	<u>77,000</u>	<u>(977,000)</u>	<u>77,000</u>
Total comprehensive (loss)/income for the year		<u>(1,111,540)</u>	<u>2,001,425</u>	<u>(358,019)</u>	<u>3,042,296</u>

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

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Current assets					
Cash and cash equivalents	4	415,990	548,219	235,271	515,847
Trade and other receivables	5	1,206,536	1,041,629	3,689,896	2,864,084
Inventories	6	108,468	112,419	108,468	112,419
Prepayments	7	414,802	411,992	359,798	351,926
Total current assets		2,145,796	2,114,259	4,393,433	3,844,276
Non-current assets					
Property, plant and equipment	8	20,423,840	20,222,422	19,939,368	19,774,661
Total non-current assets		20,423,840	20,222,422	19,939,368	19,774,661
Total assets		22,569,636	22,336,681	24,332,801	23,618,937
Current liabilities					
Trade and other payables	9	3,870,199	3,478,625	2,997,890	2,876,184
Borrowings	10	2,000,000	2,500,000	2,000,000	2,500,000
Provisions	11	2,239,047	2,120,866	2,200,409	2,079,722
Total current liabilities		8,109,246	8,099,491	7,198,299	7,455,906
Non-current liabilities					
Trade and other payables	9	276,155	275,415	260,280	264,790
Borrowings	10	1,500,000	1,000,000	1,500,000	1,000,000
Retirement benefit obligations	12(d)	1,502,000	668,000	1,502,000	668,000
Total non-current liabilities		3,278,155	1,943,415	3,262,280	1,932,790
Total liabilities		11,387,401	10,042,906	10,460,579	9,388,696
Net assets		11,182,235	12,293,775	13,872,222	14,230,241
Equity					
Retained earnings		11,182,235	12,293,775	13,872,222	14,230,241
Total equity	13	11,182,235	12,293,775	13,872,222	14,230,241

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

Note	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance as at 1 January	12,293,775	10,292,350	14,230,241	11,187,945
(Deficit) Surplus for the year	(134,540)	1,924,425	618,981	2,965,296
Other comprehensive income	(977,000)	77,000	(977,000)	77,000
Total Comprehensive (loss)/Income for the year	<u>(1,111,540)</u>	<u>2,001,425</u>	<u>(358,019)</u>	<u>3,042,296</u>
Balance as at 31 December	<u>11,182,235</u>	<u>12,293,775</u>	<u>13,872,222</u>	<u>14,230,241</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash flow from operating activities					
Receipts from fundraising		417,413	76,933	130,163	66,833
Receipts from school fees, grants and other income		19,750,426	21,421,914	19,286,788	20,987,209
Payments to suppliers and employees		(18,061,179)	(16,895,515)	(17,044,818)	(15,935,626)
Interest received		33,429	38,617	31,936	37,577
Interest and other costs of finance paid		(190,079)	(192,208)	(55,034)	(104,170)
Net cash provided by operating activities	16(b)	1,950,010	4,449,741	2,349,035	5,051,823
Cash flow from investing activities					
Proceeds from sale of property, plant & equipment		8,925	477,903	8,925	477,903
Purchase of property, plant & equipment		(2,091,164)	(3,843,366)	(1,986,869)	(3,687,507)
Loan to The Melbourne City School		-	-	(651,667)	(776,787)
Net cash used in investing activities		(2,082,239)	(3,365,463)	(2,629,611)	(3,986,391)
Cash flows from financing activities					
(Repayment) of borrowings		-	(500,000)	-	(500,000)
Net cash used in financing activities		-	(500,000)	-	(500,000)
Net (decrease)/increase in cash and cash equivalents		(132,229)	584,278	(280,576)	565,432
Cash and cash equivalents at the beginning of the financial year		548,219	(36,059)	515,847	(49,585)
Cash and cash equivalents at the end of the financial year	16(a)	415,990	548,219	235,271	515,847

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

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 19th March 2012. 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 \$5,963,450 (Parent \$2,804,866) (2010: \$5,985,232: Parent \$3,611,630), fees billed and/or received in advance of \$780,210 (Parent \$778,021) (2010 \$549,289, Parent \$547,897) 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 \$1,254,421 (Parent \$1,205,921) (2010 \$1,353,097, Parent \$1,316,597) 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 \$2,000,000 (Parent \$2,000,000) 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 \$5,000,000. At 31 December 2011, \$1,500,000 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 not resulted in any changes to the company's accounting policies.

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 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Amends a number of pronouncements as a result of the IASB's 2008- 2010 cycle of annual improvements. Key amendments include:

- Financial statement disclosures - clarification of content of statement of changes in equity (AASB 101), financial instrument disclosures (AASB 7) and significant events and transactions in interim reports (AASB 134)
- AASB 1 - accounting policy changes in year of adoption and amendments to deemed cost (revaluation basis, regulatory assets).

AASB 2010-5 Amendments to Australian Accounting Standards

This Standard makes numerous editorial amendments to a range of Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. These amendments have no major impact on the requirements of the amended pronouncements.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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
<i>AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i>	<i>1 July 2012 with early adoption permitted</i>	<i>31 December 2013</i>
<i>AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13</i>	<i>1 January 2013</i>	<i>31 December 2013</i>
<i>AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)</i>	<i>1 January 2013</i>	<i>31 December 2013</i>

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 and Leasehold Improvements	2.5% or in accordance with lease term
Furniture, equipment & improvements	10% -20 %
Computer related equipment	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>2011</u>	<u>2010</u>
Membership as at 31 st December	957	967

During 2011 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	
	2011 \$	2010 \$	2011 \$	2010 \$
2. Revenue				
Fee Income- Net	15,124,819	15,224,874	14,751,076	14,877,464
Government Per Capita Grants				
- Victorian State Government	588,896	579,190	573,749	564,794
- Federal Government	3,004,732	3,046,567	2,923,996	2,961,181
	3,593,628	3,625,757	3,497,745	3,525,975
Victorian State Government Grants				
- Early Learning Centre	27,345	25,009	27,345	25,009
- Other	105,426	41,316	102,322	41,316
	132,771	66,325	129,667	66,325
Federal Government Grants				
- Capital Grants	331,200	2,168,500	331,200	2,168,500
- Other Government Grants	159,254	188,248	151,234	188,248
	490,454	2,356,748	482,434	2,356,748
Gain on disposals of plant and equipment	8,925	384,266	8,925	384,266
Interest Received	33,429	38,617	31,936	37,577
Other Income	1,073,782	1,133,736	1,098,339	1,132,554
Fundraising	2(a) 417,413	76,933	130,163	66,833
Total Revenue	20,875,221	22,907,256	20,130,285	22,447,742

2(a) Fundraising Receipts

Building Fund	342,163	64,983	55,163	59,883
ECCA	25,000	-	25,000	-
Eltham College Foundation Ltd.	50,000	-	50,000	-
Donations	250	11,950	-	6,950
	417,413	76,933	130,163	66,833

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. Surplus from Operations

Surpluses from Operations have been determined after:

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Expenses				
Borrowing costs – other persons	190,079	192,208	55,034	104,170
Depreciation of non-current assets	1,889,746	1,811,635	1,822,162	1,760,196
Movement in provisions				
Employee entitlements				
- Holiday Pay	45,206	39,087	45,791	39,914
- Long Service Leave	54,895	157,248	54,895	157,248
- Study Leave	30,301	9,108	30,301	9,108
- Salary Accrual	(12,221)	140,632	(10,300)	101,000
Expenses resulting from movement in Provisions	118,181	346,075	120,687	307,270
Bad and doubtful debts				
- Bad debts written off	44,832	50,656	44,832	50,656
- Increase in Doubtful Debt Provision	34,252	3,471	31,954	-
Total bad and doubtful debts	79,084	54,127	76,786	50,656
Rental Expenses				
- City Campus/MCS	756,798	711,639	460,151	282,000
	756,798	711,639	460,151	282,000
Remuneration of auditors				
- Audit or review of the financial report	41,000	42,650	36,000	38,000
	41,000	42,650	36,000	38,000
4. Cash and Cash Equivalents				
Cash on hand	2,550	2,350	2,050	1,850
Cash at Bank	413,440	545,869	235,221	513,997
	415,990	548,219	235,271	515,847

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
5. Trade and other receivables				
School fees outstanding	880,915	823,104	860,013	794,757
Less allowance for doubtful debts	(245,347)	(211,095)	(239,578)	(207,624)
	635,568	612,009	620,435	587,133
Other	570,968	429,620	570,463	429,620
	1,206,536	1,041,629	1,190,898	1,016,753
Amount owed by Controlled Entity				
- Melbourne City School	-	-	2,498,998	1,847,331
	1,206,536	1,041,629	3,689,896	2,864,084
6. Current Inventories				
Work in progress	108,468	112,419	108,468	112,419
7. Other current Assets				
Prepayments	414,802	411,992	359,798	351,926
8. Property, Plant and Equipment				
Freehold land at cost	2,190,617	2,190,617	2,190,617	2,190,617
Buildings and site services	30,587,454	29,257,162	30,097,066	28,861,444
Less accumulated depreciation	(13,918,236)	(12,794,509)	(13,852,797)	(12,768,642)
	16,669,218	16,462,653	16,244,269	16,092,802
Plant and equipment	8,971,806	8,242,523	8,853,778	8,134,120
Less accumulated depreciation	(7,407,801)	(6,673,371)	(7,349,296)	(6,642,878)
	1,564,005	1,569,152	1,504,482	1,491,242
	20,423,840	20,222,422	19,939,368	19,774,661

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

Consolidated		Parent	
2011	2010	2011	2010
\$	\$	\$	\$

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	2,190,617	16,462,653	1,569,152	20,222,422
Additions	-	1,330,292	760,872	2,091,164
Disposals	-	-	-	-
Depreciation Expense	-	(1,123,727)	(766,019)	(1,889,746)
Carrying amount at the end of the year	2,190,617	16,669,218	1,564,005	20,423,840

ELTHAM COLLEGE	Freehold Land	Buildings & Site Services	Plant & Equipment	Total
Balance at the beginning of the year	2,190,617	16,092,802	1,491,242	19,774,661
Additions	-	1,235,622	751,247	1,986,869
Disposals	-	-	-	-
Depreciation Expense	-	(1,084,155)	(738,007)	(1,822,162)
Carrying amount at the end of the year	2,190,617	16,244,269	1,504,482	19,939,368

9. Trade and Other Payables

Current

Fees in advance	780,210	549,289	778,021	547,897
Parents' deposits	1,254,421	1,353,097	1,205,921	1,316,597
Trade payables	965,880	816,873	149,972	254,837
Other	869,688	759,366	863,976	756,853
	3,870,199	3,478,625	2,997,890	2,876,184

Non Current

Other	276,155	275,415	260,280	264,790
	276,155	275,415	260,280	264,790

10. Borrowings

Current

Bank Loans – Secured	2,000,000	2,500,000	2,000,000	2,500,000
	2,000,000	2,500,000	2,000,000	2,500,000

Non-Current

Bank Loans - Secured	1,500,000	1,000,000	1,500,000	1,000,000
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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

Consolidated		Parent	
2011	2010	2011	2010
\$	\$	\$	\$

10(a) The bank overdraft and bank loans are secured by first mortgages over freehold land and buildings. The College has a \$5,000,000 credit facility with National Australia Bank. (refer note 16C)

11. Provisions

Current

Employee Benefits

Holiday Pay	331,093	285,887	330,166	284,375
Long Service Leave	1,080,929	1,026,034	1,080,929	1,026,034
Study Leave	73,614	43,313	73,614	43,313
Salary Accrual	753,411	765,632	715,700	726,000
	<u>2,239,047</u>	<u>2,120,866</u>	<u>2,200,409</u>	<u>2,079,722</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	5,484,000	5,676,000	5,484,000	5,676,000
Current service cost	107,000	126,000	107,000	126,000
Interest cost	254,000	259,000	254,000	259,000
Contributions by plan participants	76,000	77,000	76,000	77,000
Actuarial (gains)/losses	293,000	(58,000)	293,000	(58,000)
Benefits paid (including tax and expenses)	<u>(173,000)</u>	<u>(596,000)</u>	<u>(173,000)</u>	<u>(596,000)</u>
Present value of defined benefit obligation at the end of the year	<u>6,041,000</u>	<u>5,484,000</u>	<u>6,041,000</u>	<u>5,484,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
c) Reconciliation of the fair value of plan assets				
Fair value of plan assets at beginning of the year	4,916,000	4,901,000	4,916,000	4,901,000
Expected return on plan assets	369,000	376,000	369,000	376,000
Actuarial gains/(losses)	(540,000)	-	(540,000)	-
Employer contributions	116,000	158,000	116,000	158,000
Contributions by plan participants	76,000	77,000	76,000	77,000
Benefits paid (including tax and expenses)	(173,000)	(596,000)	(173,000)	(596,000)
Fair value of plan assets at end of the year	4,764,000	4,916,000	4,764,000	4,916,000

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

Present value of funded defined benefit obligations at end of year	6,041,000	5,484,000	6,041,000	5,484,000
Fair value of plan assets at end of year	(4,764,000)	(4,916,000)	(4,764,000)	(4,916,000)
	1,277,000	568,000	1,277,000	568,000
Provision for superannuation tax	225,000	100,000	225,000	100,000
Net liability recognised in the statement of financial position at end of year	1,502,000	668,000	1,502,000	668,000

(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	107,000	126,000	107,000	126,000
Interest Cost	254,000	259,000	254,000	259,000
Expected return on plan assets	(369,000)	(376,000)	(369,000)	(376,000)
Provision for superannuation tax	(19,000)	(16,000)	(19,000)	(16,000)
(Benefit)/Expense recognised in income statement	(27,000)	(7,000)	(27,000)	(7,000)

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

Actuarial (gains)/losses	977,000	(77,000)	977,000	(77,000)
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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$

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

Cumulative amount of actuarial losses	1,194,000	217,000	1,194,000	217,000
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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%	26%	26%	26%
Fixed interest securities	13%	13%	13%	13%
Properties	9%	9%	9%	9%
Other	17%	17%	17%	17%

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 (loss)/return on fund assets	(171,000)	376,000	(171,000)	376,000
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l) Principal actuarial assumptions at the reporting date

Discount rate (gross of tax)	3.6%	5.5%	3.6%	5.5%
Discount rate (net of tax)	3.1%	4.7%	3.1%	4.7%
Expected return on plan assets	7.5%	7.5%	7.5%	7.5%
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	
	2011 \$	2010 \$	2011 \$	2010 \$
m) Historical Information				
Present value of defined benefit obligations	6,041,000	5,484,000	6,041,000	5,484,000
Fair value of plan assets	(4,764,000)	(4,916,000)	(4,764,000)	(4,916,000)
(Surplus)/Deficit in plan	1,277,000	568,000	1,277,000	568,000
Experience adjustment – plan liabilities	4,000	(73,000)	4,000	(73,000)
Experience adjustment – plan assets	(540,000)	-	(540,000)	-
n) Expected Contributions				
Expected employer contributions	82,000	98,000	82,000	98,000
Expected contributions by plan participants	70,000	84,000	70,000	84,000
13. Retained earnings				
Balance at the beginning of the financial year	12,293,775	10,292,350	14,230,241	11,187,945
(Loss) Surplus from ordinary activities	(1,099,839)	(462,221)	(59,068)	588,750
Capital Grants	331,200	2,168,500	331,200	2,168,500
Donations	417,413	76,933	130,163	66,833
AASB119 Adjustment – Defined Benefit Fund	216,686	141,213	216,686	141,213
(Deficit) Surplus attributable to members of the entity	(134,540)	1,924,425	618,981	2,965,296
Transfer to and from retained earnings (AASB119)	(977,000)	77,000	(977,000)	77,000
Balance at the end of the financial year	11,182,235	12,293,775	13,872,222	14,230,241
14. Commitments for Expenditure				
a) Capital expenditure				
Plant and Equipment				
Not longer than 1 year	777,593	520,945	777,593	455,600

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
14. Commitments for Expenditure (cont)				
b) Leased Premises				
Not longer than one year	787,190	380,285	-	-
Longer than 1 year but not longer than 5 years	3,434,087	3,317,959	-	-
Longer than 5 years	1,902,591	2,805,909	-	-
	6,123,868	6,504,153	-	-
c) Operating Lease Commitments				
Not longer than one year	304,316	193,260	300,283	189,227
Longer than 1 year but not longer than 5 years	515,760	347,906	505,677	333,790
	820,076	541,166	805,960	523,017

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	2,550	2,350	2050	1,850
Cash at bank overdraft	413,440	545,869	233,221	513,997
	415,990	548,219	235,271	515,847

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

(Deficit) Surplus for the period	(134,540)	1,924,425	618,981	2,965,296
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Non Cash Flows in Operating Profit

(Gain)/loss on sale or disposal of non-current assets	(8,925)	(384,266)	(8,925)	(384,266)
Depreciation and amortisation of non-current assets	1,889,746	1,811,635	1,822,162	1,760,196
Bad debts	79,084	54,127	76,786	50,656
Defined benefit scheme	(143,000)	(167,000)	(143,000)	(167,000)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Change in Net Assets & Liabilities:				
Decrease/(Increase) in receivables	(243,485)	49,646	(250,930)	63,317
Decrease/(Increase) in prepayments	(2,810)	96,270	(7,872)	77,559
Decrease/(Increase) in Work in Progress	3,948	435	3,948	435
Increase/(Decrease) in current payables	389,890	718,394	117,198	378,360
Increase/(Decrease) in employee provisions	120,102	346,075	120,687	307,270
Increase/(Decrease) in Hire Purchase Liabilities		-		-
Net cash from operating activities	1,950,010	4,449,741	2,349,035	5,051,823

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

Credit facility	5,000,000	6,155,000	5,000,000	6,155,000
Bank overdraft	-	-	-	-
Amount utilised	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
Unused credit facility	1,500,000	2,655,000	(1,500,000)	2,655,000

17. Subsequent Events

On 19th March 2012, the Board of Eltham College extended the term of the loan to Melbourne City School to at least 31st March 2013. 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. Company Details

Details and Registered office of the company is:

Eltham College (ABN 31 004 992 750) 1660 Main Road, Research, Victoria 3095.

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6

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