Incorporating
NOTICE OF ANNUAL GENERAL MEETING
ABN 31 004 992 750
MISSION
To release and enhance talents

DIRECTORS – ATTENDANCE AT BOARD MEETINGS 2010/2011

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ELTHAM COLLEGE (ABN 31 004 992 750)

NOTICE OF ANNUAL GENERAL MEETING

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.
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

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<th>Highest Qualification Held</th>
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<td>Doctorate</td>
<td>2%</td>
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<tr>
<td>Masters</td>
<td>21%</td>
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<td>Graduate Diploma</td>
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<td>Honours Degree</td>
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<td>Bachelor Degree</td>
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<td>Diploma</td>
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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
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
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
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
(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 it’s 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.
(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 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

[Signature]

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. As 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.
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
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

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

The Notes to the Accounts form an integral part of these Financial Statements.
**STATEMENT OF FINANCIAL POSITION**
**FOR THE YEAR ENDED 31 DECEMBER 2010**

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2010</th>
<th>2009</th>
<th>Parent 2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>548,219</td>
<td>1,850</td>
<td>515,847</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5</td>
<td>1,041,629</td>
<td>1,145,402</td>
<td>2,864,084</td>
</tr>
<tr>
<td>Inventories</td>
<td>6</td>
<td>112,419</td>
<td>112,854</td>
<td>112,419</td>
</tr>
<tr>
<td>Prepayments</td>
<td>7</td>
<td>411,992</td>
<td>508,262</td>
<td>351,926</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>2,114,259</td>
<td>1,768,368</td>
<td>3,844,276</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8</td>
<td>20,222,422</td>
<td>18,284,328</td>
<td>19,774,661</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>20,222,422</td>
<td>18,284,328</td>
<td>19,774,661</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>22,336,681</td>
<td>20,052,696</td>
<td>23,618,937</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9</td>
<td>3,478,625</td>
<td>2,753,782</td>
<td>2,876,184</td>
</tr>
<tr>
<td>Borrowings</td>
<td>10</td>
<td>2,500,000</td>
<td>2,037,909</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>11</td>
<td>2,120,866</td>
<td>1,774,791</td>
<td>2,079,722</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>8,099,491</td>
<td>6,566,482</td>
<td>7,455,906</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9</td>
<td>275,415</td>
<td>281,865</td>
<td>264,790</td>
</tr>
<tr>
<td>Borrowings</td>
<td>10</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Retirement benefit obligations</td>
<td>12(d)</td>
<td>668,000</td>
<td>912,000</td>
<td>668,000</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>1,943,415</td>
<td>3,193,865</td>
<td>1,932,790</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>10,042,906</td>
<td>9,760,347</td>
<td>9,388,696</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>12,293,775</td>
<td>10,292,349</td>
<td>14,230,241</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>12,293,775</td>
<td>10,292,349</td>
<td>14,230,241</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>12,293,775</td>
<td>10,292,349</td>
<td>14,230,241</td>
</tr>
</tbody>
</table>

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

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

The Notes to the Accounts form an integral part of these Financial Statements.
<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from fundraising</td>
<td>76,933</td>
<td>329,685</td>
</tr>
<tr>
<td>Receipts from school fees, grants and other income</td>
<td>21,421,914</td>
<td>18,551,671</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(16,895,514)</td>
<td>(17,267,630)</td>
</tr>
<tr>
<td>Interest received</td>
<td>38,616</td>
<td>26,548</td>
</tr>
<tr>
<td>Interest and other costs of finance paid</td>
<td>(192,208)</td>
<td>(189,395)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>4,449,741</td>
<td>1,450,879</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, plant &amp; equipment</td>
<td>477,903</td>
<td>824,725</td>
</tr>
<tr>
<td>Purchase of property, plant &amp; equipment</td>
<td>(3,843,366)</td>
<td>(2,328,018)</td>
</tr>
<tr>
<td>Loan to The Melbourne City School</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(3,365,463)</td>
<td>(1,503,293)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Repayment of)/proceeds from borrowings</td>
<td>(500,000)</td>
<td>910,100</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(500,000)</td>
<td>910,100</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>584,278</td>
<td>857,686</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the financial year</strong></td>
<td>(36,059)</td>
<td>(893,745)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the financial year</strong></td>
<td>548,219</td>
<td>(36,059)</td>
</tr>
</tbody>
</table>

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 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.
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.

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

<table>
<thead>
<tr>
<th>Class of fixed Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>2.5%</td>
</tr>
<tr>
<td>Furniture, equipment &amp; improvements</td>
<td>10% - 20%</td>
</tr>
<tr>
<td>Computer related equipment</td>
<td>33.33%</td>
</tr>
</tbody>
</table>

(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.
(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.
(I) 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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership as at 31st December</td>
<td>967</td>
<td>889</td>
</tr>
</tbody>
</table>

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.
### 2. Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Fee Income- Net</td>
<td>15,224,874</td>
<td>14,491,361</td>
</tr>
<tr>
<td>Government Per Capita Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Victorian State Government</td>
<td>579,190</td>
<td>586,122</td>
</tr>
<tr>
<td>- Federal Government</td>
<td>3,046,567</td>
<td>2,851,101</td>
</tr>
<tr>
<td></td>
<td>3,625,757</td>
<td>3,437,223</td>
</tr>
<tr>
<td>Victorian State Government Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Early Learning Centre</td>
<td>25,009</td>
<td>10,030</td>
</tr>
<tr>
<td>- Other</td>
<td>41,316</td>
<td>65,722</td>
</tr>
<tr>
<td></td>
<td>66,325</td>
<td>75,752</td>
</tr>
<tr>
<td>Federal Government Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capital Grants</td>
<td>2,168,500</td>
<td>250,000</td>
</tr>
<tr>
<td>- Other Government Grants</td>
<td>188,248</td>
<td>114,834</td>
</tr>
<tr>
<td></td>
<td>2,356,748</td>
<td>364,834</td>
</tr>
<tr>
<td>Gain/(Loss) on disposals of plant and equipment</td>
<td>384,266 (186,361)</td>
<td>384,266 (186,361)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>38,617</td>
<td>26,549</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,133,736</td>
<td>1,085,531</td>
</tr>
<tr>
<td>Fundraising</td>
<td>2(a) 76,933</td>
<td>329,683</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>22,907,256</td>
<td>19,624,572</td>
</tr>
</tbody>
</table>

#### 2(a) Fundraising Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Building Fund</td>
<td>64,983</td>
<td>106,502</td>
</tr>
<tr>
<td>ECCA</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Eltham College Foundation Ltd.</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Donations</td>
<td>11,950</td>
<td>23,181</td>
</tr>
<tr>
<td></td>
<td>76,933</td>
<td>329,683</td>
</tr>
</tbody>
</table>
### 3. Surplus from Operations

Surpluses from Operations have been determined after:

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing costs – other persons</td>
<td>192,208</td>
<td>189,395</td>
</tr>
<tr>
<td>Depreciation of non-current assets</td>
<td>1,811,635</td>
<td>1,677,137</td>
</tr>
<tr>
<td><strong>Movement in provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee entitlements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Holiday Pay</td>
<td>39,087</td>
<td>(30,177)</td>
</tr>
<tr>
<td>- Long Service Leave</td>
<td>157,248</td>
<td>16</td>
</tr>
<tr>
<td>- Study Leave</td>
<td>9,108</td>
<td>(35,403)</td>
</tr>
<tr>
<td>- Salary Accrual</td>
<td>140,632</td>
<td>-</td>
</tr>
<tr>
<td><strong>Expenses resulting from movement in Provisions</strong></td>
<td>346,075</td>
<td>(65,564)</td>
</tr>
<tr>
<td><strong>Bad and doubtful debts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bad debts written off</td>
<td>50,656</td>
<td>17,561</td>
</tr>
<tr>
<td>- Increase/(Decrease) in Doubtful Debt Provision</td>
<td>3,471</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total bad and doubtful debts</strong></td>
<td>54,127</td>
<td>17,561</td>
</tr>
</tbody>
</table>

#### Rental Expenses

- City Campus/MCS
  - 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

### 4. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>2,350</td>
<td>1,850</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>545,869</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>548,219</td>
<td>1,850</td>
</tr>
</tbody>
</table>
### 5. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>School fees outstanding</td>
<td>823,104</td>
<td>794,757</td>
</tr>
<tr>
<td>Less allowance for doubtful debts</td>
<td>(211,095)</td>
<td>(207,624)</td>
</tr>
<tr>
<td>Other</td>
<td>612,009</td>
<td>587,133</td>
</tr>
<tr>
<td></td>
<td>429,620</td>
<td>545,724</td>
</tr>
<tr>
<td></td>
<td>1,041,629</td>
<td>1,016,753</td>
</tr>
<tr>
<td>Amount owed by Controlled Entity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Melbourne City School</td>
<td>-</td>
<td>1,847,331</td>
</tr>
<tr>
<td></td>
<td>1,041,629</td>
<td>2,864,084</td>
</tr>
<tr>
<td></td>
<td>1,145,402</td>
<td>1,130,725</td>
</tr>
</tbody>
</table>

### 6. Current Inventories

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>Work in progress</td>
<td>112,419</td>
<td>112,854</td>
</tr>
<tr>
<td></td>
<td>112,419</td>
<td>112,854</td>
</tr>
</tbody>
</table>

### 7. Other current Assets

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>Prepayments</td>
<td>411,992</td>
<td>351,926</td>
</tr>
<tr>
<td></td>
<td>429,485</td>
<td></td>
</tr>
</tbody>
</table>

### 8. Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>Freehold land at cost</td>
<td>2,190,617</td>
<td>2,190,617</td>
</tr>
<tr>
<td>Buildings and site services</td>
<td>29,257,162</td>
<td>28,861,444</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(12,794,509)</td>
<td>(12,768,642)</td>
</tr>
<tr>
<td></td>
<td>16,462,653</td>
<td>16,092,802</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>8,242,523</td>
<td>8,134,120</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(6,673,371)</td>
<td>(6,642,878)</td>
</tr>
<tr>
<td></td>
<td>1,569,152</td>
<td>1,491,242</td>
</tr>
<tr>
<td></td>
<td>1,569,152</td>
<td>1,491,242</td>
</tr>
<tr>
<td></td>
<td>20,222,422</td>
<td>19,774,661</td>
</tr>
<tr>
<td></td>
<td>17,940,988</td>
<td></td>
</tr>
</tbody>
</table>
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

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

### ELTHAM COLLEGE

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

9. **Trade and Other Payables**

**Current**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees in advance</td>
<td>549,289</td>
<td>806,281</td>
</tr>
<tr>
<td>Parent’s deposits</td>
<td>1,353,097</td>
<td>1,033,840</td>
</tr>
<tr>
<td>Trade payables</td>
<td>816,873</td>
<td>363,034</td>
</tr>
<tr>
<td>Other</td>
<td>759,366</td>
<td>550,627</td>
</tr>
<tr>
<td></td>
<td>3,478,625</td>
<td>2,753,782</td>
</tr>
</tbody>
</table>

**Non Current**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>275,415</td>
<td>281,865</td>
</tr>
<tr>
<td></td>
<td>275,415</td>
<td>281,865</td>
</tr>
</tbody>
</table>

10. **Borrowings**

**Current**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Overdraft</td>
<td>-</td>
<td>37,909</td>
</tr>
<tr>
<td>Bank Loans – Secured</td>
<td>2,500,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Lease Liability and Hire Purchase - Unsecured</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,500,000</td>
<td>2,037,909</td>
</tr>
</tbody>
</table>

**Non-Current**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loans - Secured</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>
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)


Current Employee Benefits

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Holiday Pay</td>
<td>285,887</td>
<td>246,800</td>
</tr>
<tr>
<td>Long Service Leave</td>
<td>1,026,034</td>
<td>868,786</td>
</tr>
<tr>
<td>Study Leave</td>
<td>43,313</td>
<td>34,205</td>
</tr>
<tr>
<td>Salary Accural</td>
<td>765,632</td>
<td>625,000</td>
</tr>
<tr>
<td></td>
<td>2,120,866</td>
<td>1,774,791</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Present obligations at beginning of the year</td>
<td>5,676,000</td>
<td>5,328,000</td>
</tr>
<tr>
<td>Current service cost</td>
<td>126,000</td>
<td>123,000</td>
</tr>
<tr>
<td>Interest cost</td>
<td>259,000</td>
<td>178,000</td>
</tr>
<tr>
<td>Contributions by plan participants</td>
<td>77,000</td>
<td>86,000</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>(58,000)</td>
<td>142,000</td>
</tr>
<tr>
<td>Benefits paid (including tax and expenses)</td>
<td>(596,000)</td>
<td>(181,000)</td>
</tr>
<tr>
<td>Present value of defined benefit obligation at the end of the year</td>
<td>5,484,000</td>
<td>5,676,000</td>
</tr>
</tbody>
</table>
d) Reconciliation of assets and liabilities recognised in the statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Present value of funded defined benefit obligations at end of year</td>
<td>5,484,000</td>
<td>5,676,000</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>(4,916,000)</td>
<td>(4,901,000)</td>
</tr>
<tr>
<td>Provision for superannuation tax</td>
<td>568,000</td>
<td>775,000</td>
</tr>
<tr>
<td>Net liability recognised in the statement of financial position at end of year</td>
<td>668,000</td>
<td>912,000</td>
</tr>
</tbody>
</table>

(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.

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Current service cost</td>
<td>126,000</td>
<td>123,000</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>259,000</td>
<td>178,000</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(376,000)</td>
<td>(342,000)</td>
</tr>
<tr>
<td>Provision for superannuation tax</td>
<td>(16,000)</td>
<td>(24,000)</td>
</tr>
<tr>
<td>Expense recognised in income statement</td>
<td>(7,000)</td>
<td>(65,000)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Actuarial (gains)/losses</td>
<td>(77,000)</td>
<td>(143,000)</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
(cont’d)

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

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Cumulative amount of actuarial losses</td>
<td>217,000</td>
<td>294,000</td>
</tr>
</tbody>
</table>

(h) Plan Assets

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

- Australian equities
- Overseas equities
- Fixed interest securities
- Properties
- Other

(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 |

(l) Principal actuarial assumptions at the reporting date

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate (gross of tax)</td>
<td>5.5%</td>
<td>5.6%</td>
<td>5.5%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Discount rate (net of tax)</td>
<td>4.7%</td>
<td>4.8%</td>
<td>4.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>7.5%</td>
<td>8.0%</td>
<td>7.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Future salary increases</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Future pension increases</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
### 14. Commitments for Expenditure

#### a) Capital expenditure

**Plant and Equipment**

- **Not longer than 1 year**
  - **Consolidated 2010**: $520,945
  - **Consolidated 2009**: $347,697
  - **Parent 2010**: $455,600
  - **Parent 2009**: $222,700

---

### NOTES TO THE FINANCIAL STATEMENTS (cont’d)

#### m) Historical Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated 2010</th>
<th>Consolidated 2009</th>
<th>Parent 2010</th>
<th>Parent 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of defined benefit obligations</td>
<td>$5,484,000</td>
<td>$5,676,000</td>
<td>$5,484,000</td>
<td>$5,676,000</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>($4,916,000)</td>
<td>($4,901,000)</td>
<td>($4,916,000)</td>
<td>($4,901,000)</td>
</tr>
<tr>
<td>(Surplus)/Deficit in plan</td>
<td>$568,000</td>
<td>$775,000</td>
<td>$568,000</td>
<td>$775,000</td>
</tr>
<tr>
<td>Experience adjustment – plan liabilities</td>
<td>($73,000)</td>
<td>$433,000</td>
<td>($73,000)</td>
<td>$433,000</td>
</tr>
<tr>
<td>Experience adjustment – plan assets</td>
<td>-</td>
<td>$261,000</td>
<td>-</td>
<td>$261,000</td>
</tr>
</tbody>
</table>

#### n) Expected Contributions

- **Expected employer contributions**: $98,000 (2010), $106,000 (2009)
- **Expected contributions by plan participants**: $84,000 (2010), $90,000 (2009)

#### 13. Retained earnings

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated 2010</th>
<th>Consolidated 2009</th>
<th>Parent 2010</th>
<th>Parent 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>$10,292,350</td>
<td>$9,986,638</td>
<td>$11,187,945</td>
<td>$10,023,705</td>
</tr>
<tr>
<td>(Loss) Surplus from ordinary activities</td>
<td>($462,221)</td>
<td>($654,274)</td>
<td>$588,750</td>
<td>$237,436</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>$2,168,500</td>
<td>$250,000</td>
<td>$2,168,500</td>
<td>$250,000</td>
</tr>
<tr>
<td>Donations</td>
<td>$76,933</td>
<td>$329,683</td>
<td>$66,833</td>
<td>$296,502</td>
</tr>
<tr>
<td>AASB119 Adjustment – Defined Benefit Fund</td>
<td>$141,213</td>
<td>$237,302</td>
<td>$141,213</td>
<td>$237,302</td>
</tr>
<tr>
<td>Surplus attributable to members of the entity</td>
<td>$1,924,425</td>
<td>$162,711</td>
<td>$2,965,296</td>
<td>$1,021,240</td>
</tr>
<tr>
<td>Transfer to and from retained earnings (AASB119)</td>
<td>$77,000</td>
<td>$143,000</td>
<td>$77,000</td>
<td>$143,000</td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td>$12,293,775</td>
<td>$10,292,350</td>
<td>$14,230,241</td>
<td>$11,187,945</td>
</tr>
</tbody>
</table>
14. Commitments for Expenditure (cont)

b) Operating Lease Commitments

|                          | 2010   | 2009   |  |  |  |  |  |
|-------------------------|--------|--------|------------|------------|-----------|-----------|
| 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 | - | - |          |          |
| **Total**               | 6,504,153 | 6,871,578 | - | - |          |          |

(c) Finance Lease Commitments

|                          | 2010   | 2009   |  |  |  |  |  |
|-------------------------|--------|--------|------------|------------|-----------|-----------|
| 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    |          |          |
| **Total**               | 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.


(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:

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>2,350</td>
<td>1,850</td>
<td>1,850</td>
<td>1,850</td>
</tr>
<tr>
<td>Cash at bank overdraft</td>
<td>545,869</td>
<td>(37,909)</td>
<td>513,997</td>
<td>(51,436)</td>
</tr>
<tr>
<td></td>
<td>548,219</td>
<td>(36,059)</td>
<td>515,847</td>
<td>(49,586)</td>
</tr>
</tbody>
</table>

(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|

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)|
Change in Net Assets & Liabilities:

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit facility</td>
<td>6,155,000</td>
<td>6,500,000</td>
<td>6,155,000</td>
<td>6,500,000</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>(37,909)</td>
<td>-</td>
<td>(51,436)</td>
</tr>
<tr>
<td>Amount utilised</td>
<td>(3,500,000)</td>
<td>(4,000,000)</td>
<td>(3,500,000)</td>
<td>(4,000,000)</td>
</tr>
<tr>
<td>Unused credit facility</td>
<td>2,655,000</td>
<td>2,462,091</td>
<td>2,655,000</td>
<td>2,448,564</td>
</tr>
</tbody>
</table>

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

Top Left:
Top Middle:
Bottom Left:
Right: