

# 2013

## ELTHAM COLLEGE ANNUAL REPORT

Incorporating Notice of Annual General Meeting

ABN 31 004 992 750



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NOTICE OF ANNUAL GENERAL MEETING**

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# NOTICE OF ANNUAL GENERAL MEETING

ELTHAM COLLEGE (ABN 31 004 992 750)

NOTICE IS HEREBY GIVEN that the FORTY SECOND ANNUAL GENERAL MEETING of the Members of the College will be held at Eltham College, 1660 Main Road, Research, on Wednesday the 30<sup>th</sup> of April 2014 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 29<sup>th</sup> April 2013.
- to receive and adopt the Financial Statements for the year ended 31<sup>st</sup> December 2013.
- to appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year.

## 2. Election of Directors

To elect five members of the College to the College Board of Directors, in accordance with Clause 7.4(a).

Mr Fett and Mr Grant have completed their tenure of office, and being eligible, offer themselves for re-election. Mr Clarke and Dr Royse have also completed their tenures of office but have elected to retire after 40 years and 12 years of loyal service respectively. A further vacancy exists following the resignation of Ms Westerman resulting from relocation overseas.

## 3. Procedure for Nomination of Directors

Nominations of Directors are made under Clause 7.4(b) of the Constitution. Nominees must be financial Members of Eltham College.

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  
25<sup>th</sup> March 2014, 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.

# PRINCIPAL'S REPORT

I am pleased to provide a report on ELTHAM College that will give an overview of our performance as a 21<sup>st</sup> 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 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 21<sup>st</sup> 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. Our marketing partners, CHEproximity, call it "ELTHAM College students are WORLD READY" and this is now clearly the message on our website.

## 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**

Data analysis is an important aspect of School improvement and the NAPLAN is a key aspect of data collection. The teaching staff will use the current valuable NAPLAN data as a basis for school-wide school improvement. All school results for one-day NAPLAN testing are reported on the *My School Website* and show ELTHAM to be well within 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 21<sup>st</sup> century. NAPLAN tests are conducted at Years 3, 5, 7 and 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 above National benchmarks and have made strong progress between testing periods. Our small size and the fact that we do enable all students to participate, however, show a wide range of results. At the same time as we would not prevent parents who wish to withdraw their children we will steadfastly support every young person's right to 'give it a go' even if they have learning difficulties.

### **YEAR 12 OUTCOMES**

#### **2012 VCE results**

We are exceptionally proud of our graduates. While results are measured externally through the Victorian Certificate of Education, at ELTHAM, we take it a step further and also survey our graduates fifteen months and five years after graduation.

In 2013 87% of students achieved their first, second or third preferences with 89% receiving a university offer and 11% receiving a TAFE or private VET offer. 93% received a first round offer. Jared Hoffmann achieved the highest ATAR with a score of 98.25.

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. 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, furniture, engineering, arts, law, automotive, cooking, hospitality/event management or hairdressing.

### **Year 12 Exit Survey**

In 2013 the College undertook the Independent Schools Victoria (ISV) LEAD Exit Survey. This survey benchmarks the College against other independent schools and provides a strong reflection of the students schooling experience.

The responses to the survey were overwhelmingly positive, with most responses above the ISV averages. The survey provides an excellent tool for the College to develop still further its provisions for our young people. The College anticipates undertaking the full LEAD survey of parents, students, Year 12 and Board in the next twelve months.

Students were asked to rank their experiences on a scale of 1 – 10. Listed below are the top responses for the College.

Question No	Question	Av
11.	I have been encouraged to be responsible for my own learning	8.62
21.	I find the school to be a safe place in which to learn	8.51
24.	I have been accepted for who I am	8.44
25.	The school has helped me to foster positive relationships with staff	8.38
43.	I have had positive relationships with other students	8.37

### Student Retention

The retention rate for 2013 for Prep to Year 11 was 90%. 98% 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: City Campus 93.64%, and Research 93.36%. The new Federal Government reporting format does not exclude students on exchange, engagement in other legitimate activities for home, learning, sport etc as we have done in previous years. As a school we are very supportive of families taking time to expose their children to other 'worldly learning experiences', but this is not reflected in the figures that the Federal Government requires. This is unfortunate as students on exchanges (UK, France, Spain, and China) for example are actively involved in schooling and should be classed as in attendance.

### TEACHER INFORMATION – ELTHAM COLLEGE

#### Staff Retention

The retention rate of teaching staff in 2013 was 87%. This was due largely to an essential downsizing strategy.

#### Staff Attendance

Staff absence through personal leave (sick leave or carer's leave) in 2013 resulted in an attendance statistic of 95%.

#### Staff Qualifications

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

	Percentage (%)
Doctorate	3
Masters	19
Honours Degree	8
Graduate Diploma	26
Bachelor's Degree	42
Diploma	2

### 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 a number of College based software tools as well as support of the staff with training in the delivery of online learning. Beyond these internally conducted sessions, our teaching staff has participated in a plethora of external Professional Development programs.

Approximately 1% of our budget is directed to professional learning. This does not include internal professional learning provision from senior staff.

### Catchment

Our marketing in 2013 was directed to extending the College's catchment area and a revised transport plan to ensure that "It is easy to get to ELTHAM College".

**International Students**

International students continue to be a major source of cultural and racial diversity at ELTHAM. They represent 13% of our Senior Years' population and are actively involved in leadership and other College activities. They help us continue to focus on a global culture.

**An initial report**

This is my first Principal's Report for the College, and I wish to acknowledge the work of Dr David Warner whose innovative management of the College over the past 14 years has seen ELTHAM College at the forefront of thoughtful and challenging educational experiences. The school has a profound culture of warmth and care. Students come to school feeling safe and supported. They have access to a myriad of learning experiences, experiences that they can tailor to their own needs. This culture is very much the legacy of Dr Warner and his wife Debbie, and we thank them for their years of dedication to ELTHAM College.

**Conclusion**

This report reflects ELTHAM College as an innovative and courageous learning environment which champions young people to create their place in a 21<sup>st</sup> Century world. I would like to acknowledge the significant contribution made by the teaching and educational support staff who, each day, work to provide the students of ELTHAM College with experiences that develop in our young people a sense of purpose, pride in themselves and a willingness to develop into authentic people with a love of learning. This exceptional culture is supported and partnered by a strong parent body, a committed group of former students and a hardworking, talented College Board.



**Simon Le Plastrier**  
**Principal**

# CHAIRMAN'S REPORT

I have great pleasure in presenting my 2013 Report to Members.

This has been a year of tremendous change for the College. Dr David Warner retired at the end of 2013 after 14 years of inspired leadership. In honour of David's contribution and commitment to the College, the Hospitality Centre has been named as the David Warner Hospitality Centre. David has been appointed a Life Member of Eltham College.

Simon Le Plastrier took over as Principal in January 2014 and already we have witnessed his inspiring educational leadership. Whilst maintaining the fundamental philosophies, culture, and commitment to excellence in learning that make ELTHAM College a pre-eminent place of learning, Simon has already set his focus on improving academic outcomes for our students.

On behalf of our Board, I thank our community for its unwavering support of ELTHAM College. The College is most certainly a community, with a sense of commitment which never ceases to delight me.

## **2013 Operations**

The College operated in accordance with its budgets and business plan, bettering its results by achieving a greater level of enrolments than forecast. The surplus generated will be invested in facilities and people to further enhance our educational capacity.

The result shows a much improved outcome from operations, and a balance between achieving a surplus as required by our regulators while limiting fee increases. Despite substantial investments in facilities, the debt of the College remains significantly below our limit of funds available for borrowing. A change in banks to the Bendigo Bank has significantly reduced the costs of our loans, and added flexibility to the way in which we access funds. Further, our short term liabilities have been reduced.

## **International Students**

With the significant efforts of our International team, international student numbers have stabilised at a very satisfactory level. With the falling dollar ELTHAM College is now more competitive. For the first time we have enrolled two students from Thailand, which is testament to the work of the International team and investment in short term tours made over recent years. International students remain a very important part of a cultural experience for all of our students.

## **Capital Works 2013**

The refurbishment of the Sports Centre was completed in early 2013, and is now a first class facility. Not only does it provide sporting and canteen facilities, but has also been identified by the Country Fire Authority as a place of refuge in case of bush fire.

In addition, stages 2 and 3 of the Music Performance Centre have commenced, with completion due in June 2014. More than \$3.5M has been committed to these stages, and will provide the College with a state of the art music performance and practice centre. A further \$500,000 was committed to technology, building refurbishment, and teaching equipment.

The generous donations by the Clarke family have assisted greatly in providing funds to assist in the completion of the Music and Performance Centre.

## **Fortieth Year Celebrations**

The College celebrates its 40<sup>th</sup> year in 2014, which is a testament to the vision and commitment of its founders. A special Committee of the Board has been tasked with promoting celebratory events, culminating in a gala event in August 2014.

This is a milestone year for the College, and is evidence of the maturity and longevity of ELTHAM College values. I believe the College represents a unique offering in Australia, providing all of its students with the skills needed to be independent thinkers in modern Australia – which is a very different place to what it was in 1974. Further, the siting of the College on the border of the suburbs and the Yarra Valley provides the best possible environment for students to live and learn.


## **Associations**

I thank our Associations for their continued support. Our association for ex-students, ExECS, continues to support the link between the past and present ELTHAM College. ExECS ran five re-unions during 2013, including one in the city and these were well attended and made positive contributions to our school. ECCA and its Early and Junior Years Association contributed \$30,000 to the College and the Foundation contributed \$350,000 to the Music and Performance Centre re-build.

## **Conclusion**

I conclude this report by acknowledging the dedication and hard work of the Board of ELTHAM College. Board Directors are busy people who volunteer their time without remuneration and give their commitment and considerable skills to the College.

On behalf of the Board, I also thank the Principal, staff, students, parents and all members of our community for their commitment to making ELTHAM College the pre-eminent learning institution.

  
C. J. HEYSEN  
Chairman



# DIRECTORS' REPORT

Your Directors have pleasure in submitting herewith the financial statements for the year ended 31<sup>st</sup> December, 2013, 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  
Board Committees: Education Policy Committee

## **Vice Chairpersons**

Michael David HOULIHAN JP  
Experience: Director since 2006  
Vice Chairperson since February 2013  
Board Committees: Master Facilities Planning Committee (Chairperson)  
Budget and Finance Committee  
Development Committee

Carolyn ROYSE  
Experience: Director since 2002  
Vice Chairperson since 2006  
Board Committees: Education Policy Committee  
Audit & Risk Committee

## **Directors**

Ruth Elizabeth BAILEY  
Experience: Director since 2012  
Board Committees: Marketing Committee (Chairperson)  
Development Committee  
Board representative on ECCA Committee

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

Iain COWAN  
Experience: Company Secretary since 1997  
Director from 2000 to 2013  
Board Committees: Budget and Finance Committee  
Master Facilities Planning Committee  
Development Committee  
Director, CEO and Company Secretary, The Eltham College Foundation Ltd

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  
Board Committees: Budget and Finance Committee (Chairperson)  
Development Committee

# DIRECTORS' REPORT

(cont'd)

Jim Louis GRANT

Experience: Director since 2013

Board Committees: Budget & Finance Committee  
Marketing Committee

Simon Charles LE PLASTRIER

Experience: Director since 2013

Employee: Principal – Eltham College

Board Committees: All Committees except Audit and Risk Committee

Justin Peter LITTLEFIELD

Experience: Director since 2002

Chairperson: ExECS – Eltham College Former Student Association

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

Julie Elaine RAFFE

Experience: Director since 2012

Board Committees: Audit and Risk Committee (Chairperson)  
Marketing Committee

Clare Margaret STEVEN

Experience: Director since 2013

Board Committees: Marketing Committee

Lucinda Ellen WESTERMAN

Experience: Director since 2013

Board Committees: Master Facilities Planning Committee  
Development Committee  
Education Policy Committee

# DIRECTORS' REPORT

(cont'd)

- (b) The Company's long term objective is to be seen as the significant leader in schooling transformation for the 21<sup>st</sup> Century, making schooling relevant to young people of the current era. This will be achieved, inter alia, by having ELTHAM as a primary example, 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 21<sup>st</sup> 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 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.
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 annual surveys of staff, students and parents to assess the success of our 21<sup>st</sup> 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 and integrity 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 & Risk Committee of the Board monitors and compliance assesses 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 Marketing Committee monitors the image of the College and plans and develops marketing strategy.

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

(cont'd)

- (c) The surplus from operations of Eltham College for the year ended 31<sup>st</sup> December, 2013 was \$592,244 (2012 deficit \$2,910,531). The 2013 surplus includes an unfavourable net adjustment of \$217,577 (2012: favourable adjustment \$59,995) 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 \$60,154 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 \$1,044 was paid to Research Medical Centre in respect of medical services, of which Dr Carolyn Royse is a partner.

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) No 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.

- (g) 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 \$3,541 to cover events other than wilful breach of duty.

- (h) 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.

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

- (j) 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.

- (k) The auditor's independence declaration for the year ended 31<sup>st</sup> December 2013 is included on page 10.

- (l) 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.

- (m) In 2012, the Statement of Comprehensive Income included an extraordinary income of \$8,114,378 and an expense of \$8,023,204. These items related to the Xmas Day 2011 flood damage and there are no corresponding items in 2013. See Note 2 and Statement of Comprehensive Income.

Events other than those of a Financial nature:

Comments on all other aspects of the School's activities and future developments 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 2013 Annual Report) and to be presented on behalf of the Board of Directors to Members at the Annual General Meeting on the 30<sup>th</sup> April, 2014.

**DATED AT Research this 24<sup>th</sup> Day of March, 2014.**



**R.F. FETT**  
Director



**M.D. HOULIHAN**  
Director

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

24 March 2014

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 2013, 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 2013, the statement of profit or loss and other 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 as set out on pages 13 to 29.

### *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 financial position as at 31 December 2013 and of its 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, 25 March 2014

# DIRECTORS' DECLARATION

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

The Directors declare that:

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

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

On behalf of the Directors



**C. ROYSE**  
Director



**L.E. CLARKE AM**  
Director

DATED at Research this 24<sup>th</sup> Day of March, 2014.



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 <sup>st</sup> December 2013		2013	2012
	Notes	\$	\$
Revenue	2	18,735,214	27,496,555
<b>Less expenses</b>			
Salaries and related expenses		11,800,075	13,267,010
Tuition related expenses		1,069,240	1,212,117
Borrowing costs		163,946	32,555
Depreciation		1,877,547	1,862,749
Finance and legal		431,750	401,156
Debt Forgiveness Melbourne City School		-	2,909,244
Administrative expenses		838,377	712,794
Facility costs		1,424,472	1,508,217
Expenditure of insurance receipts		-	8,023,204
Promotion		536,863	478,040
Total expenses		18,142,270	30,407,086
Surplus/(Deficit) from operations		592,944	(2,910,531)
Surplus/(Deficit) attributable to members of the entity		592,944	(2,910,531)
<b>Other Comprehensive Income</b>			
Gain on revaluation of properties		-	4,014,204
Actuarial gain on defined benefits plan	12(f)	610,000	576,000
<b>Total other comprehensive income for the year</b>		<b>610,000</b>	<b>4,590,204</b>
<b>Total Comprehensive income for the year</b>		<b>1,202,944</b>	<b>1,679,673</b>

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

# STATEMENT OF FINANCIAL POSITION

as at 31 <sup>st</sup> December 2013		2013		2012
	Notes	\$	\$	
<b>Current Assets</b>				
Cash and cash equivalents	4	970,965		774,653
Trade and other receivables	5	1,095,790		1,365,856
Inventories	6	90,190		98,549
Prepayments	7(a)	250,274		375,269
		<u>2,407,219</u>		<u>2,614,327</u>
Assets classified as held for sale	7(b)		-	469,204
Total Current Assets		<u>2,407,219</u>		<u>3,083,531</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	8	<u>23,196,522</u>		<u>23,392,167</u>
Total Non-Current Assets		<u>23,196,522</u>		<u>23,392,167</u>
<b>TOTAL ASSETS</b>		<b><u>25,603,741</u></b>		<b><u>26,475,698</u></b>
<b>Current Liabilities</b>				
Trade and other payables	9	2,675,590		4,133,371
Borrowings	10	-		1,680,000
Provisions	11	1,683,832		1,985,702
Total Current Liabilities		<u>4,359,422</u>		<u>7,799,073</u>
<b>Non-Current Liabilities</b>				
Trade and other payables	9	217,480		231,730
Borrowings	10	4,000,000		2,000,000
Retirement benefit obligations	12(d)	158,000		779,000
Total Non-Current Liabilities		<u>4,375,480</u>		<u>3,010,730</u>
<b>TOTAL LIABILITIES</b>		<b><u>8,734,902</u></b>		<b><u>10,809,803</u></b>
<b>NET ASSETS</b>		<b><u>16,868,839</u></b>		<b><u>15,665,895</u></b>
<b>EQUITY</b>				
Retained earnings	13	12,854,635		11,651,691
Asset revaluation reserve	14	4,014,204		4,014,204
<b>TOTAL EQUITY</b>		<b><u>16,868,839</u></b>		<b><u>15,665,895</u></b>

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

## STATEMENT OF CHANGES IN EQUITY

	Accumulated Funds	Asset Revaluation Reserve	Total
Balance at 1 January 2012	13,986,222	-	13,986,222
Deficit for the year	(2,910,531)		(2,910,531)
Other Comprehensive income for the year	576,000	4,014,204	4,590,204
Total Comprehensive Income for 2012	(2,334,531)	4,014,204	1,679,673
Balance as at 31 December 2012	11,651,691	4,014,204	15,665,895
Surplus for the year 2013	592,944	-	592,944
Other comprehensive income for the year	610,000	-	610,000
Total comprehensive income for the year	1,202,944	-	1,202,944
Balance at 31 December 2013	12,854,635	4,014,204	16,868,839

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

# STATEMENT OF CASH FLOWS

For the year ended 31 <sup>st</sup> December 2013		2013	2012
	Notes	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from fundraising		431,084	290,459
Receipts from school fees, grants and other income		18,308,759	29,188,861
Payments to suppliers and employees		(17,667,880)	(26,914,585)
Interest received		12,743	29,021
Interest and other costs of finance paid		(163,946)	(32,555)
Net cash provided by operating activities	17(b)	<u>920,760</u>	<u>2,561,201</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		637,453	9,915
Purchases of property, plant and equipment		(1,681,901)	(1,801,488)
Loan to The Melbourne City School		-	(410,246)
Net cash used in investing activities		<u>(1,044,448)</u>	<u>(2,201,819)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipt of borrowings		320,000	180,000
Net cash provided by financing activities		<u>320,000</u>	<u>180,000</u>
Net Increase in cash and cash equivalents		196,312	539,382
Cash and cash equivalents at the beginning of the financial year		<u>774,653</u>	<u>235,271</u>
<b>Cash and cash equivalents at the end of the financial year</b>	17(a)	<b><u>970,965</u></b>	<b><u>774,653</u></b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. 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.

For the purposes of preparing the financial statements, the Company is a not-for-profit 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' AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 Australian Additional Disclosures.

The financial report was authorised for issue by the directors on 25<sup>th</sup> March 2013. Eltham College is a company limited by guarantee, incorporated and domiciled in Australia. The financial report covers Eltham College as an individual entity.

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 \$1,952,203 (2012: \$4,715,543), fees billed and/or received in advance of \$547,016 (2012: \$548,985) and long service leave liabilities of \$841,087 (2012: \$1,036,087) are included as current liabilities. The fees billed and/or received in advance will be fully utilised in the operations of the College in the following and future years. The total outstanding long service leave liability is not expected to be paid in full in the next 12 months. Family deposits of \$1,013,540 (2012: \$1,202,813) are also included as a current liability as they may be repayable within a period of less than 12 months should a student leave Eltham College. These deposits do not vary significantly from period to period and are a requirement of students being enrolled at the College. The directors therefore believe that these deposits form part of the long term funding of the College.

The College has no current liabilities in respect of bank loans due to refinancing borrowings with Bendigo and Adelaide Bank during 2013 with interest only loans (2012: \$1,680,000, commercial Bills with National Australia Bank). Borrowings of the College are secured by business loans on a ten year term from 2013. At 31 December 2013, \$2,000,000 of the available loan facility remains undrawn.

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

In the application of the School's accounting policies, management is required to make judgements, estimates and assumptions about 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 and are detailed in this report within each applicable note. 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. These are described below in the company's accounting policies.

Judgements are made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements. One of these areas is depreciation rates. These rates are reviewed annually by the directors to ensure that assets are being appropriately depreciated.

Due to the nature of receivables, parent's ability to pay fees can change from time to time. Therefore it is difficult to assess which receivables are considered doubtful. All long standing debts are identified and those which are unlikely to be received have been included in the provision for doubtful debts. This judgment is primarily based on the past history and any correspondence with parents.

Annual leave and long service leave estimates include the expected future pay rise amount as determined by the Board, other estimates are used by the actuary in calculating the defined benefit amounts which include the discounted bond rates and return on assets.

No key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the directors consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Adoption of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

### Standards affecting presentation and disclosure

AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The College has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the College has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

AASB 119 'Employee Benefits (2011)' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

In the current year, the College has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Specific transitional provisions are applicable to first-time application of AASB 119 (as revised in 2011). The College has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

### Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments'(December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure'.	1 January 2017	31 December 2018
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	31 December 2014
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	31 December 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 January 2014	31 December 2014

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

### (a) Basis of Consolidation

In the previous year, Eltham College controlled the Melbourne City School. That entity was deregistered during the financial year ended 31 December 2013 and did not trade during 2013. This report excludes Melbourne City School operations and is prepared for the members of Eltham College only.

### (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

Buildings held for use for the provision of services or for administrative purposes are measured on the cost basis.

Freehold land is held at a revalued amount being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

#### 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 operating profit of the company in the year of disposal.

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

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

### (c) Income Tax

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

### (d) Leases

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

### (e) Fee Income

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

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

### **(f) Membership Subscriptions**

Members are required to pay a \$10 membership fee 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 profit or loss 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 Benefits 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 benefits plan are recognised on the income statement when the College is demonstrably committed to the curtailment or settlement.

Effective 1 January 2013, the revised Accounting Standard AASB 119 came into effect. The most significant change arising from the revised standard is that the interest cost and expected return on assets components have been combined into the single "Net interest cost/(income)" component. The new component is calculated on the discount rate (gross of tax) and no longer has any allowance for the expected return on riskier assets (i.e it now ignores the actual asset allocation of the Plan's assets), which was previously allowed for in the expected return on assets component.



# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

In summary, the financial impacts of the revised Standard are:

- As at 1 January 2012, the defined benefit obligation (liability) reduced by \$114,000, thus increasing net equity by this amount.
- An increase in the College's superannuation expense in 2012 of \$225,000, mainly due to there no longer being an allowance for the expected return on the Plan's assets.
- An increase in the College's other comprehensive income of \$187,000, being the actuarial gains incurred during 2012 under the revised standard.

The net impact of the above is an increase in the College's previously stated equity of \$76,000. As the changes do not have a material impact upon the College's accounts, comparative information from 2012 has been re-stated to reflect the revised balances, the amendments being noted in Note 12 to the Accounts.

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.

#### 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) Members

	<u>2013</u>	<u>2012</u>
Membership as at 31 <sup>st</sup> December	664	719

### (p) Non-current assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

For the year ended 31 <sup>st</sup> December 2013		2013	2012
	Notes	\$	\$
<b>2. Revenue</b>			
Fee Income - Net		13,045,503	14,165,665
Government Per Capita Grants			
- Victorian State Government		472,853	554,599
- Federal Government		2,802,048	2,758,819
		<u>3,274,901</u>	<u>3,313,418</u>
Victorian State Government Grants			
- Early Learning Centre		20,339	27,461
- Other		95,207	105,931
		<u>115,546</u>	<u>133,392</u>
Federal Government Grants			
- Capital Grants		130,981	37,800
- Other Government Grants		215,041	152,082
		<u>346,022</u>	<u>189,882</u>
Gain/(Loss) on disposals of plant and equipment		168,250	(21,025)
Interest Received		12,743	29,021
Income from Insurance Proceeds		-	8,114,378
Other Income		1,341,165	1,281,365
Fundraising	2(a)	431,084	290,459
Total revenue		<u>18,735,214</u>	<u>27,496,555</u>
<b>2(a) Fundraising Receipts</b>			
Building Fund		51,084	55,459
ECCA		30,000	25,000
Eltham College Foundation Ltd		350,000	210,000
		<u>431,084</u>	<u>290,459</u>
<b>3. Surplus/(Deficit) from Operations</b>			
Surplus/(Deficit) from operations has been determined after:			
<b>(a) Expenses</b>			
Borrowing costs – other persons		163,946	32,555
Depreciation of non-current assets		1,877,547	1,862,749
Movement in provisions			
Employee entitlements			
- Holiday pay		(107,264)	(32,157)
- Long Service Leave		(195,000)	(44,842)
- Study Leave		394	(74,008)
- Salary Accrual		-	(63,700)
Expenses resulting from movement in Provisions		<u>(301,870)</u>	<u>(214,707)</u>
Bad and doubtful debts			
- Bad debts written off		120,448	183,236
(Decrease)/Increase in Provision for Doubtful Debts		<u>(37,573)</u>	<u>(79,395)</u>
Total bad and doubtful debts		<u>82,875</u>	<u>103,841</u>
Rental Expenses			
- City Campus		198,850	439,449
		<u>198,850</u>	<u>439,449</u>
Remuneration of auditors			
- Audit or review of the financial report		40,000	39,000
		<u>40,000</u>	<u>39,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

For the year ended 31 <sup>st</sup> December 2013	2013	2012
	\$	\$
<b>4. Cash and Cash Equivalents</b>		
Cash on hand	2,350	2,050
Cash at bank	968,615	772,603
	<u>970,965</u>	<u>774,653</u>
<b>5. Trade and other receivables</b>		
School fees outstanding	484,201	758,922
Less allowance for doubtful debts	(122,610)	(160,183)
	<u>361,591</u>	<u>598,739</u>
Other	734,199	767,117
	<u>1,095,790</u>	<u>1,365,856</u>
<b>6. Current Inventories</b>		
Work in progress	<u>90,190</u>	<u>98,549</u>
<b>7. Other current Assets</b>		
7a. Prepayments	<u>250,274</u>	<u>375,269</u>
7b. Assets classified as held for sale		
- Land	<u>-</u>	<u>469,204</u>
<b>8. Property, Plant and Equipment</b>		
Freehold land at fair value	<u>5,945,000</u>	<u>5,945,000</u>
Buildings and site services	32,380,997	31,020,702
Less accumulated depreciation	(16,096,578)	(14,951,153)
	<u>16,284,419</u>	<u>16,069,549</u>
Plant and equipment	9,809,313	9,487,707
Less accumulated depreciation	(8,842,210)	(8,110,089)
	<u>967,103</u>	<u>1,377,618</u>
	<u>23,196,522</u>	<u>23,392,167</u>

## 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.

	Freehold Land	Buildings & Site Services	Plant & Equipment	Total
Balance at the beginning of the year	5,945,000	16,069,549	1,377,618	23,392,167
Additions	-	1,360,295	321,606	1,681,901
Disposals	-	-	-	-
Depreciation Expense	-	(1,145,425)	(732,121)	(1,877,546)
Carrying amount at the end of the year	<u>5,945,000</u>	<u>16,284,419</u>	<u>967,103</u>	<u>23,196,522</u>

## 9. Trade and Other Payables

### Current

Fees in advance	547,016	548,585
Parents' deposits	1,013,540	1,202,813
Trade payables	145,165	217,850
Other	969,869	2,164,123
	<u>2,675,590</u>	<u>4,133,371</u>

### Non-Current

Other	217,486	231,730
	<u>217,480</u>	<u>231,730</u>

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

For the year ended 31 <sup>st</sup> December 2013	2013	2012
	\$	\$
<b>10. Borrowings</b>		
<b>Current</b>		
Bank Loans – Secured	-	1,680,000
	-	1,680,000
<b>Non-Current</b>		
Bank Loans – Secured	4,000,000	2,000,000
	4,000,000	2,000,000

**10(a)** The bank overdraft and bank loans are secured by first mortgages over freehold land and buildings. The College has a \$6,000,000 loan facility with Bendigo and Adelaide Bank limited (refer note 17c).

### 11. Provisions

#### Current

Employee Benefits		
Holiday Pay	190,745	298,009
Long Service Leave	841,087	1,036,087
Study Leave	-	(394)
Salary Accrual	652,000	652,000
	1,683,832	1,985,702

### 12. Retirement Benefit Obligations

#### a) Accounting Policies

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

#### c) Changes in defined benefit obligation

Present value of defined obligations at beginning of the year	5,293,000	6,152,000
Current service cost	82,000	117,000
Interest cost	143,000	197,000
Contributions by plan participants	55,000	64,000
Actuarial (gains)/losses - experience	(70,000)	(219,000)
Actuarial (gains)/losses – financial assumptions	(58,000)	(73,000)
Benefits paid	(1,802,000)	(917,000)
Taxes paid	(17,000)	(28,000)
<b>Present value of defined benefit obligation at end of the year</b>	<b>3,626,000</b>	<b>5,293,000</b>

#### d) Changes in plan assets

Fair value of plan assets at beginning of the year	4,514,000	4,764,000
Interest income on plan assets	123,000	158,000
Return on plan assets greater(less) than discount rate	483,000	284,000
Employer contributions	112,000	189,000
Contributions by plan participants	55,000	64,000
Benefits paid (including tax and expenses)	(1,802,000)	(917,000)
Taxes paid	(17,000)	(28,000)
Fair value of plan assets at end of the year	3,468,000	4,514,000

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

For the year ended 31 <sup>st</sup> December 2013	2013	2012
Notes	\$	\$
<b>e) Reconciliation of assets and liabilities recognised in the balance sheet in the statement of financial position</b>		
Defined benefit obligations	(3,626,000)	(5,293,000)
Fair value of plan assets at end of year	3,468,000	4,514,000
Net (liability)/asset at end of period	(158,000)	(779,000)
<b>f) Expense recognised in income statement</b>		
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	67,000	94,000
Plan administration costs	10,000	12,000
Expected change in contributions tax provision	5,000	11,000
Service Cost	82,000	117,000
Net interest(income) on the net defined benefit liability/(asset)	20,000	39,000
Cost recognised in income statement	102,000	156,000
<b>g) Other Comprehensive Income</b>		
Actuarial (Gain)/Loss due to Experience in DBO	(70,000)	(219,000)
Actuarial (Gain)/Loss due to Financial Assumption Changes in DBO	(58,000)	(73,000)
Actuarial (Gain)/Loss arising during period	(128,000)	(292,000)
Return on plan assets (greater)/less than interest rate	(482,000)	(284,000)
Remeasurement effects recognised in OCI	(610,000)	(576,000)
<b>h) Defined Benefit Cost</b>		
Service Cost	82,000	117,000
Net Interest/Income on the net defined benefit liability/(asset)	20,000	39,000
Remeasurement effects recognised in OCI	(610,000)	(576,000)
Cumulative amount of actuarial (gains)/losses	(508,000)	(420,000)
<b>i) Plan Assets</b>		
The percentage invested in each asset class at the reporting date:		
Australian equities	32%	35%
Overseas equities	26%	26%
Fixed interest securities	13%	13%
Properties	9%	9%
Other	20%	17%
<b>j) Fair value of plan assets</b>		
The fair value of plan assets includes no amounts relating to:		
<ul style="list-style-type: none"> <li>• Any of the College's own financial instruments</li> <li>• Any property occupied by, or other assets used by, the College</li> </ul>		

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

For the year ended 31 <sup>st</sup> December 2013	2013	2012
	\$	\$
<b>k) Actual return on plan assets</b>		
Actual return/(loss) on fund assets	n/a	442,000
<b>l) Principal actuarial assumptions at the reporting date</b>		
Discount rate (gross of tax)	4.3%	3.3%
Discount rate (net of tax)	4.3%	2.8%
Future salary increases	3.0%	3.0%
<b>m) Expected Contributions</b>		
Expected employer contributions	47,000	69,000
Expected contributions by plan participants	40,000	58,000
<b>13. Retained Earnings</b>		
Balance at the beginning of the financial year	11,651,691	13,986,222
Surplus/(Deficit) for the year	248,456	(3,298,785)
Capital Grants	130,981	37,800
Donations	431,084	290,459
AASB119 Adjustment – DB Fund	(217,577)	59,995
(Deficit)/Surplus attributable to members of the entity	592,944	(2,910,531)
Transfer (from) to retained earnings (AASB119)	610,000	576,000
Balance at end of the financial year	<u>12,854,839</u>	<u>11,651,691</u>
<b>14. Equity</b>		
Retained earnings at end of financial year	12,854,635	11,651,691
Asset Revaluation Reserve	4,014,204	4,014,204
<b>Total Equity</b>	<b><u>16,868,839</u></b>	<b><u>15,665,895</u></b>
<b>15. Commitments for Expenditure</b>		
<b>a) Capital expenditure</b>		
<b>Plant and Equipment</b>		
No longer than 1 year	<u>3,058,250</u>	<u>408,826</u>
<b>b) Operating Lease Commitments</b>		
No longer than 1 year	421,427	468,762
Longer than 1 year but not longer than 5 years	<u>1,132,655</u>	<u>1,308,921</u>
	<u>1,554,082</u>	<u>1,777,683</u>

**16.** 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

For the year ended 31 <sup>st</sup> December 2013	2013	2012
	\$	\$
<b>17. Notes to the Statement of Cash Flows</b>		
<b>(a) Reconciliation of Cash and Cash Equivalents</b>		
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:		
<b>Cash and Cash Equivalents</b>		
Cash on hand	2,350	2,050
Cash at bank	968,615	772,603
	970,965	774,653
<b>(b) Surplus from the year to net cash flows operations with operating activities</b>		
Surplus (Deficit) for the year	592,944	(2,910,531)
Non Cash Flows in Operating Profit:		
Loss/(Gain) on sale or disposal of non-current Assets	(168,250)	21,025
Depreciation and amortisation of non-current assets	1,877,547	1,862,749
Bad and Doubtful debts	82,875	103,841
Defined benefit scheme	(11,000)	(33,000)
Loan forgiven - Melbourne City School	-	2,909,244
<b>Change in Net Assets &amp; Liabilities:</b>		
Decrease/(Increase) in current receivables	187,191	(278,800)
Decrease/(Increase) in prepayments	124,995	(15,471)
Decrease/(Increase) in work in progress	8,359	9,920
Increase/(Decrease) in payables	(1,472,031)	1,106,931
Increase/(Decrease) in employee provisions	(301,870)	(214,707)
Increase/(Decrease) in hire purchase liabilities		-
Net cash from operating activities	920,760	2,561,201
<b>(c) Standby arrangements with banks to provide funds and support facilities</b>		
Credit facility	6,000,000	5,937,200
Bank Overdraft		-
Amount utilised	(4,000,000)	(3,680,000)
Unused credit facility	2,000,000	2,257,200

### 18. Subsequent Events

No matter or circumstance 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.

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

### 19. Company Details

Details and Registered office of the company is:

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

### 20. Comparative information

During the year the company adopted revised AASB 119. This has resulted in the restatement to the 2012 comparative amounts as follows:

<b>Impact on profit/(loss) for the year of the application of AASB 119 (as revised in 2011)</b>	31 Dec 2012 \$000's
Increase in employee benefits expense	225
Decrease in profit for the year	<u>225</u>

<b>Impact on other Comprehensive Income for the year of application of AASB 119 (as revised in 2011)</b>	
Remeasurement of defined benefit obligation	<u>187</u>
Increase in other Comprehensive income for the year	<u>187</u>

<b>Impact on assets, liabilities and equity as at 1 January 2012 of the application of AASB 119 (as revised in 2011)</b>	As at 1 Jan 2012 as previously reported \$000's	Adjustment \$000's	As at 1 Jan 2012 as restated \$000's
Defined benefit plan liability	<u>(1,502)</u>	<u>114</u>	<u>(1,388)</u>
Total effect on net assets	<u>(1,502)</u>	<u>114</u>	<u>(1,388)</u>
Total effect on equity	(1,502)	114	(1,388)

<b>Impact on assets, liabilities and equity as at 1 January 2013 of the application of AASB 119 (as revised in 2011)</b>	As at 1 Jan 2013 as previously reported \$000's	Adjustment \$000's	As at 1 Jan 2013 as restated \$000's
Defined benefit plan liability	<u>(855)</u>	<u>76</u>	<u>(779)</u>
Total effect on net assets	<u>(855)</u>	<u>76</u>	<u>(779)</u>
Total effect on equity	(855)	76	(779)



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