



ACT AUDITOR-GENERAL'S OFFICE



ACT
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11 SEP 2012

Ms Diane Joseph
Director-General
Education and Training Directorate
Level 6, 220 Northbourne Avenue
BRADDON ACT 2612

Dear Ms Joseph *Diane*

**AUDIT REPORT - EDUCATION AND TRAINING DIRECTORATE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The Audit Office has completed the audit of the financial statements of the Education and Training Directorate for the year ended 30 June 2012.

I have attached the audited financial statements and unqualified audit report.

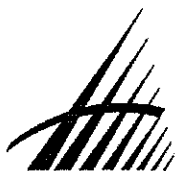
I have provided a copy of the financial statements and audit report to the Minister for Education and Training, Dr Chris Bourke MLA.

Yours sincerely

Dr Maxine Cooper
Auditor-General

31 August 2012

c.c. Ms Sushila Sharma, Acting Director, Finance and Corporate Support
Ms Jenny Morison, Chair, Audit Committee
Mr Dougal Wilson, Manager, Risk Management and Audit



ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT EDUCATION AND TRAINING DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Education and Training Directorate (the Directorate) have been audited. These comprise the following financial statements and accompanying notes:

- Controlled financial statements - operating statement, balance sheet, statement of changes in equity, cash flow statement and statement of appropriation.
- Territorial financial statements – statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, cash flow statement on behalf of the Territory and territorial statement of appropriation.

Responsibility for the financial statements

The Director-General of the Directorate is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Directorate.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Directorate for the year ended 30 June 2012:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Directorate as at 30 June 2012 and the results of its operations and cash flows for the year then ended.

The audit opinion should be read in conjunction with other information disclosed in this report.



Dr Maxine Cooper
Auditor-General

31 August 2012

**Education and Training Directorate
Financial Statements
For the Year Ended 30 June 2012**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2012 and the financial position of the Directorate on that date.

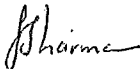


Diane Joseph
Director-General
Education and Training Directorate
28 August 2012

**Education and Training Directorate
Financial Statements
For the Year Ended 30 June 2012**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2012 and the financial position of the Directorate on that date.



Sushila Sharma
Chief Finance Officer
Education and Training Directorate
28 August 2012

EDUCATION AND TRAINING DIRECTORATE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note No.	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
INCOME				
Revenue				
Government Payment for Outputs	4	516,071	525,912	501,215
User Charges - ACT Government	5	413	120	458
User Charges - Non-ACT Government	6	14,853	16,172	16,015
Interest	7	1,634	1,688	1,972
Distribution from Investments with the Territory				
Banking Account	8	76	-	115
Resources Received Free of Charge	9	385	249	410
Other Revenue	10	19,785	17,009	20,762
Total Revenue		553,217	561,150	540,947
Gains				
Gains on Investment	11	58	-	1
Total Gains		58	-	1
Total Income		553,275	561,150	540,948
EXPENSES				
Employee Expenses	12	376,749	357,976	339,941
Superannuation Expenses	13	53,361	53,545	52,345
Supplies and Services	14	57,392	62,776	54,491
Depreciation	15	55,766	54,631	46,764
Grants and Purchased Services	16	25,143	34,010	25,293
Borrowing Costs	17	13	20	42
Other Expenses	18	59,023	58,265	69,019
Total Expenses		627,447	621,223	587,895
Operating (Deficit)		(74,172)	(60,073)	(46,947)
Other Comprehensive Income				
(Decrease) / Increase in Asset Revaluation				
Surplus		(9,020)	-	133,926
Total Other Comprehensive (Deficit) / Income		(9,020)	-	133,926
Total Comprehensive (Deficit) / Surplus		(83,192)	(60,073)	86,979

The above Operating Statement should be read in conjunction with the accompanying notes.

EDUCATION AND TRAINING DIRECTORATE
BALANCE SHEET
AS AT 30 JUNE 2012

	Note No.	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
CURRENT ASSETS				
Cash and Cash Equivalents	21	53,394	36,400	45,002
Receivables	22	4,609	7,102	7,125
Other Assets	23	2,648	2,698	3,653
Investments	24	259	259	259
Total Current Assets		60,910	46,459	56,039
NON-CURRENT ASSETS				
Investments	24	1,832	1,773	1,774
Property, Plant and Equipment	25	1,878,336	2,042,282	1,854,892
Capital Works in Progress	26	38,543	33,199	26,751
Total Non-Current Assets		1,918,711	2,077,254	1,883,417
TOTAL ASSETS		1,979,621	2,123,713	1,939,456
CURRENT LIABILITIES				
Payables	27	10,143	8,117	5,463
Finance Leases	28	76	50	149
Employee Benefits	29	111,259	90,196	91,297
Other Liabilities	30	3,853	4,000	3,787
Total Current Liabilities		125,331	102,363	100,696
NON-CURRENT LIABILITIES				
Finance Leases	28	27	99	103
Employee Benefits	29	10,582	12,068	8,480
Make Good Provision	31	57	-	57
Total Non-Current Liabilities		10,666	12,167	8,640
TOTAL LIABILITIES		135,997	114,530	109,336
NET ASSETS		1,843,624	2,009,183	1,830,120
EQUITY				
Accumulated Funds		831,421	864,268	808,897
Asset Revaluation Surplus	32	1,012,203	1,144,915	1,021,223
TOTAL EQUITY		1,843,624	2,009,183	1,830,120

The above Balance Sheet should be read in conjunction with the accompanying notes.

EDUCATION AND TRAINING DIRECTORATE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note No.	Accumulated Funds Actual 2012 \$'000	Asset Revaluation Surplus Actual 2012 \$'000	Total Equity Actual 2012 \$'000	Original Budget 2012 \$'000
Balance at the Beginning of the Reporting Period		808,897	1,021,223	1,830,120	1,957,940
Comprehensive Income					
Operating (Deficit)		(74,172)	-	(74,172)	(60,073)
(Decrease) in Asset Revaluation Surplus		-	(9,020)	(9,020)	-
Total Comprehensive (Deficit)		(74,172)	(9,020)	(83,192)	(60,073)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		96,696	-	96,696	112,152
Capital (Distributions)		-	-	-	(836)
Total Transactions Involving Owners Affecting Accumulated Funds		96,696	-	96,696	111,316
Balance at the End of the Reporting Period		831,421	1,012,203	1,843,624	2,009,183

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**EDUCATION AND TRAINING DIRECTORATE
STATEMENT OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012**

	Note No.	Accumulated Funds Actual 2011 \$'000	Asset Revaluation Surplus Actual 2011 \$'000	Total Equity Actual 2011 \$'000
Balance at the Beginning of the Reporting Period		661,613	887,297	1,548,910
Comprehensive Income				
Operating (Deficit)		(46,947)	-	(46,947)
Increase in Asset Revaluation Surplus		-	133,926	133,926
Total Comprehensive (Deficit) / Surplus		(46,947)	133,926	86,979
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections		194,231	-	194,231
Total Transactions Involving Owners Affecting Accumulated Funds		194,231	-	194,231
Balance at the End of the Reporting Period		808,897	1,021,223	1,830,120

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**EDUCATION AND TRAINING DIRECTORATE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note No.	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Government Payment for Outputs		516,071	525,912	501,215
User Charges		16,062	16,292	16,148
Interest Received		1,634	1,688	1,977
Distribution from Investments with the Territory Banking Account		78	-	100
Schools and Other		19,495	17,009	20,886
Goods and Services Tax Received		24,356	23,523	36,681
Total Receipts from Operating Activities		577,696	584,424	577,007
Payments				
Employee		354,967	353,014	334,439
Superannuation		53,040	53,547	52,107
Supplies and Services		56,129	62,319	55,848
Borrowing Costs		13	20	42
Grants and Purchased Services		23,794	34,010	26,900
Schools and Other		56,446	58,472	55,622
Goods and Services Tax Paid		23,750	23,523	35,372
Total Payments from Operating Activities		568,139	584,905	560,330
Net Cash Inflows / (Outflows) from Operating Activities	38	9,557	(481)	16,677
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		1	-	3
Payments				
Purchase of Property, Plant and Equipment		97,713	113,367	199,235
Net Cash (Outflows) from Investing Activities		(97,712)	(113,367)	(199,232)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Capital Injections		96,696	112,152	194,231
Payments				
Repayment of Finance Leases		149	50	509
Transfer of Cash Balances		-	688	-
Net Cash Inflows from Financing Activities		96,547	111,414	193,722
Net Increase / (Decrease) in Cash and Cash Equivalents Held		8,392	(2,434)	11,167
Cash and Cash Equivalents at the Beginning of the Reporting Period		45,002	38,834	33,835
Cash and Cash Equivalents at the End of the Reporting Period	38	53,394	36,400	45,002

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**EDUCATION AND TRAINING DIRECTORATE
CONTROLLED STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Original Budget 2012 \$'000	Total Appropriated 2012 \$'000	Appropriation Drawn 2012 \$'000	Appropriation Drawn 2011 \$'000
Government Payment for Outputs	1	525,912	543,356	516,071	501,215
Total		525,912	543,356	516,071	501,215
Capital Injection - Directorate	2	112,152	124,604	96,696	194,231
Total		112,152	124,604	96,696	194,231
Total Controlled Appropriation		638,064	667,960	612,767	695,446

Notes:

1. The difference between the original budget and total appropriated relates to the supplementary appropriation for the teaching and clerical enterprise bargaining agreements (\$8.515m), amount transferred from 2010-11 (\$4.210m) mainly associated with Commonwealth National Partnership funding and new Commonwealth grants (\$4.719m) primarily for National Partnership Agreements for More Support for Students with a Disability, Empowering Local Schools and Reward for Great Teachers.

The difference between the total appropriated and appropriation drawn mainly relates to the funds transferred into 2012-13 (\$23.579m), mainly associated with National Partnerships including the Productivity Places Program, Literacy and Numeracy and Improving Teacher Quality as well as new National Partnership Programs relating to Empowering Local Schools, Support for Students with a Disability and Reward for Great Teachers. In addition, superannuation and other savings (\$3.706m) contributed to the lower drawdown.

2. The difference between the original budget and the total appropriated relates to the rollover of funds from 2010-11 (\$12.384m) primarily for capital upgrades, Harrison Secondary School and Gungahlin College and higher than expected Commonwealth grants (\$0.068m) for the National Solar Schools National Partnership.

The difference between the total appropriated and appropriation drawn relates to capital works deferrals and accrued expenditure not drawdown in cash (\$25.318m) including Canberra College Performing Arts Centre, Franklin Early Childhood School, Universal Access to Preschools, Red Hill Primary School Expansion and Digital Learning and lower than anticipated Commonwealth grants (\$2.590m) for Trade Training Centres.

**EDUCATION AND TRAINING DIRECTORATE
SUMMARY OF OUTPUT CLASSES
FOR THE YEAR ENDED 30 JUNE 2012**

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Total \$'000
2012				
Total Income	520,715	2,200	30,360	553,275
Total Expenses	(595,734)	(1,840)	(29,873)	(627,447)
Operating (Deficit) / Surplus	(75,019)	360	487	(74,172)

2011				
Total Income	503,666	2,629	34,653	540,948
Total Expenses	(555,816)	(1,873)	(30,206)	(587,895)
Operating (Deficit) / Surplus	(52,150)	756	4,447	(46,947)

EDUCATION AND TRAINING DIRECTORATE
OPERATING STATEMENT FOR OUTPUT CLASS 1 - PUBLIC SCHOOL EDUCATION
FOR THE YEAR ENDED 30 JUNE 2012

Description

This output contributes to the provision of preschool, primary, high, secondary and special school education in public schools to all enrolled students and early intervention services.

	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
INCOME			
Revenue			
Government Payment for Outputs	483,659	481,760	464,514
User Charges - ACT Government	400	119	449
User Charges - Non-ACT Government	14,825	15,415	15,449
Interest	1,612	1,685	1,971
Distribution from Investments with the Territory Banking Account	76	-	115
Resources Received Free of Charge	381	248	406
Other Revenue	19,704	16,980	20,761
Total Revenue	520,657	516,207	503,665
Gains			
Gains on Investments	58	-	1
Total Gains	58	-	1
Total Income	520,715	516,207	503,666
EXPENSES			
Employee Expenses	371,545	350,859	334,990
Superannuation Expenses	52,607	52,464	51,506
Supplies and Services	55,152	58,883	52,183
Depreciation	55,753	54,557	46,750
Grants and Purchased Services	1,693	1,150	1,351
Borrowing Costs	13	20	42
Other Expenses	58,971	58,153	68,994
Total Expenses	595,734	576,086	555,816
Operating (Deficit)	(75,019)	(59,879)	(52,150)

EDUCATION AND TRAINING DIRECTORATE
OPERATING STATEMENT FOR OUTPUT CLASS 2 - NON-GOVERNMENT SCHOOL EDUCATION
FOR THE YEAR ENDED 30 JUNE 2012

Description

This output contributes to the maintenance of standards in non-government schools and home education through compliance and registration, accreditation and certification of senior secondary courses, support and liaison with the non-government sector, administration and payment of Commonwealth Government and Territory grants for the non-government sector and the conduct of an annual non-government schools census.

	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
INCOME			
Revenue			
Government Payment for Outputs	2,093	4,523	2,457
User Charges - ACT Government	1	-	1
User Charges - Non-ACT Government	24	79	169
Interest	19	1	-
Resources Received Free of Charge	3	-	2
Other Revenue	60	-	-
Total Revenue	2,200	4,603	2,629
EXPENSES			
Employee Expenses	609	2,160	558
Superannuation Expenses	99	306	95
Supplies and Services	1,121	2,138	1,220
Depreciation	1	67	-
Other Expenses	10	3	-
Total Expenses	1,840	4,674	1,873
Operating Surplus / (Deficit)	360	(71)	756

EDUCATION AND TRAINING DIRECTORATE
OPERATING STATEMENT FOR OUTPUT CLASS 3 - VOCATIONAL EDUCATION AND TRAINING
FOR THE YEAR ENDED 30 JUNE 2012

Description

This output contributes to the planning, funding, managing and reporting services for Vocational Education and Training opportunities, programs and initiatives in the ACT.

	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
INCOME			
Revenue			
Government Payment for Outputs	30,319	39,629	34,244
User Charges - ACT Government	12	1	8
User Charges - Non-ACT Government	4	678	397
Interest	3	2	1
Resources Received Free of Charge	1	1	2
Other Revenue	21	29	1
Total Revenue	30,360	40,340	34,653
EXPENSES			
Employee Expenses	4,595	4,957	4,393
Superannuation Expenses	655	775	744
Supplies and Services	1,119	1,755	1,088
Depreciation	12	7	14
Grants and Purchased Services	23,450	32,860	23,942
Other Expenses	42	109	25
Total Expenses	29,873	40,463	30,206
Operating Surplus / (Deficit)	487	(123)	4,447

EDUCATION AND TRAINING DIRECTORATE
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EDUCATION AND TRAINING DIRECTORATE
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**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. OBJECTIVES OF THE DIRECTORATE

a) Operations and Principal Activities

The Education and Training Directorate (the Directorate) works in partnership with parents and the community to ensure students are supported and engaged to achieve their full potential. The Directorate will work closely with the community to position the ACT as Australia's lifelong learning capital.

Services of the Directorate include the provision of public school education, preschool and early intervention education programs, registration of non-government schools, registration for home education and the planning and coordination of vocational education and training.

The Directorate aims to ensure that all young people in the ACT learn, thrive and are equipped with the skills to lead fulfilling, productive and responsible lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for the Directorate.

The FMA and the Financial Management Guidelines issued under the Act, require the Directorate's financial statements to include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Cash Flow Statement for the year;
- (v) a Statement of Appropriation for the year;
- (vi) an Operating Statement for each class of output for the year;
- (vii) a summary of the significant accounting policies adopted for the year; and
- (viii) such other statements as necessary to fairly reflect the financial operations of the Directorate during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared in accordance with 'Generally Accepted Accounting Principles' (GAAP) as required by the FMA. The financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

a) Basis of Accounting - Continued

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets which were valued in accordance with the revaluation policies applicable to the Directorate during the reporting period.

These financial statements are presented in Australian dollars, which is the Directorate's functional currency.

The Directorate is an individual reporting entity.

b) Controlled and Territorial Items

The Directorate produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Directorate has control. The Territorial financial statements include income, expenses, assets and liabilities that the Directorate administers on behalf of the ACT Government, but does not control.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Directorate's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of accounting described in paragraph (a) above applies to both Controlled and Territorial financial statements except where otherwise specified.

c) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Directorate for the year ending 30 June 2012, together with the financial position of the Directorate as at 30 June 2012.

d) Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the *Financial Management Act 1996* (FMA), budget information for 2011-2012 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of the "-" symbol represents zero amounts or amounts rounded up or down to zero.

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Directorate and the revenue can be reliably measured. In addition, specific recognition criterion applies to the following:

Interest

Interest revenue is recognised using the effective interest method.

Distribution

Distribution revenue is received from Investments with the Territory Banking Account. This is recognised on an accrual basis using data supplied by the Territory Banking Account.

g) Resources Received Free of Charge

Resources received free of charge are recorded as a revenue and expense in the Operating Statement at fair value. The revenue is separately disclosed under resources received free of charge, with the expense being recorded in the line item to which it relates. Assets received free of charge as a result of administrative restructure are recorded as a net increase in assets from administrative restructure.

h) Repairs and Maintenance

The Directorate undertakes major cyclical maintenance on its assets. Where the maintenance leads to an upgrade of the asset that increases the service potential of the existing asset the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

i) Borrowing Costs

Borrowing costs relate to finance leases. Borrowing costs are expensed in the period in which they are incurred.

j) Waivers of Debt

Debts are waived under section 131 of the *Financial Management Act 1996* and are expensed during the year in which the right of payment was waived. Further details are disclosed in **Note 20 - Act of Grace Payments, Waivers and Write-offs**.

k) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities not classified as current are classified as non-current.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l) Impairment of Assets

The Directorate assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's 'fair value less the cost to sell' and its 'value in use'.

An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Directorate were deprived of it.

If a material impairment loss results, the loss is recognised against the relevant class of asset in the Asset Revaluation Surplus with corresponding reduction to the carrying amount of asset in the Balance Sheet. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is expensed in the Operating Statement.

m) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement and are included as borrowings in the Balance Sheet.

n) Receivables

Accounts receivable (including both trade receivables and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount going through the Operating Statement.

The allowance for impairment losses represents the amount of trade receivables and other trade receivables the Directorate estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The Directorate considers the following is objective evidence of impairment:

- becoming aware of financial difficulties of debtors;
- default payments; or
- debts more than 90 days overdue.

The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of allowance is recognised in the Operating Statement. The allowance for impairment losses are written back against receivables account when the Directorate ceases to collect the debt as it considers that it will cost more to recover than the debt is worth.

o) Investments

Short-term investments are held with the Territory banking Account in a unit trust called the Cash Enhanced Portfolio. Long-term investments are held with the Territory Banking Account in a unit trust called the Fixed Interest Portfolio. The price of units in both these unit trusts fluctuate in value. The net gains or losses do not include interest or dividend income.

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

o) Investments – Continued

These short-term and long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

p) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost when they are acquired.

Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However property, plant and equipment acquired at no cost or minimal cost as part of a Restructuring of Administrative Arrangements is measured at the transferor's book value.

Property, plant and equipment with a minimum value of \$2,000 (exclusive of GST) are capitalised. Assets below \$2,000 are expensed in the reporting period of purchase. Assets that are individually below the threshold, but for which the aggregate value is material, may be capitalised depending on the nature of the assets.

q) Measurement of Property, Plant and Equipment after Initial Recognition

Land and buildings are measured at fair value. Plant and equipment including leasehold improvements are measured at cost. Land and buildings are revalued every three years.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is measured using a market price in an active market where a market price is available for that asset (or a similar asset), as this is the best evidence of an asset's fair value. Where the market price for an asset cannot be obtained because the asset is specialised and is rarely sold, and where the asset would be replaced if the Directorate were to be deprived of the asset, depreciated replacement cost is used as fair value. Where the asset would not be replaced, the fair value is the asset's selling price, less costs to sell.

In the Directorate's case, land and buildings are held for their value in use rather than the asset's ability to generate net cash flows and it would be replaced if the Directorate was deprived of the asset. Based on the above, fair value of buildings is determined by the depreciated replacement cost while the fair value of land is based on current market prices.

r) Depreciation of Non-Current Assets

Non-current assets with a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Land has an unlimited useful life and is therefore not depreciated.

Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life
Buildings and Land Improvements	Straight Line	50 years
Leasehold Improvements	Straight Line	5 years
Plant and Equipment	Straight Line	5-20 years
Leased Assets	Straight Line	2-20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in **Note 15 – Depreciation**.

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

s) Payables

Payables include Trade Payables and Accrued Expenses.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Directorate. Accrued Expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

t) Joint Venture

The Directorate is a venturer in a joint venture operation with the Catholic Education Office at Gold Creek Primary and its share of assets, liabilities, income and expenses has been recognised in the Directorate's financial statements under the appropriate headings consistent with AASB 131 'Interest in Joint Ventures'. Please refer to **Note 37 – Interest in Joint Venture** for details.

u) Leases

The Directorate has entered into finance leases and operating leases.

Finance Leases

Finance leases effectively transfer to the Directorate substantially all the risks and rewards incidental to ownership of the assets under finance lease. The Directorate's finance leases mainly relate to office equipment and motor vehicles. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. Assets under finance lease are depreciated over the shorter of the asset's useful life and lease term. Leased assets are depreciated on a straight-line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

Operating Leases

Operating leases do not effectively transfer to the Directorate substantially the entire risks and rewards incidental to ownership of the asset under operating lease. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

v) Employee Benefits

Employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs. On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid. Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

The measurement of annual and long service leave liabilities is based on the timing of the expected leave taken. Annual and long service leave expected to be taken in the next 12 months are measured based on the nominal amounts of remuneration anticipated to be paid when the leave is taken. The nominal amount is estimated with regard to the rates expected to be paid on settlement of the liability.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

v) Employee Benefits – Continued

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in the future years by employees of the Directorate is estimated to be less than the annual entitlement for sick leave.

Annual and long service leave, including applicable on-costs, that do not fall due in the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the present value of future payments are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2011-12, the rate used to estimate the present value of these future payments is 106.6% (92.2% in 2010-11).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

Annual and long service leave liabilities are classified as current liabilities in the Balance Sheet where the Directorate does not have an unconditional right to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual leave and long service leave have been classified as a non-current liability in the Balance Sheet.

w) Superannuation

The Directorate receives funding for superannuation payments as part of the Government Payment for Outputs. The Directorate then makes payments on a fortnightly basis to the Territory Banking Account, to cover the Directorate's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS) on a fortnightly basis. This payment covers the CSS/PSS employer contribution, but does not include the productivity component. The productivity component is paid directly to ComSuper by the Directorate. The CSS and PSS are defined benefit superannuation plans meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice.

Superannuation employer contribution payments, for the CSS and PSS, are calculated, by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS or PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for the PSSAP are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the appropriate employer contribution rate. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

w) Superannuation – Continued

A superannuation liability is not recognised in the Balance Sheet as the Superannuation Provision Account recognises the total Territory superannuation liability for the CSS and PSS, and ComSuper and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively.

x) Equity Contributed by the ACT Government

Contributions made by the ACT Government, through its role as owner of the Directorate that increase the net assets of the Directorate, are treated as contributions of equity.

Increases or decreases in net assets as a result of Administrative Restructures are also recognised in equity.

y) Insurance

The Directorate insures its major risks through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held by the Directorate.

z) Taxation

The Directorate's activities are exempt from all forms of taxation except Fringe Benefits Tax and Goods and Services Tax (GST). The amount of Fringe Benefit Tax paid in the year was \$0.116 million (\$0.149 million; 2010-11). This amount is included in the Operating Statement under employee expenses.

Revenue, expenses and assets are recognised net of GST:

- except to the extent that the amount of GST incurred by a purchaser is not recoverable from the Australian Taxation Office.

Cash flows relating to GST are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Balance Sheet.

aa) Contingent Liabilities and Assets

Contingent liabilities include all provisions not meeting both of the recognition criteria of a liability. These criteria are: whether it is probable that the future sacrifice of economic benefits will be required; and whether the amount of the liability can be measured reliably. Contingent assets include any assets that do not meet both of the recognition criteria for an asset. These criteria are: whether it is probable that the future economic benefits embodied in the asset will eventuate; and the asset possesses a cost or other value that can be measured reliably. The contingent liabilities are disclosed in **Note 35 – Contingent Liabilities**. There are no contingent assets.

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ab) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Directorate has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements:

- a) *Fair Value of Land and Buildings:* The Directorate has made a significant judgement regarding the fair value of its land and buildings. Land has been recorded at the market value of similar properties as determined by an independent valuer. Buildings are valued at depreciated replacement cost.
- b) *Employee Benefits:* Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in **Note 2 (v) – Employee Benefits** and **3 (a) – Change in Accounting Estimates**.
- c) *Estimation of Useful Lives of Property, Plant & Equipment:* The Directorate disclosed that Property, Plant and Equipment is systematically depreciated over its estimated useful life. The estimated useful life of Property, Plant and Equipment is reassessed each year and adjusted when the condition and other factors affecting the useful life of Property, Plant and Equipment indicate an adjustment is warranted.
- d) *Impairment:* The Directorate disclosed that Property, Plant and Equipment is annually assessed for impairment. If this assessment indicates an asset is impaired, then an assessment of the asset's recoverable amount must be estimated to determine whether an impairment loss must be recognised. For 2011-12, the Directorate has undertaken assessment in relation to the school buildings and other property plant and equipment. The Directorate's impairment policy states that schools buildings used at less than 65% capacity are impaired. An adjustment is reflected in the financial statements if the overall impact is material.

ac) After Balance Date Events

There are no known events occurring after 30 June 2012 that will materially affect the financial statements.

ad) Going Concern

The Directorate's ability to fund its ongoing operations is dependent upon continued ACT Government appropriations.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ae) Impact of Accounting Standards Issued but yet to be Applied

The following new and revised accounting standards and interpretations that are applicable to the Directorate have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Directorate does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on the Directorate in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 10 Consolidated Financial Statements (application date 1 January 2013);
- AASB 11 Joint Arrangements (application date 1 January 2013);
- AASB 12 Disclosure of Interests in Other Entities (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- AASB 127 Separate Financial Statements (application date 1 January 2013);
- AASB 128 Investments in Associates and Joint Ventures (application date 1 January 2013);
- AASB 2010-7 Amendments to Australian Accounting Standard arising from AASB 9 (application date 1 January 2013);
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (application date 1 January 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (application date 1 January 2013);
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (application date 1 July 2012); and
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (application date 1 January 2013).

3. CHANGES IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

a) Change in Accounting Estimates

As disclosed in **Note 2 (v) – Employee Benefits**, annual leave and long service leave, including applicable on-costs that do not fall due in the next 12 months are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated using the Commonwealth Bond rate.

Last financial year the rate used to estimate the present value was 92.2%, however, due to a change in the Commonwealth Bond rate the rate is now 106.6%. As such the estimate of the long service leave liabilities has changed. This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of \$10.389 million. There was no change to annual leave liabilities as they are classified as current.

b) Change in Accounting Policy

There have been no changes to accounting policy in 2011-12.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
INCOME		
4. Government Payment for Outputs		
Government Payment for Outputs (GPO) is revenue received from the ACT Government to fund the cost of delivering outputs. The ACT Government pays GPO appropriation on a fortnightly basis.		
Government Payment for Outputs ¹	516,071	501,215
Total	516,071	501,215
1. The increase mainly relates to wage increases associated with the teaching and non-teaching enterprise bargaining agreements.		
5. User Charges – ACT Government		
This relates to revenue received from ACT Government agencies.		
User Charges - ACT Government	413	458
Total	413	458
6. User Charges – Non-ACT Government		
International Private Students Program	5,659	5,805
Active Leisure Centre – Hire of Facilities and Recreational Activities	3,109	3,532
Commonwealth National Agreements ¹	4,395	4,222
Commonwealth Own Purpose Payments (COPE) / Specific Projects ²	955	1,954
Other	735	502
Total	14,853	16,015
1. Primarily relates to National Agreements with the Commonwealth for the provision of services at Jervis Bay and the French Australia School.		
2. Decrease primarily relates to reduced COPE revenue due to funding received for Industry and Indigenous Skills Centres and Joint Group Training Program through GPO in 2011-12.		
7. Interest		
Schools and Other Interest Received ¹	1,634	1,972
Total	1,634	1,972
1. The Commonwealth Government's Building the Education Revolution program was completed in 2010-11. The decrease mainly relates to interest generated on cash held for this program in 2010-11.		
8. Distribution from Investments with the Territory Banking Account		
Revenue from ACT Government Entities		
Distribution from Investments with the Territory Banking Account	76	115
Total	76	115

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
9. Resources Received Free of Charge		
This relates to legal advice and other legal services provided by the Justice and Community Safety Directorate.		
Resources Received Free of Charge	385	410
Total	<u>385</u>	<u>410</u>

10. Other Revenue

Other revenue mainly comprises voluntary contributions, fundraising revenue and excursion funds.

School Revenue	18,828	18,707
Other ¹	957	2,055
Total	<u>19,785</u>	<u>20,762</u>

1. Reduced revenue relates to one-off insurance receipts from the ACT Insurance Authority in 2010-11. Line item includes revenue from disposal of non-current assets. Refer Note 34 - Gain from the Disposal of Non-Current Assets.

GAINS

11. Gains on Investments

Gains on Investments are part of the Directorate's unusual transactions that are not part of the Directorate's core activities.

Gain from Investments from the Territory Banking Account	58	1
Total	<u>58</u>	<u>1</u>

EXPENSES

12. Employee Expenses

Salaries and Related Costs ¹	345,888	326,596
Movements in Employee Benefits ²	22,064	5,650
Comicare Premium Payments	8,797	7,695
Total	<u>376,749</u>	<u>339,941</u>

1. The increase primarily relates to wage increases for teaching and non-teaching staff.
2. The increase relates to a change in the rate used to estimate the present value of long service leave liabilities (Refer Note 2(v) - Employee Benefits and 3(a) - Change in Accounting Estimates) and wage increases for teaching and non-teaching staff.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
13. Superannuation Expenses		
Superannuation	48,221	47,043
Employer Productivity Contribution	5,140	5,302
Total	53,361	52,345

14. Supplies and Services

Supplies and services include costs paid centrally relating to both central office and schools' operations.

Property and Maintenance	15,766	15,664
Materials and Services ¹	25,939	23,941
Travel and Transport	5,815	5,635
Administrative ²	3,577	3,037
Financial ³	4,674	4,176
Operating Lease Costs	1,396	1,374
Audit Fees ⁴	205	419
Asset Write-Off	20	245
Total	57,392	54,491

1. The increase from 2010-11 primarily relates to higher information communication costs.
2. Increase primarily relates to legal expenses and external training.
3. Increase from 2010-11 primarily relates to costs associated with copyright.
4. The decrease relates to the internal audit program. Includes audit fee to the Auditor-General's Office. Refer to Note 19 – Auditor's Remuneration.

15. Depreciation

Depreciation expenses for Property, Plant and Equipment are as follows:

Buildings and land Improvements ¹	43,215	37,841
Plant and Equipment ²	11,810	8,095
Leasehold Improvements	741	828
Total	55,766	46,764

1. The increase from 2010-11 primarily relates to the revaluation of the Directorate's assets in 2010-11 combined with capitalisation of new assets including Harrison High School and Capital Upgrades.
2. The increase from 2010-11 primarily relates to the capitalisation of computing assets associated with the Commonwealth's Digital Education Revolution program.

16. Grants and Purchased Services

Grant Payments – educational, apprenticeships, user choice programs and productivity places program	25,143	25,293
Total	25,143	25,293

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
17. Borrowing Costs		
Interest on Finance Leases	13	42
Total	<u>13</u>	<u>42</u>

18. Other Expenses

Other expenses mainly comprise utilities, cleaning, security and maintenance costs in schools as well as educational enrichment activities.

School Expenses	56,375	55,354
Transfer of Asset Outside Administrative Arrangement Orders ¹	2,171	12,788
Other	477	877
Total	<u>59,023</u>	<u>69,019</u>

1. The 2011-12 transfers relate to the Narrabundah Preschool to the Community Services Directorate and Red Hill French-Australia Preschool to the Economic Development Directorate. The transfer in 2010-11 relates to Birrigai at Tidbinbilla Infrastructure to the Territory and Municipal Services Directorate.

19. Auditor's Remuneration

Auditor's remuneration consists of financial audit services provided to the Directorate by the ACT Auditor-General's Office. No other services were provided by the ACT Auditor-General's Office.

Audit Fees paid to the ACT Auditor-General's Office	126	111
Total	<u>126</u>	<u>111</u>

20. Act of Grace Payments, Waivers and Write Offs

Write-off of Assets ¹	20	245
Total	<u>20</u>	<u>245</u>

1. Relates to the write-off of minor assets in schools.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
ASSETS		
21. Cash and Cash Equivalents		
The Directorate holds a number of bank accounts with the Commonwealth Bank as part of the whole-of-government banking arrangements.		
Central Office Bank Account ¹	16,435	10,181
School Management Accounts ²	28,486	26,347
Other Operations Bank Accounts	8,462	8,463
Cash on Hand	11	11
Total	53,394	45,002

1. Increase is mainly due to the timing of expenditure and the impact of accruals.
2. The increase primarily reflects timing of expenditure associated with school excursions, combined with funding received through the 'Empowering Local Schools Program'.

22. Receivables

Current

Receivables are comprised of:

Accrued Revenue	33	35
Trade and Other Debtors	1,223	3,132
GST Receivable from the Australian Taxation Office	3,358	3,963
Less: Allowance for Impairment Losses	(5)	(5)
Total	4,609	7,125

Ageing of Receivables

	Not Overdue \$'000	Past Due			Total \$'000
		Less than 30 Days \$'000	30 to 60 Days \$'000	Greater than 60 Days \$'000	
2012					
Not impaired¹					
Receivables	4,290	54	20	245	4,609
Impaired					
Receivables	-	-	-	5	5
2011					
Not impaired¹					
Receivables	6,838	50	8	229	7,125
Impaired					
Receivables	-	-	-	5	5

1. 'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables)

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
22. Receivables - Continued		
Reconciliation of the Allowance for Impairment Losses		
Allowance for impairment at the Beginning of the Reporting Period	5	5
Reduction in Allowance Resulting from a Write-Back against the Receivable	-	-
Allowance for Impairment at the end of the Reporting Period	5	5
Classification of ACT Government / Non-ACT Government Receivables:		
<i>Receivables with ACT Government Entities</i>		
Trade Debtors	137	72
Other Debtors	60	1,422
Total Receivables with ACT Government Entities	197	1,494
<i>Receivables with Non-ACT Government Entities</i>		
Trade Debtors	411	1,156
Other Debtors	615	482
Accrued Revenue	33	35
GST Receivable from the Australian Taxation Office	3,358	3,963
Less: Allowance for Impairment Losses	(5)	(5)
Total Receivables with Non-ACT Government Entities	4,412	5,631
Total	4,609	7,125
23. Other Current Assets		
Prepayments	2,648	3,653
Total	2,648	3,653
24. Investments		
Current Investments		
Investments with the Territory Banking Account – Cash Enhanced Portfolio	259	259
Total Current Investments	259	259
Non-Current Investments		
Investments with the Territory Banking Account – Fixed Interest Portfolio ¹	1,832	1,774
Total Non-Current Investments	1,832	1,774
Total	2,091	2,033

1. The Investments primarily relate to Literacy and Numeracy funds.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
25. Property, Plant and Equipment		
Land		
Land at Fair Value	259,873	260,454
Total Written-Down Value of Land	<u>259,873</u>	<u>260,454</u>
Building and Improvements to Land		
Building and Improvements to Land at Fair Value	1,621,156	1,548,898
(Accumulated Depreciation)	(44,281)	(1,105)
Total Written-Down Value of Buildings and Improvements to Land	<u>1,576,875</u>	<u>1,547,793</u>
Leasehold Improvements		
Leasehold Improvements at Cost	5,739	5,612
(Accumulated Depreciation)	(3,704)	(2,962)
Total Written-Down Value of Leasehold Improvements	<u>2,035</u>	<u>2,650</u>
Plant and Equipment		
Plant and Equipment at Cost	83,239	76,669
(Accumulated Depreciation)	(43,686)	(32,674)
Total Written-Down Value of Plant and Equipment	<u>39,553</u>	<u>43,995</u>
Total	<u>1,878,336</u>	<u>1,854,892</u>

Property, Plant and Equipment Movement Schedule 30 June 2012

Items	Land \$'000	Buildings and Improvements To Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	260,454	1,547,793	2,650	43,995	1,854,892
Revaluation	-	-	-	-	-
Impairment	-	(9,020)	-	-	(9,020)
Make Good Provision	-	-	-	-	-
Additions	-	82,907	126	7,388	90,421
Depreciation	-	(43,215)	(741)	(11,810)	(55,766)
Transfers (Out)	(581)	(1,590)	-	-	(2,171)
Disposals	-	-	-	-	-
Write-offs	-	-	-	(20)	(20)
Carrying Amount at the End of the Reporting Period	259,873	1,576,875	2,035	39,553	1,878,336

EDUCATION AND TRAINING DIRECTORATE
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25. Property, Plant and Equipment - Continued

Property, Plant and Equipment Movement Schedule 30 June 2011

Items	Land \$'000	Buildings and Improvements To Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	228,078	1,221,960	3,360	32,678	1,486,076
Revaluation	33,246	107,600	-	-	140,846
Impairment	-	(6,920)	-	-	(6,920)
Make Good Provision	-	-	57	-	57
Additions	-	274,850	61	19,572	294,483
Depreciation	-	(37,841)	(828)	(8,095)	(46,764)
Transfers (Out)	(870)	(11,771)	-	-	(12,641)
Disposals	-	-	-	-	-
Write-offs	-	(85)	-	(160)	(245)
Carrying Amount at the End of the Reporting Period	260,454	1,547,793	2,650	43,995	1,854,892

2012
\$'000

2011
\$'000

Assets under a Finance Lease¹

Plant and Equipment

Gross Value	3,843	4,351
(Accumulated Depreciation)	(3,533)	(3,999)
Total	310	352

1. Assets under a Finance Lease are included as part of property, plant and equipment.

26. Capital Works in Progress

Capital Works in Progress are assets being constructed over periods of time in excess of the present reporting period.

Assets under construction include buildings and building improvements.

Capital Works in Progress	38,543	26,751
Total	38,543	26,751

EDUCATION AND TRAINING DIRECTORATE
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	2012 \$'000	2011 \$'000
26. Capital Works in Progress - Continued		
Reconciliation of Capital Works in Progress		
Balance at the Beginning of the Reporting Period	26,751	128,052
Transfer to property, plant and equipment	(24,820)	(126,059)
Additions		
Capital Works ¹	36,247	24,736
Capital Initiatives ²	365	22
Balance at the End of the Reporting Period	38,543	26,751

1. 2011-12 primarily relates to works in progress for Bonner Primary School, Franklin Early Childhood School and Canberra College Performing Arts Centre. 2010-11 primarily relates to Harrison High School and design works for Bonner Primary School and Franklin Early Childhood School.
2. 2011-12 primarily relates to replacement of Australian Vocational Management System and Year 12 Certification Project.

LIABILITIES

27. Payables

Payables - ACT Government Entities	64	19
Payables - Non ACT Government Entities	144	152
Accrued Expenses ¹	9,935	5,292
Total	10,143	5,463

1. The increase primarily relates to capital works accruals for Bonner Primary School and Canberra College Performing Arts Centre.

The ageing of payables as at 30 June 2012 which totalled \$10.143 million (\$5.463 million in 2011) is as follows:

Not overdue	10,121	5,439
Overdue for Less than 30 Days	10	23
Overdue for 30 to 60 Days	12	1
Overdue for More than 60 Days	-	-
Total	10,143	5,463

Classification of ACT Government / Non ACT Government Payables

Payables with ACT Government Entities

Payables	64	19
Accrued Expenses ¹	7,886	2,928
Total Payables with ACT Government Entities	7,950	2,947

Payables with Non ACT Government Entities

Payables	144	152
Accrued Expenses	2,049	2,364
Total Payables Non ACT Government Entities	2,193	2,516
Total	10,143	5,463

1. The increase primarily relates to capital works accruals for Bonner Primary School and Canberra College Performing Arts Centre.

EDUCATION AND TRAINING DIRECTORATE
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	2012 \$'000	2011 \$'000
28. Finance Leases¹		
Finance Lease commitments payable for computers for teaching and motor vehicles:		
• Within One Year	80	161
• Later than One Year but not later than Five Years	28	108
Minimum Finance Lease Payments	108	269
Less: Future Finance Charges	(5)	(17)
Total Present Value of Minimum Finance Lease Payments	103	252
Comprising:		
• Within One Year	76	149
• Later than One Year but not later than Five Years	27	103
Total	103	252
Current	76	149
Non-Current	27	103
Total	103	252

1. The face of the financial statements shows the value of finance leases net of GST. GST recoverable is \$0.010 million in 2011-12 and \$0.023 million in 2010-11.

29. Employee Benefits

Current		
Annual Leave ¹	27,358	24,309
Long Service Leave ²	72,091	57,613
Accrued Salaries ³	11,448	9,057
Purchased Leave	362	318
Total Current	111,259	91,297
Non-Current		
Long Service Leave ²	10,582	8,480
Total Non-Current	10,582	8,480
Total	121,841	99,777

- The increase is primarily due to wage increases associated with teaching and non-teaching staff.
- The increase mainly relates to a change in the rate used to estimate the present value of long service leave. Refer Note (2v) – Employee Benefits and (3a) – Change in Accounting Estimates.
- The increase reflects an additional accrual day in 2011-12.

EDUCATION AND TRAINING DIRECTORATE
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	2012 \$'000	2011 \$'000
29. Employee Benefits – Continued		
Estimate of when leave is payable		
Estimated Amount Payable within 12 months		
Accrued Salaries	11,448	9,057
Annual Leave	27,358	24,309
Long Service Leave	5,765	5,924
Purchased Leave	362	318
Total Payable within 12 Months	44,933	39,608
Estimated Amount Payable after 12 Months		
Long Service Leave	76,908	60,169
Total Payable after 12 Months	76,908	60,169
Total	121,841	99,777
30. Other Current Liabilities		
International Students Fees Received in Advance	2,875	2,759
Schools Revenue Received in Advance	311	222
Other Revenue Received in Advance	667	806
Total	3,853	3,787
31. Make Good Provision		
On 1 July 2008 the Directorate entered into a lease agreement for the office space at Centrecourt – Unit 17 Fyshwick. There are clauses in the lease agreement which require the Directorate, upon cessation of the tenancy, to return the office space to the condition it was in before it was leased (this is referred to as 'make good'). The tenancy runs for 5 years. The estimated costs to make good this office space is \$0.057 million.		
Make Good Provision		
Make Good Provision at the Beginning of the Reporting Period	57	57
Total	57	57

EDUCATION AND TRAINING DIRECTORATE
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	2012 \$'000	2011 \$'000
EQUITY		
32. Equity		
Asset Revaluation Surpluses		
Balance at the Beginning of the Reporting Period	1,021,223	887,297
Asset Revaluation ¹	-	140,846
Impairment ²	(9,020)	(6,920)
Balance at the End of the Reporting Period	1,012,203	1,021,223

1. During 2010-11 Colliers International Holdings (Australia) Ltd performed a revaluation of the Directorate's Land and Buildings.
2. Relates to the temporary relocation of Taylor Primary School students due to structural damage in 2012.

OTHER

33. Commitments¹

The capital commitments mainly relate to the construction of new schools.

Capital Commitments

• Within One Year	39,911	30,681
• Later than One Year but not later than Five Years	22,163	2,703
• Later than Five Years	-	367
Total	62,074	33,751

1. All 2011-12 Commitments are GST inclusive where relevant. Total GST recoverable from the Australian Taxation Office is \$5.643 million (2010-11 \$3.068 million). The capital commitments primarily relate to the Directorate's capital works program. The increase in 2011-12 is mainly due to capital works projects associated with Bonner Primary and Franklin Early Childhood Schools.

Operating Lease Commitments¹

Operating Lease Commitments are amounts for building leases, computing equipment and motor vehicles.

• Within One Year	2,660	2,131
• Later than One Year but not later than Five Years	2,603	3,595
Total	5,263	5,726

1. All 2011-12 commitments are GST inclusive where relevant. Total GST that will be recoverable from the Australian Taxation Office is \$0.479 million (2010-11 \$0.520 million). The decrease primarily relates to building leases.

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	2012 \$'000	2011 \$'000
33. Commitments - Continued		
Other Commitments¹		
• Within One Year	49,379	34,077
• Later than One Year but not later than Five Years	50,951	32,455
• Later than Five Years	734	-
Total	101,064	66,532
1. The increase from 2010-11 primarily relates to the new National Partnership for VET Training (Building Australia's Future Workforce – Skills Reform).		
34. Gain from the Disposal of Non-Current Assets		
Gain from the Sale of Assets	1	3
Total	1	3
35. Contingent Liabilities		
The estimated liability for known personal injury litigation cases not settled as at 30 June 2012 and 30 June 2011. ¹	5,437	3,533
	5,437	3,533

1. The Directorate's insurance policy with the ACT Insurance Authority, covers any realised litigation costs.

36. Financial Instruments

Terms, Conditions and Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in **Note 2 - Summary of Significant Accounting Policies**.

EDUCATION AND TRAINING DIRECTORATE
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36. Financial Instruments - Continued

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Directorate's financial assets consist of cash and cash equivalents, investments and receivables and its financial liabilities are comprised of payables and finance leases. The Directorate's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown below in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'.

As receivables and payables are held in non-interest bearing arrangements and finance leases are held in fixed interest arrangements, the Directorate is not exposed to movements in interest rates in respect of these financial assets and liabilities.

A significant proportion of the Directorate's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements with the Territory's Banking Provider, the Directorate is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

As the Directorate's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, a sensitivity analysis of interest rate risk has not been performed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash, investments and receivables. The Directorate's maximum exposure to credit is limited to the amount of these financial assets net of any allowance made for impairment. This is shown below in the table 'Maturity Analysis and Exposure to Interest Rates'.

Cash and investment accounts are held with high credit quality financial institutions under whole-of-government banking arrangements. Cash at the bank is held with the Commonwealth Bank and cash not immediately required is invested with the Territory Banking Account. The Treasury Directorate coordinates the investment of this money with various fund managers. These fund managers have the discretion to invest money in a variety of different investments within certain parameters.

Most of the receivables consist of Goods and Services Tax (GST) refund due from the Australian Taxation Office (ATO) and ACT Government Agencies which has a strong credit history. Credit risk for investments is managed by the Directorate through only investing with the Territory Banking Account, which has appropriate investment criteria for the external fund manager engaged to manage the Territory's surplus funds and therefore credit risk is considered to be low.

Liquidity Risk

Liquidity risk is the risk that the Directorate will not be able to meet its financial obligations as they fall due.

The Directorate's maximum exposure to liquidity risk is shown below in the table later in this note on 'Maturity Analysis and Exposure to Interest Rates'. This note discloses when the Directorate expects its financial assets and financial liabilities to mature.

**EDUCATION AND TRAINING DIRECTORATE
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36. Financial Instruments - Continued

Liquidity Risk - Continued

Appropriations received to fund operations are drawn down progressively throughout the year to meet the operating requirements. Under the cash management framework, the Directorate cannot hold excess cash, however, in the event of cash pressure, access to additional funding can be obtained from the Treasury Directorate.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than arising from interest rate risk or currency risk).

The only price risk which the Directorate is exposed to results from its investments in the fixed interest and cash enhanced portfolio. The Directorate has units in the fixed interest portfolio that fluctuate in value. The price fluctuations in the units of the fixed interest portfolio are caused by movements in the underlying investments of the portfolio. To limit price risk, all bonds that make up the underlying investments of the fixed interest portfolio must have a long term credit.

The Directorate's exposure to price risk and the management of this risk has not significantly changed since last reporting period. A sensitivity analysis has not been undertaken for the price risk of the Directorate as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.

Currency Risk

Currency risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes to foreign currency rates.

The Directorate is not exposed to currency risk as all of its transactions are conducted in Australian dollars.

Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets and liabilities.

EDUCATION AND TRAINING DIRECTORATE
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FOR THE YEAR ENDED 30 JUNE 2012

36. Financial Instruments - Continued

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and financial liabilities at the end of the reporting period are:

	2012 Carrying Amount \$'000	2012 Fair Value \$'000	2011 Carrying Amount \$'000	2011 Fair Value \$'000
Financial Assets				
Cash and Cash Equivalents	53,394	53,394	45,002	45,002
Investments with the Territory Banking Account	2,091	2,091	2,033	2,033
Receivables	4,609	4,609	7,125	7,125
Total Financial Assets	60,094	60,094	54,160	54,160
Financial Liabilities				
Payables	10,143	10,143	5,463	5,463
Finance Leases	103	103	252	252
Total Financial Liabilities	10,246	10,246	5,715	5,715

Fair Value Hierarchy

The Directorate is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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36. Financial Instruments - Continued

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

2012	<u>Classification According to Fair Value Hierarchy</u>			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial Assets				
Investment with the Territory Banking Account – Cash Enhanced Portfolio	-	259	-	259
Investment with the Territory Banking Account – Fixed Interest Portfolio	-	1,832	-	1,832
Total	-	2,091	-	2,091

2011	<u>Classification According to Fair Value Hierarchy</u>			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial Assets				
Investment with the Territory Banking Account – Cash Enhanced Portfolio	-	259	-	259
Investment with the Territory Banking Account – Fixed Interest Portfolio	-	1,774	-	1,774
Total	-	2,033	-	2,033

Transfer between Categories

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

Maturity Analysis and Exposure to Interest Rates

The following tables set out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012 and 30 June 2011.

All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

The Directorate does not hold any collateral as security relating to financial assets.

EDUCATION AND TRAINING DIRECTORATE
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36. Financial Instruments - Continued

2012		Fixed Interest Maturing In:					Total \$'000
Financial Instruments	Note No.	Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets							
Cash and Cash Equivalents	21	36,948	-	-	-	16,446	53,394
Receivables	22	-	-	-	-	4,609	4,609
Investments	24	-	-	-	-	2,091	2,091
Total Financial Assets		36,948	-	-	-	23,146	60,094
Weighted Average Interest Rate		3.86%					
Financial Liabilities							
Payables	27	-	-	-	-	(10,143)	(10,143)
Finance Leases ¹	28	-	(80)	(28)	-	-	(108)
Total Financial Liabilities		-	(80)	(28)	-	(10,143)	(10,251)
Weighted Average Interest Rate			7.37%	7.37%			
Net Financial Assets/(Liabilities)		36,948	(80)	(28)	-	13,003	49,843

1. The finance lease includes the interest component.

2011		Fixed Interest Maturing In:					Total \$'000
Financial Instruments	Note No.	Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets							
Cash and Cash Equivalents	21	34,810	-	-	-	10,192	45,002
Investments	24	-	-	-	-	2,033	2,033
Receivables	22	-	-	-	-	7,125	7,125
Total Financial Assets		34,810	-	-	-	19,350	54,160
Weighted Average Interest Rate		4.60%					
Financial Liabilities							
Payables	27	-	-	-	-	(5,463)	(5,463)
Finance Leases ¹	28	-	(161)	(108)	-	-	(269)
Total Financial Liabilities		-	(161)	(108)	-	(5,463)	(5,732)
Weighted Average Interest Rate			7.81%	7.81%			
Net Financial Assets/(Liabilities)		34,810	(161)	(108)	-	13,887	48,428

1. The finance lease includes the interest component.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
36. Financial Instruments - Continued		

Carrying Amount of Each Category of Financial Asset and Financial Liability

Financial Assets

Loans and Receivables	4,609	7,125
Financial Assets at Fair Value through Profit and Loss	2,091	2,033

Financial Liabilities

Financial Liabilities Measured at Amortised Cost	10,246	5,715
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The Directorate does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. Also, the Directorate does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above. The Directorate does not hold any loans, however, this classification is required by Australian Accounting Standards Board standard 7.

37. Interest in Joint Venture

Gold Creek Primary School operates adjacent to the Holy Spirit Primary School that is operated by the Catholic Education Office. Both schools share joint facilities including a hall/gymnasium, canteen, library, car park and meeting rooms. The shared facilities are managed by a Joint Facilities Management Committee through a formal agreement between the ACT Government and the Catholic Education Office. All assets and liabilities relating to the shared facilities are owned by the ACT Government and Catholic Education Office in accordance with the participating share of each party, which is 53% for the ACT Government and 47% for the Catholic Education Office. The joint venture is accounted for using the equity method.

	2012 \$'000	2011 \$'000
Share of the Joint Venture Profits		
Revenue	72	67
Expenses	(148)	(138)
Operating (Deficit)	<u>(76)</u>	<u>(71)</u>
Share of the Joint Venture Assets and Liabilities		
Current Assets	61	56
Non-Current Assets	3,062	3,142
Total Assets	<u>3,123</u>	<u>3,198</u>
Current Liabilities	7	5
Non-Current Liabilities	-	-
Total Liabilities	<u>7</u>	<u>5</u>
Net Assets	<u>3,116</u>	<u>3,193</u>
Share of the Joint Venture Cash	<u>52</u>	<u>50</u>

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
38. Cash Flow Reconciliation		
(a) Reconciliation of Net Cash Inflows from Operating Activities to the Operating (Deficit)		
Operating (Deficit)	(74,172)	(46,947)
Non-Cash Flows in the Operating (Deficit)		
Depreciation	55,766	46,764
Increase in Employee Benefits	22,064	5,649
Assets Written-Off	20	245
Increase / (Decrease) in Revenue Received in Advance	66	(213)
Increase / (Decrease) in Creditors	180	(488)
Decrease / (Increase) in Receivables	2,516	(15)
Decrease / (Increase) in Prepaid Expenditure	1,005	(955)
(Gain) from Sale of Assets	(1)	(3)
Transfer of Assets Outside of Administrative Restructures	2,171	12,641
Unrealised Gain on Investments	(58)	(1)
Net Cash Inflows from Operating Activities	<u>9,557</u>	<u>16,677</u>
(b) Non-Cash Financing Activities		
The Directorate has entered into finance lease arrangements for plant and equipment.		
Plant and Equipment	-	127
Total	<u>-</u>	<u>127</u>

**EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$'000	2011 \$'000
38. Cash Flow Reconciliation - Continued		
(c) Reconciliation of Cash and Cash Equivalents		

Cash at the End of the Reporting Period as shown in the Cash Flow Statement is reconciled to the Items in the Balance Sheet as follows:

Cash Flow Statement

Cash at End of the Reporting Period	53,394	45,002
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Balance Sheet

Cash and Cash Equivalents	53,394	45,002
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EDUCATION AND TRAINING DIRECTORATE
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FOR THE YEAR ENDED 30 JUNE 2012

39. Disaggregated Disclosure of Assets and Liabilities

Year Ended 30 June 2012	Output Class 1 \$'000	Output Class 2 \$000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents ¹	28,578	-	-	24,816	53,394
Investments	-	-	-	259	259
Receivables	4,609	-	-	-	4,609
Other	720	-	1,928	-	2,648
Total Current Assets	33,907	-	1,928	25,075	60,910
Non-Current Assets					
Investments	1,332	-	-	500	1,832
Property Plant and Equipment	1,878,336	-	-	-	1,878,336
Capital Works in Progress	38,543	-	-	-	38,543
Total Non-Current Assets	1,918,211	-	-	500	1,918,711
Total Assets	1,952,118	-	1,928	25,575	1,979,621
Current Liabilities					
Payables	9,442	5	696	-	10,143
Finance Leases	76	-	-	-	76
Employee Benefits	110,146	-	1,113	-	111,259
Other	3,853	-	-	-	3,853
Total Current Liabilities	123,517	5	1,809	-	125,331
Non Current Liabilities					
Finance Leases	27	-	-	-	27
Employee Benefits	10,476	-	106	-	10,582
Make Good Provision	57	-	-	-	57
Total Non-Current Liabilities	10,560	-	106	-	10,666
Total Liabilities	134,077	5	1,915	-	135,997
Net Assets	1,818,041	(5)	13	25,575	1,843,624

1. Unallocated Cash and Cash Equivalents

Cash and cash equivalents have been included in the 'Unallocated' column above as this class cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, cash for un-presented cheques, and for specific purpose payments.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

39. Disaggregated Disclosure of Assets and Liabilities - Continued

Year Ended 30 June 2011	Output Class 1 \$'000	Output Class 2 \$000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents ¹	26,486	-	-	18,516	45,002
Investments	-	-	-	259	259
Receivables	7,054	-	71	-	7,125
Other	892	-	2,761	-	3,653
Total Current Assets	34,432	-	2,832	18,775	56,039
Non-Current Assets					
Investments	1,252	-	-	522	1,774
Property Plant and Equipment	1,854,892	-	-	-	1,854,892
Capital Works in Progress	26,751	-	-	-	26,751
Total Non-Current Assets	1,882,895	-	-	522	1,883,417
Total Assets	1,917,327	-	2,832	19,297	1,939,456
Current Liabilities					
Payables	5,182	22	259	-	5,463
Finance Leases	149	-	-	-	149
Employee Benefits	90,384	-	913	-	91,297
Other	3,787	-	-	-	3,787
Total Current Liabilities	99,502	22	1,172	-	100,696
Non Current Liabilities					
Finance Leases	103	-	-	-	103
Employee Benefits	8,395	-	85	-	8,480
Make Good Provision	57	-	-	-	57
Total Non-Current Liabilities	8,555	-	85	-	8,640
Total Liabilities	108,057	22	1,257	-	109,336
Net Assets	1,809,270	(22)	1,575	19,297	1,830,120

1. Unallocated Cash and Cash Equivalents

Cash and cash equivalents have been included in the 'Unallocated' column above as this class cannot be reliably attributed to the Directorate's output classes. As the amount in cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to reliably attribute this asset class. The components include working capital, cash for un-presented cheques, specific purpose and salary packaging.

EDUCATION AND TRAINING DIRECTORATE
STATEMENT OF INCOME AND EXPENSES ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2012

	Note No.	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
INCOME				
Revenue				
Payment for Expenses on Behalf of the Territory	40	195,105	196,633	212,454
Fees	41	-	203	246
Interest	42	1	-	-
Total Revenue		195,106	196,836	212,700
EXPENSES				
Grants and Purchased Services	43	195,105	196,633	212,454
Transfer to Government	44	1	203	246
Total Expenses		195,106	196,836	212,700
Operating Result		-	-	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income		-	-	-

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

EDUCATION AND TRAINING DIRECTORATE
STATEMENT OF ASSETS AND LIABILITIES ON BEHALF OF THE TERRITORY
AS AT 30 JUNE 2012

	Note	Actual	Original	Actual
	No.	2012	Budget	2011
		\$'000	\$'000	\$'000
CURRENT ASSETS				
Cash and Cash Equivalents	45	50	241	558
Receivables	46	23	22	99
Total Current Assets		73	263	657
TOTAL ASSETS		73	263	657
CURRENT LIABILITIES				
Payables	47	73	263	657
Total Current Liabilities		73	263	657
TOTAL LIABILITIES		73	263	657
NET ASSETS		-	-	-
EQUITY				
Accumulated Funds		-	-	-
TOTAL EQUITY		-	-	-

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

Net Assets and Total Equity has remained at nil, therefore a Statement of changes in Equity on behalf of the Territory has not been performed.

**EDUCATION AND TRAINING DIRECTORATE
CASH FLOW STATEMENT ON BEHALF OF THE TERRITORY
FOR THE YEAR ENDED 30 JUNE 2012**

	Note No.	Actual 2012 \$'000	Original Budget 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		209,184	211,340	229,514
Fees		8	203	237
Interest		1	-	-
Goods and Services Tax Received		4,787	4,923	4,684
Payments				
Grants and Purchased Services		209,718	211,340	229,170
Transfer of Territory Receipts to Government		10	203	237
Goods and Services Tax Paid		4,760	4,923	4,711
Net Cash (Outflows) / Inflows from Operating Activities	49	(508)	-	317
CASH FLOWS FROM INVESTING ACTIVITIES				
		-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
		-	-	-
Net (Decrease) / Increase in Cash Held		(508)	-	317
Cash and Cash Equivalents at the Beginning of the Reporting Period				
		558	241	241
Cash and Cash Equivalents at the End of the Reporting Period				
	49	50	241	558

The above Cash Flow Statement on Behalf of the Territory should be read in conjunction with the accompanying notes.

**EDUCATION AND TRAINING DIRECTORATE
TERRITORIAL STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Original Budget 2012 \$'000	Total Appropriated 2012 \$'000	Appropriation Drawn 2012 \$'000	Appropriation Drawn 2011 \$'000
Expenses on Behalf of the Territory	1	211,340	215,444	209,184	229,514
Total Territorial Appropriation		211,340	215,444	209,184	229,514

Notes:

1. The difference between the original budget and the total amount appropriated relates to increased Commonwealth grants (\$3.170m) and the rollover of funds for the Interest Subsidy Scheme (\$0.934m). The increased Commonwealth grants relate to National Partnership Programs for Support for Students with a Disability, Empowering Local Schools, Reward for Great Teachers and general recurrent grants.

The difference between the total appropriated and appropriation drawn mainly relates to Commonwealth grant savings (\$2.692m) primarily associated with the Trade Training Centres National Partnership and the rollover of funds for the Interest Subsidy Scheme and Reward for Great Teachers into 2012-13 (\$2.568m). In addition, there has been lower than anticipated drawdown due to the use of opening cash (\$0.631m) and lower than budgeted payments primarily relating to the Bursary Scheme.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

	Notes
Income Notes	
Payment for Expenses on Behalf of the Territory	40
Fees	41
Interest	42
Expense Notes	
Grants and Purchased Services	43
Transfer to Government	44
Asset Notes	
Cash	45
Receivables	46
Liability Notes	
Payables	47
Other Notes	
Financial Instruments	48
Cash Flow Reconciliation	49

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
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INCOME

40. Payment for Expenses on Behalf of the Territory

Under the *Financial Management Act 1996*, funds can be appropriated for expenses incurred on behalf of the Territory. The Directorate receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to non-government schools. Refer to **Note 43 – Grants and Purchased Services** for the details of the expenses.

Amounts Received to Meet Expenses Incurred on Behalf of the Territory ¹	195,105	212,454
Total	<u>195,105</u>	<u>212,454</u>

1. The decrease from 2010-11 primarily relates to the finalisation of the Building the Education Revolution Program, partially offset by increased Commonwealth recurrent grants.

41. Fees

Fees for Regulatory Services – Training ¹	-	246
Total	<u>-</u>	<u>246</u>

1. Fees for the accreditation of the Registered Training Organisations are no longer collected by the Education and Training Directorate on behalf of the Territory. This function is now administered by the Australian Skills Quality Authority (ASQA), a statutory authority funded by the Commonwealth.

42. Interest

Interest ¹	1	-
Total	<u>1</u>	<u>-</u>

1. This relates to Interest received from the Australian Taxation Office for the late reimbursement of input tax credits.

EXPENSES

43. Grants and Purchased Services

Payments for grants and subsidies were made as follows:

Grants – Non-Government Schools ¹	194,701	212,009
Junior Bursary Scheme	338	356
Block Release Grants	66	89
Total	<u>195,105</u>	<u>212,454</u>

1. The decrease from 2010-11 primarily relates to the finalisation of the Building the Education Revolution program, partially offset by increased Commonwealth recurrent grants.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
44. Transfer to Government		
Transfers to government primarily relates to fees that are collected on behalf of the Territory - refer Note 41 - Fees .		
Transfer to Government ¹	1	246
Total	1	246

1. The decrease from 2010-11 relates to a reduction in the collection of fees for the accreditation of registered training organisations (Refer **Note 41 - Fees**).

ASSETS

45. Cash and Cash Equivalents

Cash at bank	50	558
Total	50	558

46. Receivables¹

Current

GST Receivable from the Australian Taxation Office	19	46
Other Receivables	4	53
Total	23	99

1. All receivables are with Non-ACT Government entities.

Ageing of Receivables

	Not Overdue \$'000	Less than 30 Days \$'000	Past Due 30 to 60 Days \$'000	Greater than 60 Days \$'000	Total \$'000
2012					
Not impaired¹					
Receivables	19	-	-	4	23
Impaired					
Receivables	-	-	-	-	-
2011					
Not impaired¹					
Receivables	99	-	-	-	99
Impaired					
Receivables	-	-	-	-	-

1. 'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables)

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
LIABILITIES		
47. Payables		
Current		
All payables at 30 June 2012 were current and not overdue.		
Current amount owed to the Territory Banking Account	73	657
Total	<u>73</u>	<u>657</u>

48. Financial Instruments

Terms, Conditions and Accounting Policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, with respect to each class of financial asset and financial liability are disclosed in **Note 2 - Summary of Significant Accounting Policies**.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The financial assets held by the Directorate on behalf of the Territory consist of cash and cash equivalents and receivables and its financial liabilities are comprised of payables. As cash, receivables and payables are held in non-interest bearing arrangements, the Directorate on behalf of the Territory is not exposed to movements in interest rates in respect of these financial assets and liabilities, as shown in the table 'Fair Value of Financial Assets and Liabilities'.

As all financial assets and liabilities are held in non-interest bearing arrangements, a sensitivity analysis of interest rate risk is not required.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets consist of cash and receivables. The Directorate on behalf of the Territory's maximum exposure to credit risk is limited to the amount of these financial assets net of any allowance made for impairment. This is shown below in the table 'Maturity Analysis and Exposure to Interest Rates'.

All receivables relate to either Commonwealth, ACT or non-government agencies which have strong credit histories (most receivables consist of Goods and Services Tax (GST) refunds due from the Australian Taxation Office). Credit risk is therefore considered to be low.

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

48. Financial Instruments - Continued

Liquidity Risk

Liquidity risk is the risk that the Directorate on behalf of the Territory will not be able to meet its financial obligations as they fall due.

Expenses on Behalf of the Territory appropriations are drawn down progressively throughout the year to meet operating requirements. In the event of cash pressure, access to additional funding may be obtained from the ACT Government.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Directorate on behalf of the Territory is not exposed to price risk as its financial assets, consisting of cash and receivables are not affected by movements in market price.

Currency Risk

Currency risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes to foreign currency rates.

The Directorate on behalf of the Territory is not exposed to currency risk as all of its transactions are made in Australian dollars.

Unrecognised Financial Assets and Financial Liabilities

There were no unrecognised financial assets and liabilities.

Fair Value of Financial Assets and Liabilities

	2012 Carrying Amount \$'000	2012 Fair Value \$'000	2011 Carrying Amount \$'000	2011 Fair Value \$'000
Financial Assets				
Cash	50	50	558	558
Receivables	23	23	99	99
Total Financial Assets	73	73	657	657
Financial Liabilities				
Payables	73	73	657	657
Total Financial Liabilities	73	73	657	657

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

48. Financial Instruments – Continued

Maturity Analysis and Exposure to Interest Rate

2012		Fixed Interest Maturing In:					Total \$'000
Financial Instruments	Note No.	Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets							
Cash	45	-	-	-	-	50	50
Receivables	46	-	-	-	-	23	23
Total Financial Assets		-	-	-	-	73	73
Weighted Average Interest Rate		-	-	-	-	-	-
Financial Liabilities							
Payables	47	-	-	-	-	(73)	(73)
Total Financial Liabilities		-	-	-	-	(73)	(73)
Weighted Average Interest Rate		-	-	-	-	-	-
Net Financial Assets/(Liabilities)		-	-	-	-	-	-

2011		Fixed Interest Maturing In:					Total \$'000
Financial Instruments	Note No.	Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Assets							
Cash	45	-	-	-	-	558	558
Receivables	46	-	-	-	-	99	99
Total Financial Assets		-	-	-	-	657	657
Weighted Average Interest Rate		-	-	-	-	-	-
Financial Liabilities							
Payables	47	-	-	-	-	(657)	(657)
Total Financial Liabilities		-	-	-	-	(657)	(657)
Weighted Average Interest Rate		-	-	-	-	-	-
Net Financial Assets/(Liabilities)		-	-	-	-	-	-

EDUCATION AND TRAINING DIRECTORATE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
ON BEHALF OF THE TERRITORY FOR THE YEAR ENDED 30 JUNE 2012

48. Financial Instruments – Continued

Fair Value Hierarchy

All financial assets and liabilities are measured, subsequent to initial recognition at amortised cost and as such no fair value hierarchy disclosures have been made.

	2012 \$'000	2011 \$'000
49. Cash Flow Reconciliation		
(a) Reconciliation of Net Cash (Outflows)/Inflows from Operating Activities with the Operating Result		
Operating Result	-	-
Non-Cash Changes in Assets and Liabilities		
Decrease / (Increase) in Receivables	76	(78)
(Decrease) / Increase in Payables	(584)	395
Net Cash (Outflows)/Inflows from Operating Activities	<u>(508)</u>	<u>317</u>

(b) Reconciliation of Cash and Cash Equivalents

Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the items in the Statement of Assets and Liabilities as follows:

Cash Flow Statement on Behalf of the Territory:

Cash at the End of the Reporting Period	<u>50</u>	<u>558</u>
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Statement of Assets and Liabilities on Behalf of the Territory:

Cash and Cash Equivalents	<u>50</u>	<u>558</u>
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