

# ANNUAL REPORT 2014

ONE INSTITUTE. ONE VISION.

○ BENDIGO

● MELBOURNE



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## **Report objectives**

This annual report is the principal medium through which Bendigo Kangan Institute communicates its accountability to parliament, government and stakeholders, and provides a summary of the Institute's operations and achievements during 2014.

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# Introduction

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On 23 May 2014 the formal announcement took place that Kangan Institute and Bendigo TAFE had agreed to merge. The Premier of Victoria announced that the state had allocated \$38.65m from the TAFE Structural Adjustment Fund (TSAF) to assist with the integration process. In addition the State Government will be providing \$25m to assist in the development of a Centre of Excellence in Health and Community Services subject to a business case being approved.

The amalgamation of Bendigo TAFE and Kangan Institute was completed under the Education and Training Reform Act 2006. On 1 July 2014 Bendigo TAFE and Kangan Institute merged and the legal name of the merged entity is Bendigo Kangan Institute. Both the Kangan Institute and Bendigo TAFE brands will continue in their respective markets alongside the VETASSESS and eWorks brands that are part of the Bendigo Kangan Institute entity.

The responsible Ministers during 2014 were:

- The Hon. Peter Hall, MLC was the Minister for Higher Education and Skills from 1 January until 17 March 2014
- The Hon. Nick Wakeling, MP was the Minister for Higher Education and Skills from 17 March until 3 December 2014
- The Hon. Steve Herbert, MP was the Minister for Training and Skills, from 3 December 2014 until 31 December 2014 following the state election on 29 November 2014

## **One Institute. One vision.**

On 12 September 2014 Bendigo Kangan Institute launched its 2015-2017 strategic intent document outlining its vision, purpose, strategic priorities and the behaviours for success.

### **Our vision**

To be the leading learner partner in our chosen markets.

### **Our purpose**

To deliver innovative learning solutions for individuals, industry and communities facilitating real employment outcomes and providing education pathways. As a sustainable public provider, we aim to deliver positive commercial returns.

### **Our strategic priorities**

- Leverage benefits from the merger
- Excellence in total customer journey
- Centres of Excellence
- Strategic partnerships
- Active portfolio management
- Innovation in education

### **Our goals**

- Build a profitable institute for a sustainable future
- Profitably exceed customers' expectations
- National leadership in chosen market sectors
- Alliances and partnerships to enable market growth
- Manage product lifecycle to customer needs
- Be at the cutting edge of educational practices
- Achieve excellence through LEAN work practices

### **Our shared behaviours**

- Proactive
- Collaborative
- Commercially focused
- Putting the customer at the centre of everything we do

## Our profile

On 1 July 2014 Bendigo TAFE and Kangan Institute joined together in a solid partnership looking to the future, forming the merged entity Bendigo Kangan Institute.

This regional/metropolitan partnership enables Bendigo TAFE and Kangan Institute to maintain long-term sustainability for quality education in both central regional Victoria and northern metropolitan Melbourne. The combined Institute will have a greater capacity to invest in top facilities and equipment while attracting the best and the brightest TAFE teachers of the 21<sup>st</sup> century.

Now operating as one of the state's largest and most innovative public providers of vocational education, Bendigo Kangan Institute delivers education and training across ten Victorian campuses and facilities, expanding learning and employment opportunities for all current and future students.

As a quality provider of apprenticeship and traineeship training, we have strong relationships with a wide range of businesses to cater for students and organisations seeking industry-relevant training and onsite training options.

We maintain close partnerships with industry and enterprise to continually drive course development and customised training. Our courses range from basic certificate to diploma and advanced diploma, with pathways to university degrees, including the Bachelor of Management and the Bachelor of Information Technology delivered onsite with partner universities.

Bendigo Kangan Institute contributes to and supports many communities. Our community engagement program provides links with a range of charities and non-profit groups, matching staff donations and encouraging positive community involvement at all levels of the organisation.

Bendigo Kangan Institute is represented by four customer facing brands:



### Bendigo TAFE

The Institute has undergone numerous identity changes in its 156 years of history, opening in 1854 as the Sandhurst Mechanics Institute and later, in 1873, incorporating the School of Mines. In 1987 it was established, more or less in its modern form, when the technical and further education (TAFE) components of seven secondary schools within the region were transferred to the Loddon Campaspe College of TAFE. The Institute was renamed in 1990 as the Bendigo Regional Institute of TAFE (BRIT) and began trading as Bendigo TAFE in 2009. April 2013 saw Bendigo TAFE change its legal entity name to align with its trading name.

We deliver a wide variety of vocational courses to over 9,000 students every year. Specialising in health and traditional trades training, Bendigo TAFE boasts state-of-the-art training facilities to create a dynamic and welcoming environment for productive learning.

As a regional institute Bendigo TAFE services a significant geographical area of approximately 25,000 square kilometres in central and northern Victoria, with a residential population of 220,000. While our three largest campuses (Bendigo City Campus, Bendigo Charleston Road Campus and Bendigo Technical Education College) are situated in Bendigo with two more campuses in Castlemaine and Echuca, the Institute provides services to students, industries and businesses throughout the region and beyond.

## **Kangan Institute**

With a history that stretches back to 1925, Kangan Batman Institute of TAFE (trading as Kangan Institute) has extensive experience in the vocational education and training sector.

Established in 1997 following the amalgamation of John Batman Institute of TAFE (formerly Batman Automotive College) and Kangan Institute of TAFE (formerly Broadmeadows College of TAFE), Kangan Institute features a range of specialist training facilities and capabilities that reflect these historical links, including the award-winning Automotive Centre of Excellence and the Centre for Fashion and Creative Industries set in Melbourne's fashion and retail heart.

Kangan Institute is a major training provider for the automotive and health industries. We also have a strong presence in a range of industries such as fashion, construction, business as well as justice and legal.

Working closely with businesses and skilled individuals we are a leading provider of Skills Recognition that assesses prior knowledge and experience, awarding our students with the credits or qualification to match their existing skills.

Kangan Institute has campuses in Broadmeadows, Docklands, Essendon, Moonee Ponds and Richmond.

## **VETASSESS**

Providing advice and support to the vocational education and training (VET) sector since 1997, VETASSESS is a registered training organisation (RTO) of assessment-only services that assists individuals, training providers and industry groups to define and achieve their learning and assessment goals. Since its establishment, VETASSESS has built a reputation for providing superior assessment solutions and systems to clients locally, nationally and across the world.

## **eWorks**

Established in 1998, eWorks is one of Australia's leading e-learning delivery and consultancy specialists, offering a range of products and services to help businesses maximise the benefits of online education. eWorks has a strong foundation in servicing the national VET system, government organisations and the corporate sector, and prides itself on delivering high-quality and reliable online delivery solutions.

## Board President's welcome



On behalf of the Bendigo Kangan Institute Board I proudly present our strategic and financial achievements in the 2014 annual report.

2014 was a year of transformation and innovation as we commenced a full integration of Kangan Institute and Bendigo TAFE to become Bendigo Kangan Institute. This report highlights our operations during the year, showcasing our areas of success and achievement in providing quality education and training to individuals, businesses and communities while working through this significant change process.

Since the introduction of contestability in 2008 we have faced increasing competition from RTOs who have eroded market share in sectors that were traditionally the domain of TAFEs, ultimately leading the Bendigo TAFE and Kangan Institute Boards to discuss an amalgamation. Both Boards entered into discussions of their own volition and in full cooperation. This is an integration of equals; both Institutes offer mutual benefits to each other, through a greater diversification and availability of courses and sharing of resources.

Following initial discussions in October 2013, the Boards of Bendigo TAFE and Kangan Institute agreed to further explore a potential integration. This was followed by a detailed strategic value assessment of the proposed integration and a thorough due diligence report by Deloitte. The due diligence identified the strategic opportunities for profitability and growth, opportunity to leverage

the integration to drive growth and cost benefits through economies of scale, assessed the financial performance of Bendigo TAFE and Kangan Institute and identified financial, IT and other potential risks associated with the integration.

The two Boards agreed to the merger after the findings reported that a full integration provided the maximum revenue and cost-out benefits, along with a strong value proposition with an ability to develop growth, sustainability and eminence.

On 23 May 2014 the Hon. Dr Denis Napthine, former Premier of Victoria announced the approval of the amalgamation and that the Victorian Government had provided \$38.65 million from the TAFE Structural Adjustment Fund for the merger.

Both the Board and I are of the view that the newly integrated entity will establish an outstanding model for the delivery of vocational training and education in Victoria and beyond. The scale and capability of the newly constituted Bendigo Kangan Institute will significantly improve the breadth and quality of delivery and will greatly enhance the training and employment opportunities of our current and future students. The integration of a regional and a metropolitan public provider will greatly strengthen the sector and in time demonstrate the critical importance and value of vocational education and training to the Victorian and Australian economies.

The ultimate outcome of this integration is to create a business that has strong long-term financial stability. With this will come the financial capacity to re-invest in the business to ensure continuous improvement in teaching offerings and facilities and the organisational capacity and capability to expand best practice teaching methods and to foster innovation, while also harnessing the ability to efficiently and swiftly respond to future changes in funding models, training markets and new technologies.

Through the merger, we have broadened our base of resources and created a larger student catchment area in the complementary geographical area that exists between northwest Melbourne through to Bendigo and Echuca. It is important to note that a focus on regional priorities will be maintained and we will preserve local presence and input into decision making about courses and delivery models.

Our vision is to be recognised as the leading learning partner in our chosen markets and a key contributor to achieving this will be the establishment of a Centre of Excellence in Health and Community Services and the extension of the Automotive Centre of Excellence in Docklands.

Planning is currently underway for the Centre of Excellence in Health and Community Services to be developed at the Bendigo TAFE city campus in McCrae Street. The proposed new centre would align with and complement the new Bendigo hospital development. As employment in the health industry is projected to grow by at least 35% over the next ten years, we see huge potential for this centre to provide the pivotal VET training and higher education pathways required to facilitate this growth. An extensive program of consultation with the health services sector, tertiary education sector and the Bendigo community has been undertaken, with strong support and enthusiasm for the centre.

The courses offered in our centres of excellence will complement the existing and now expanded suite of courses offered by the Institute.

As we move into an even more competitive 2015, we're committed to finding new opportunities to grow, enhance our product range and tailor our services to meet the changing needs and demands of our target audience. To this end we have extensively reviewed our joint product portfolio to ensure we achieve economic viability while meeting customers' needs and expectations. The management of our product portfolio will be an ongoing priority to ensure we can anticipate trends and swiftly respond to changes in the market.

Integral to this process will be our focus on innovation in education by continually reviewing and revising curriculum and taking advantage of new technologies and learning methods to ensure we are at the cutting edge of educational practices and the leading learning provider. Initiatives to systemically manage and implement new methods and programs were instigated to strengthen and encourage innovative thinking and continuous improvement across Bendigo Kangan Institute. These processes will be expanded and refined during 2015.

On behalf of the Board, I'd like to take this opportunity to acknowledge and thank all staff for their hard work and commitment to excellence throughout this period of transition and uncertainty as we worked through the integration process. Their individual and collective contributions have made a real difference to the organisation and to the learning experience of our students.

The Bendigo Kangan Institute Board appointed Grant Sutherland as the CEO of Bendigo Kangan Institute in October 2014, following on from a period as the acting CEO after the merger on 1 July 2014. Grant was previously the CEO of Kangan Institute and has a very successful track record as CEO of a TAFE institute. I sincerely thank Grant for his impressive leadership of Bendigo Kangan Institute through this challenging time and his passionate dedication to the opportunities ahead of us.

I would also like to thank Peter Coyne, interim CEO of Bendigo TAFE who provided excellent leadership through the first half of the year, and who was and continues to be a compelling advocate for the benefits of this merger and our future opportunities.

I would also like to express my appreciation to my fellow Board members, both past and present, for their effort and dedication this year. The Board has been deeply involved in the change process and they have worked closely with the leadership team throughout the year and willingly given their time and expertise to guide, support and assist the Institute to achieve a successful transition.

I want to particularly recognise the outstanding contribution of Marg O'Rourke, previous Board Chair of Bendigo TAFE and now member of the Bendigo Kangan Institute Board. Marg was instrumental in the merger discussions and implementation and has been a strong and devoted leader for Bendigo TAFE. I look forward to working closely with Marg throughout 2015 as we lead the new Bendigo Kangan Institute Board, comprising of previous members of the Bendigo TAFE and Kangan Institute Boards and new members.

As we close the year I would like to thank all our industry and education partners, government and community stakeholders and students for their continued support. In particular, I would like to acknowledge our partners and the business and community leaders for their overwhelming support of our integration and strategic vision. Their support has been invaluable and we look forward to continuing to work together and strengthening our partnerships in 2015 and beyond.

2015 is set to be another challenging year for Bendigo Kangan Institute as we continue to implement changes as part of the integration process while striving to increase enrolments and exceed our customer expectations. The Bendigo Kangan Institute Board is committed to ensuring that we take the opportunity through the integration to reshape the institute so we are a strong, sustainable and leading public provider well into the future.



**Michael Brown**

*Board President*

*Bendigo Kangan Institute*

*Date: 4 March 2015*

## CEO's review



2014 was a transitional year for Bendigo TAFE and Kangan Institute that merged on 1 July to form the legal entity Bendigo Kangan Institute. Our organisation is undergoing fundamental change across all functions in order to be more competitive and best serve our customers.

Over time both Bendigo TAFE and Kangan Institute have seen a decrease in student numbers, consistent with the current trends across the TAFE sector. We operate in a demand driven VET model that is very competitive and to be financially successful we need to generate scale in our student numbers and critical mass, and ensure we anticipate and respond to changes in the market to meet the expectations of our customers. Ultimately, the merger is a growth strategy we are undertaking to reverse this trend.

The 2014 financial result for Bendigo Kangan Institute was disappointing and central to our future plans is the intended return to a positive profit result (before depreciation) in 2015. As mentioned previously both Bendigo TAFE and Kangan Institute lost significant market share in 2014. Prior to the merger Bendigo TAFE had budgeted for an operating loss as per its turnaround plan noting that some further actions under this plan were put on hold once the merger was confirmed. Similarly Kangan Institute also put on hold some planned corrective actions to address the enrolment decline when the merger was confirmed. This was to allow for the changes to be considered as part of an overall and detailed integration process that is now well underway. These changes included work on a roadmap to

reshape Kangan Institute in 2014 and address the trends emerging in its 2013 result. It should be noted that there were a number of measures undertaken to improve financial performance in 2014 including the initiatives under the 'time to act' project.

Since the merger took place there has been a tremendous amount of work undertaken within the Institute to progress the integration. The Institute has been working through the integration in a structured and robust manner to ensure we leverage all opportunities to create something special and unique with this merger.

The first part of this was the establishment of a Project Management Office (PMO) responsible for the implementation of the integration, ensuring that the project is managed in a consistent and coordinated manner and all deliverables are met. The PMO has combined external objectivity and internal know how from both institutes working collaboratively to fully integrate our business operations and processes to build a strong and vibrant future.

Secondly was the creation of the Bendigo Kangan Institute 2015-2017 strategic intent document. This strategy framework outlines our vision, purpose, strategic priorities and the behaviours for success to provide guidance and direction on the key decisions that have and will be made as we process through the integration and everyday business operations. This was developed and refined in consultation with staff and will form the basis of the Bendigo Kangan Institute strategic plan currently being developed.

An important aspect of the integration process has been the design of the new organisational structure. This required new and innovative approaches to ensure we establish ourselves as a robust and self-sufficient sustainable business in a better position to proactively respond to the pace of changes and competitiveness in the VET sector.

Our structure has been designed to remove duplication, streamline processes and facilitate a one team approach with each person in the organisation understanding their role and how they contribute to the achievement of our vision to create a culture that is proactive, collaborative and commercially focused. Central to the structure is putting our customers at the centre of everything we do.

The lead team was appointed in October in either a confirmed or acting basis (whilst we undertake recruitment search processes). I am grateful for their support and leadership as they have shaped their portfolios and set us up for growth in 2015 and beyond. I would also like to thank the previous leadership teams of Bendigo TAFE and Kangan Institute for their commitment and contribution to both institutes throughout the integration process.

The restructure of Bendigo Kangan Institute will continue into 2015 and onwards as it is designed to evolve and adapt according to the needs of our customers and our business.

This has been a difficult and challenging time for staff. We are in the business of people and the success of this merger will be largely determined by our people, so I commend staff for seeing the potential of the new business and for their enthusiasm to help shape Bendigo Kangan Institute.

I would also like to thank all staff for remaining focused on delivering the best possible outcomes for our learners as well as industry and government partners. While our focus has primarily been on rebuilding the Institute through the integration, business as usual operations have continued with positive outcomes for our students, industry partners, communities and the Institute itself.

Over the course of 2014 the Institute and staff members won numerous awards, further solidifying our reputation for excellence across the

nation and state. Kangan Institute staff received two accolades at the prestigious Victorian Training Awards for VET Client Service/Support Excellence and VET Teacher of Year. Kangan Institute also won the Best Metro BEC Australia award at the 2014 National Small Business Development Conference and the Excellence in Telephone Customer Service Award at the Association for Tertiary Education Management (ATEM) conference. Locally two Kangan Institute teachers attained Hume Open Category Educator Scholarships for the successful Tertiary Enabling Program (TEP). Bendigo TAFE's Corrections unit was honoured at the 2014 Corrections Victoria Community Work Partnership Awards as Most Outstanding New Project Award winner as well as Best in Region for Loddon Mallee.

The Institute also took big strides in enhancing its range of products and services. Bendigo TAFE and Kangan Institute undertook significant course management system enhancements to improve communication to current and prospective students. For Bendigo TAFE the year also saw new branding and signage rolled out across all campuses as well as landscaping works being undertaken at Charleston Road campus to boost hands-on horticulture training experiences. Kangan Institute also saw its share of achievements, from improved customer experience as a result of standardised Student Central training for all customer contact staff right through to an enhanced LEAN capability with the delivery of the Lean Coaches Program across the board.

Institute staff were also involved in a large number of community activities recently, such as Relay for Life, Oxfam 100km walk against want, Movember, R U OK? Day, Youth Week, HALT save your bacon breakfast, Hume Women's Multi Cultural Forum, White Ribbon Day, the Bahay Tuluyan Trivia Night, Jeans for Genes Day, Black Dog Ride against depression, National Reconciliation Week, Australia's Biggest Morning Tea, Lights out for the Reef, Leukaemia Foundation's World's Greatest

Shave and Million Paws Walk. Our Broadmeadows campus also opened the Institute's first Breakfast Club.

Many of our students' achievements were recognised through awards, from Kangan Institute's cookery student Charith Jayaweera receiving the National Culinary Student of the Year Award right through to automotive apprentice Trent Yeo's gold award for autobody repairs at the 2014 WorldSkills Australia competition. Kangan Institute VCAL and VETiS students' creativity on screen also found a captive audience with their social issues film 'Tears from Heaven' receiving 3rd prize for best film at the International Youth Silent Film Festival (Victorian Regional finals). The three-year-running BTEC NT Experience Program also saw Bendigo TAFE students travelling to a remote community in Northern Territory to assist with construction and building maintenance, with the trip wholly organised and managed by students themselves.

The Institute's commitment to partnerships with industry and key clients has led to some exciting initiatives including the introduction of a Men's Health Shed at Charleston Road Campus in collaboration with Bendigo Community Health Services, a new Bendigo Tertiary Education Partnership with La Trobe University and Bendigo Senior Secondary College, a Ford Outreach Centre for redundant workers in conjunction with Automotive Skills Australia and the opening of an Education First Youth Foyer at Broadmeadows campus.

The above is only really a snapshot of the achievements at Bendigo TAFE and Kangan Institute in 2014, and is a testament to the skills and hard work of the Board, leadership team and staff.

The Board of Directors provides strong and clear leadership and on behalf of the Institute I thank them for this and also their commitment. In particular I would like to personally thank

the Board Chair, Michael Brown, for the expert guidance he provides to the Institute which has been invaluable during this transitional phase. I also thank Margaret O'Rourke, current Board member and former Bendigo TAFE Board Chair for her continued support and commitment to Bendigo Kangan Institute's success. Under the direction of the highly dedicated Board, we are now strategically positioning Bendigo Kangan Institute to be a leading, sustainable and innovative Institute.

As a strong new business we must seize the opportunity we have through the merger to become the pre-eminent provider in Victoria, through ensuring market leadership in chosen markets and a strong national and international presence through delivering best in class outcomes for learners, the organisations that employ them and communities.

With a well thought-out strategy and a structure that facilitates getting the right things done at the right time and a culture built on collaboration, being proactive, commercial focus and always putting the customer at the centre, I am confident that we will ultimately achieve our vision to be the leader in our markets and regain market share.



**Grant Sutherland**

*Chief Executive Officer*

*Bendigo Kangan Institute*

*Date: 4 March 2015*

## 2010-2014 financial summary

	Year ending				
	2014 \$ 000's	2013 \$ 000's	2012 \$ 000's	2011 \$ 000's	2010 \$ 000's
Total income from transactions	87,228	40,153	48,654	43,803	56,649
Total expenses from transactions	90,236	41,183	48,451	45,861	43,291
Net results from transactions	(3,008)	(1,030)	203	(2,058)	13,358
Total economic flows	(8,698)	425	54	(231)	(55)
Net result from discontinued operations				(241)	
Comprehensive result	(11,706)	(605)	257	(2,530)	13,303
Total assets	344,281	104,416	97,833	86,956	90,206
Total liabilities	34,323	8,402	8,988	8,771	9,491
Net assets	309,958	96,014	88,845	78,185	80,715

### Future initiatives - 2015 and beyond

2014's focus was the integration of Bendigo TAFE and Kangan Institute. This is not just a simple merger as combining two institutes would have been inadequate to address the task of transforming vocational education delivery in Victoria. Each institute's operations are being reviewed, unpacked and rebuilt to meet the collective needs of the organisation, strategic direction and customer. Bendigo Kangan Institute is committed to emerging from this period of significant change as a thriving and innovative organisation recognised for its leadership in the sector.

As part of this commitment, our future initiatives include:

- developing a detailed strategic plan based on the strategic intent launched in September 2014
- completing the organisational structure realignment to align our people and culture to a strong performance focus, desired behaviours and values, and excellence through LEAN business practices
- developing a leading Centre of Excellence in Health and Community Services with strong links to industry and an innovative educational delivery model (supported by the Victorian government's \$23.5m centre of excellence development project funding)
- undertaking further research to complete a business plan for the Centre of Excellence in Food and Fibre (\$7.8m funding was announced in November 2014)
- leveraging and extending the established Automotive Centre of Excellence to have a national impact
- implementing an Institute-wide student management system to effectively manage enrolments and reporting requirements
- engaging customers through new educational delivery methods integrating customer needs and preferences, state-of-the-art facilities and blended learning models
- continuously improving our product portfolio to develop new courses and products, extend capability across group campuses and expand into Victorian industry growth areas
- moving to a profitable commercial model that excels in meeting customer and community needs, and includes expanding alliances and partnerships for market growth

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# Corporate governance

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## Board and governance

### Objectives, functions, powers and duties

Bendigo Kangan Institute is governed by a Board established under the Education Training and Reform Act 2006. It reports to the parliament through the Minister for Higher Education and Skills.

The Board is responsible for the corporate governance of the Institute, managing its affairs and overseeing its operations in accordance with the Institute Constitution and Standing Orders. The Constitution of the Bendigo Kangan Institute Order 2014 took effect on 1 July 2014.

Day-to-day management of Bendigo Kangan Institute is delegated by the Board through the CEO to the lead team, managers and staff. Reporting directly to the Board, the CEO is accountable for directing the Institute's operations for the achievement of strategic, operational and contractual objectives. The primary focus of the lead team is strategic leadership and business development.

### Lead team

The lead team is responsible for:

- developing policy, processes, systems and standards systems for implementation throughout the business
- organisation capability strategy, culture, succession planning and leadership development
- developing effective, efficient and value-adding services and processes that directly align to internal and external customer needs
- managing performance

## Board and standing committees

The Board has established the following committees for the purpose of overseeing critical functions:

- Board Executive Committee
- Audit and Risk Committee
- Finance and Resource Management Committee

Each committee exercises powers and performs functions delegated to it by the Board.

### *Board Executive Committee*

The Board Executive Committee:

- oversees the performance assessment systems applying to TAFE executive level staff
- makes appropriate arrangements to ensure the Institute CEO's performance is assessed
- oversees the Institute's approach to enterprise bargaining
- acts on behalf of the Institute Board of Directors at any time
- acts as a reference point for the Board and CEO in emergencies or potential high-risk situations

Together with the CEO or nominee/s, the Board Executive Committee represents the Institute at political delegations.

**Audit and Risk Committee**

The Audit and Risk Committee was established by the Board in compliance with Standing Directions of the Minister for Finance under the Financial Management Act 1994.

The committee supports the Board in discharging its responsibilities to oversee and advise the Institute on matters of accountability and internal control affecting the operations of the Institute. The committee provides independent assurance and advice to the Board with respect to:

- risk management
- internal control
- financial statements
- legislative and policy compliance
- contracted internal audit
- external audit
- governance arrangement

**Finance and Resource Management Committee**

The main responsibilities of the Finance and Resource Management Committee are to:

- ensure that the Institute's financial systems are appropriately managed and the strategic and operational aspects of financial planning, management, record keeping and financial reporting enhance the consistency, accuracy and reliability of the Institute
- ensure compliance with the responsibilities and related reporting requirements arising from the performance agreement

- monitor Institute investments to ensure maximum financial benefit to the Institute
- ensure that additional campuses and new building funding submissions are in line with the Institute's strategic plan
- ensure that the Institute's campus facilities are developed and maintained to an appropriate standard, including the construction stages of all new buildings
- ensure that the Institute's infrastructure is adequate to support growth and development and provide timely advice on the financial impact of recommendations from other Board committees
- ensure that legal contracts, insurances and other contractual arrangements are consistent with legal requirements and relevant government policies
- facilitate corporate sponsorships and actively seek such sponsorships
- examine major contracts and recommend to the Board where delegations and legislations are appropriate
- examine trends in the Institute's entrepreneurial activity to ensure efficiency in the utilisation of resources and consistency with the strategic plan
- critically examine the Institute's community service obligations, particularly in the light of Institute financial targets

### Kangan Institute Board and committee memberships (1 January - 30 June 2014)

Member	Board meetings	Resource Management Committee	Audit and Risk Management Committee
Michael Brown	8/8 (Chair)	2/2	3/3
Dominic Andreacchio	6/8	1/2	
Margaret Hatton	7/8	2/2 (Chair)	3/3 (Chair)
Jaqueline Wilson	7/8	2/2	
Linsey Siede	7/8		2/3
Mirella Lattanzio	6/8		2/3
Susan Allen	5/8		2/3
Stelvio Vido	7/8	2/2	
Helen Murphy	5/8		2/3

### Bendigo TAFE Board and committee memberships (1 January - 30 June 2014)

Member	Board meetings	Audit Sub-Committee	Finance Sub-Committee	Quality and Risk Sub-Committee	Remuneration and Governance Sub-Committee
Margaret O'Rourke	7/7 (Chair)	0/2	5/6	2/4	0/1 (Chair)
Michael McCartney	7/7		5/6 (Chair)		
Herbert Hermens	7/7			4/4 (Chair)	
Mark Johnston	5/7		6/6		
Stan Liacos	6/7				1/1
Lauren Bean	7/7			2/4	1/1
Marnie Baker	5/7	2/2			
Andrew Cooney	7/7	2/2			1/1
Graham Bastian (independent)		2/2 (Chair)			

### Bendigo Kangan Institute Board and committee memberships (1 July - 31 December 2014)

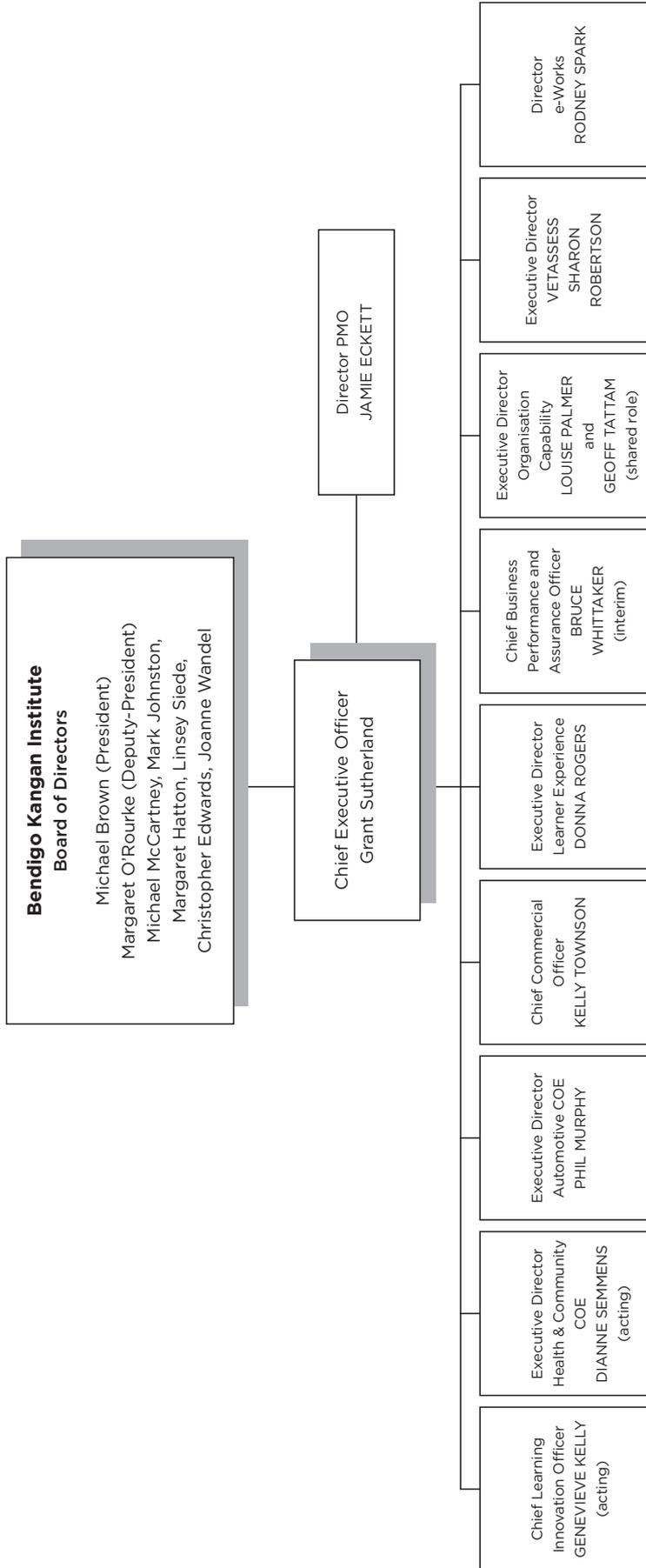
Member	Board meetings	Finance and Resource Management Committee	Audit and Risk Management Committee
	7 meetings	0 meetings	1 meeting
Michael Brown (President)	7/7 (Chair)		1/1
Margaret O'Rourke (Deputy President)	5/7		
Michael McCartney	7/7	(Chair)	
Mark Johnston	7/7		1/1
Margaret Hatton	7/7		1/1 (Chair)
Linsey Siede	5/7		
Christopher Edwards	2/2		
Joanne Wandel	2/2		

**Note:**

The Governor, with the advice of the Executive Council acting under section 3.111 of the Education and Training Reform Act 2006, and on the recommendation of the Minister for Higher Education and Skills made in accordance with that section, made the Constitution of the Bendigo Kangan Institute Order 2014. This took effect on 1 July 2014 and on this date:

- Bendigo TAFE changed its name to Bendigo Kangan Institute
- Kangan Institute amalgamated with the Institute
- the Board of Bendigo Kangan Institute was established to oversee and govern the Institute
- previous Orders relating to the establishment of Kangan Institute and Bendigo TAFE and the establishment of their Boards were revoked

# Organisational chart



# Compliance information

## Compliance with Australian and New Zealand risk management standards

### Bendigo Kangan Institute attestation of compliance with the Australian and New Zealand risk management standard

We certify that Bendigo Kangan Institute has a risk management framework which is consistent with the AS/NZS 31000:2009 risk management standard. This framework, along with our internal control system, enables the Board, executive directors, management and staff to understand, recognise and manage significant risk exposures.

The Audit and Risk Committee has verified this assurance and the risk framework of Bendigo Kangan Institute has been reviewed. The committee met one time in 2014.



**Michael Brown**  
Board President  
Bendigo Kangan Institute



**Grant Sutherland**  
Chief Executive Officer  
Bendigo Kangan Institute

## Freedom of information

Bendigo Kangan Institute is subject to the provisions of the Freedom of Information (FOI) Act 1982 (including amendments of 3 August 2007). The act gives a right of access (subject to exemptions and exceptions) to information held in a documentary form by the Institute.

It is Institute policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the act. In 2014, the Institute received no applications for information under the FOI Act.

Requests for information under the Freedom of Information Act 1982 should be addressed to:

Freedom of Information Officer  
Bendigo Kangan Institute  
PO Box 170  
Bendigo VIC 3552

## Information available on request

Consistent with the requirements of the Financial Management Act 1994, Bendigo Kangan Institute has prepared material on the following items, details of which are available on request:

- statement regarding declarations of pecuniary interest
- details of shares held beneficially by senior officers
- publications and where they can be obtained
- changes in prices, fees, charges, rates and levies
- details of major external reviews
- major research and development activities
- overseas visits undertaken
- major promotional and marketing activities
- measures undertaken to improve the occupational health and safety of employees
- industrial relations issues and details of time lost through industrial accidents and disputes
- major committees sponsored by the Institute
- details of all consultancies and contractors

All enquiries should be directed to:

Freedom of Information Officer  
Bendigo Kangan Institute  
PO Box 170  
Bendigo VIC 3552

## Building and maintenance

Bendigo Kangan Institute ensures that all works requiring building approval are approved and certified by an independent and qualified building surveyor. The Institute requires all building practitioners engaged to carry out major works show current registration and insurance before commencing works.

All buildings are maintained to a level of prescribed performance as specified in the Essential Safety Measures Maintenance Manual. Mandatory periodical checks and tests are undertaken with records of these inspections kept under the requirements and provisions of the Building Act 1993, Building Regulations 2006, Building Code of Australia, Australian standards and other codes, Minister's guidelines and any subsequent amendments of these.

## National Competition Policy

Bendigo Kangan Institute provides education and training in a contestable market. The Institute and its trading businesses implement a pricing model and policy that is consistent with maintaining commercial competitiveness in the marketplace with competitive neutrality principles outlined in Victoria's Competitive Neutrality Policy.

The pricing policy and approach demonstrates how the Institute meets legislative requirements and government guidelines in the determination of prices for the sale of its programs, products and services. The policy addresses the particular requirements of:

- National Competition Policy
- Victorian government policies on competitive neutrality
- ministerial directions on fees and charges

- legislation on the introduction of the goods and services tax (GST)
- guidelines, rulings and interpretations made by the Australian Competition and Consumer Commission on National Competition Policy, fair trading and the implementation of GST

## Victorian Industry Participation Policy

Bendigo Kangan Institute complies with the Victorian Industry Participation Policy by ensuring the Institute considers opportunities from competitive local suppliers when awarding contracts. Wherever possible our non-contract purchasing is maintained with local suppliers where they are competitive and when going to market Bendigo Kangan Institute ensures local suppliers have the opportunity to respond.

## Protected disclosures

The Protected Disclosure Act 2012 encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The act provides protection to people who make disclosures in accordance with the act and establishes a system for disclosed matters to be investigated and rectifying action taken.

Bendigo Kangan Institute has implemented a policy and procedural framework to encourage and facilitate the making of protected disclosures of improper conduct by its officers and employees. This procedure provides protection and support for people who have made a disclosure and establishes a system for matters to be investigated and, where necessary, corrective actions to be taken.

There were two matters raised with the Institute in 2014 under the Protected Disclosure Act 2012.

## Compulsory non-academic fees, subscriptions and charges

Bendigo Kangan Institute charges compulsory non-academic student support fees to support the range of additional services provided to students in addition to the delivery of training and assessment services. Services provided to students include additional student services, amenities, activities and information communications technology (ICT) infrastructure.

The 2014 student support services and amenities fee was a flat fee based on enrolment type and delivery location. The charge applies equally to concession, non-concession and workplace based students.

In 2014 student support fees generated \$831,530 in revenue. Collection and expenditure of the fees are subject to the provisions of the Education and Training Reform Act 2006 and the funds collected over the reporting year were expended on the provision of a significant range of services and support infrastructure:

- pre-course, youth and personal counselling including pre-enrolment planning and career guidance
- disability support services including interpreter services, note takers, assistive technologies and other adjustments to accommodate students with individual requirements
- provision of emergency support funds to students experiencing significant hardship
- annual recreational and student events, including breakfast club, orientation, sport and open day activities
- development and maintenance of the student portal and other student communication tools and publications such as the annual student diary

- provision of ICT infrastructure and ongoing support of wireless networks and help desk function across campus locations

## Overseas and domestic travel

All overseas and domestic travel by employees of Bendigo Kangan Institute during the reporting year were compliant with the Victorian Public Sector Travel Principles issued on December 2006 by the Department of Premier and Cabinet.

## Environmental performance

Bendigo Kangan Institute is committed to being an innovative provider of quality education, training and services while maintaining a strong commitment to an environmentally sustainable future.

We ensure that staff and students work together to identify and reduce the Institute's environmental impacts, carry out a proactive response to environmental best practices and achieve innovative solutions.

Bendigo Kangan Institute monitors and provides reports on its environmental performance through the Environmental Management System (EMS). The EMS was established in 2010 as a requirement by the Victorian State Government and with the help of Sustainability Victoria and the Resource Smart Tertiary Education Program.

## Office based environmental impacts

This annual report presents the reports on energy use, paper use, transportation, procurement and greenhouse gas emissions. Plans are being considered to consolidate reporting across all campuses and target waste production and water consumption to improve sustainability in future years.

### Energy use

Campus	Total usage (megajoules)	Megajoules usage per m2	Greenhouse gas emissions (tonnes)
Echuca	454241	184.65	145
Bendigo Technical Education College	503464	184.96	129
Bendigo City	4996040	220.21	1305
Bendigo Charleston Road	2795062	159.07	793
Broadmeadows	8024367	332.00	1999.9
Essendon	986211	369.23	237.6
Docklands	7099751	472.86	1785.7
Richmond	2189797	622.63	571
<b>TOTAL</b>	<b>27048933*</b>	<b>2545.61</b>	<b>6966.2</b>

**\*Note:**

- 190791.75 megajoules of energy were used per full time employee.
- Rented premises Castlemaine and Moonee Ponds campuses are not included in the above measurements.

### Paper use

In 2014 Bendigo Kangan Institute used 17,879 A4 equivalent reams of copy paper. This equated to 17.5 reams used per full time employee. 17,826 reams were made of recycled and carbon neutral paper with 53 reams made up of others.

### Transportation

Vehicle type	Total vehicle fleet energy consumption (megajoules)	Total vehicle travel associated with entity operations (km)	Total vehicle fleet greenhouse gas emissions (tonnes CO <sub>2</sub> -e per 1,000 kms)
Diesel	772,137	283,774	0.2285
Petrol	5,562,733	1,873,398	0.610763
LPG	38,198	10,260	0.00221

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## Procurement

Bendigo Kangan Institute aims to ensure that all opportunities to maintain or obtain procurement activities are environmentally friendly and support the objectives of the government's Environmental Procurement Policy.

Bendigo Kangan Institute has incorporated environmental considerations into procurement decision making by requesting, where applicable, environmental sustainability and environmental impact details from tendering companies. Environmental responsibility has been part of the evaluation criteria in evaluating tenders, with requirements such as:

- company's environmental practices
- summary of the accredited environmental systems that conform to ISO14001 (if any)
- environmental initiatives implemented
- company's capability and monitoring process to provide environmentally friendly products
- range of products that are manufactured from recycled matter
- estimated percentage figure of the average recycled content of the products

## Workforce data

Bendigo Kangan Institute is committed to equal opportunity (including equal employment opportunity) and inclusive and fair processes in all human resource management procedures. All policies and procedures and associated documentation are readily accessible for staff via the staff portals.

## Organisational values and staff code of conduct

Bendigo Kangan Institute actively promotes a values-based culture that benefits the organisation, its employees and external clients. The foundation values and behaviours

- proactive
- collaborative
- commercially focused
- placing the customer at the centre of everything we do

provide both a guide for employee behaviour and the framework for fostering a workplace culture that promotes employee engagement and high performance.

The Institute and its staff complies with the Victorian public sector employment and conduct principles, with staff code of conduct promoted at induction and reiterated via compulsory compliance training. This code is readily accessible to all staff through respective staff portals at all regional and metropolitan campuses.

## Selection on merit

The Institute's recruitment and selection processes are grounded in the application of the principles of merit and equity, relevant award and statutory requirements and best practice public sector approaches.

## Issue resolution

The Institute has in place a staff complaints and grievance procedure which gives focus to early intervention and informal resolution wherever practical. Based on the principles of natural justice and procedural fairness, the Institute's processes seek to achieve an effective resolution of issues that contribute to improvements in the employer-employee relationship.

Comprehensive policies and procedures addressing legislative requirements in the areas of harassment and discrimination, occupational health and safety and other areas of government policy governing employment terms and conditions are in place and adhered to across the Institute.

## Professional learning and development

During 2014, an online professional development program was released to all regional staff members. This program made available a suite of compliance and training development modules designed to provide staff with easy access to appropriate and timely professional learning and development experiences and has been an enhancement to the RAPID system already in place in the metropolitan area.

## Industrial relations

The Australian Education Union (AEU) was granted a protected action ballot order to take industrial action in late 2014 however no industrial action was taken by the end of 2014. Both the AEU and National Tertiary Education Union agreements were in the bargaining stage in 2014.

## Workforce data for 2014

	Ongoing employees			FTE	Fixed term and casual	Total
	Number (headcount)	Full time (headcount)	Part time (headcount)		FTE	FTE
December 2014	532	400	132	490.04	476.78	966.82
December 2013	601	454	147	557.81	499.67	1057.48

	December 2014				December 2013		
	Ongoing		Fixed term and casual	Total	Ongoing		Fixed term and casual
	Number (Headcount)	FTE	FTE	FTE	Number (Headcount)	FTE	FTE
<b>Gender</b>							
Male	254	241.91	199.66	441.57	288	276	219
Female	278	248.13	277.12	525.25	313	281	281
<b>Age</b>							
Under 25	6	6.00	22.34	28.34	8	8	39
25-34	61	56.73	111.51	168.24	83	77	116
35-44	107	96.32	93.76	190.08	132	121	99
45-54	179	168.38	138.46	306.84	202	191	134
55-64	156	141.76	90.63	232.39	153	139	96
Over 64	23	20.85	20.08	40.93	23	21	16
<b>Classification</b>							
Executives	9	9.00	0.00	9.00	12	12	0
Directors	6	5.90	0.00	5.90	5	5	1
Managers	10	10.00	40.16	50.16	36	35	47
Other	2	2.00	16.87	18.87	17	15	17
PACCT 1-8 staff (Administration officer 1-10, computer officer 1-6, library officer 1-6, technical officer 1-6)	263	242.97	206.14	449.11	282	263	221
Senior educators and teachers	242	220.17	213.61	433.78	249	228	214

Due to a series of redundancies which occurred at both Bendigo TAFE and Kangan Institute across all departments throughout the year, there is a significant reduction shown in the overall number of ongoing staff for 2014 in comparison to the year before. This has been partially offset by an increase in the FTE for fixed term and casual staff during the year at both Institutes.

## Occupational health and safety

Bendigo Kangan Institute is committed to its role as an influential leader in occupational health and wellbeing, safety and injury management. In all its dealings with staff, students and clients the Institute strives to provide a safe, productive and supportive environment to work and learn.

In 2014 the Institute strengthened its focus on wellbeing by revitalising the Workplace Health, Safety and Wellbeing Policy with the aim of creating healthier work environments and adopting a holistic approach to health promotion. This includes the development of a healthy physical and social environment and providing staff with health and wellbeing opportunities such as seminars on building resilience, capability

and capacity, early intervention communication, flu vaccinations and mental health first aid. Our commitment to the Healthy Together Victoria Achievement program will see innovative wellbeing programs delivered throughout 2015.

Our training in 2014 included the OH&S Induction Refresher, Return to Work Training for Managers, Introduction to OH&S Legislation for Managers, First Aid & CPR as well as the Health & Safety Representatives programs.

Kangan Institute's WorkCover premium rate was reduced by 11.58% for the 2014/2015 period from \$1,011,128.21 to \$894,089.97. Bendigo TAFE's WorkCover premium rate increased by 27.19% for the 2014/2015 period from \$185,470.29 to \$235,905.28.

### Performance against OH&S management targets

Total incidents	Students	Staff	Contractors /visitors/other	Staff incidents/100 FTE staff	Average number FTE staff
<b>Kangan Institute (January - June 2014)</b>					
80	48	26	6	10.4	762.07
<b>Bendigo TAFE (January - June 2014)</b>					
16	10	4	4	6.8	234.9
<b>Bendigo Kangan Institute (July - December 2014)</b>					
74	43	22	9	15.2	485.65

**Note:**

- All incidents include near-miss and hazards identification.
- Calculation for incidents/100 FTE staff: (Number of staff incidents/Number of FTE staff) x 100

## Compliance with Carers Recognition Act 2012

The Carers Recognition Act 2012 outlines a set of principles about the significance of care relationships and specifies obligations for state government organisations that interact with people in care relationships.

In accordance with the act Bendigo Kangan Institute is committed to ensuring all staff are aware of and understand its principles as well as able to reflect the care relationship principles when developing, providing or evaluating support and assistance for those in care relationships.

Relevant measures undertaken across the Institute during the year include:

- staff and student induction sessions highlighting the act and its principles
- information about the act made available to students presenting or declaring a protected characteristic in line with the act
- provision of special considerations to students presenting or declaring a protected characteristic in line with the act, including note taking, participating assistance, tutoring for students with disabilities, time consideration, extended due dates, variable end dates for study and managed absenteeism
- application of the act addressed via professional network discussions
- application of related Institute policies that embed the principles of the act including the Leave Procedure, Children and Dependents on Campus Policy, Assessment Appeals Procedure, Privacy Policy, Staff Code of Conduct, Student Welfare Conduct and Supporting Students with a Disability Policy
- adaptation of education services, delivery modes and models to accommodate characteristics and cultural identities pursuant to the act
- distribution of posters relating to the act in staff and client common areas
- promotion and support of the role of the carer through interactions with students and staff, with referrals to appropriate external agencies for support

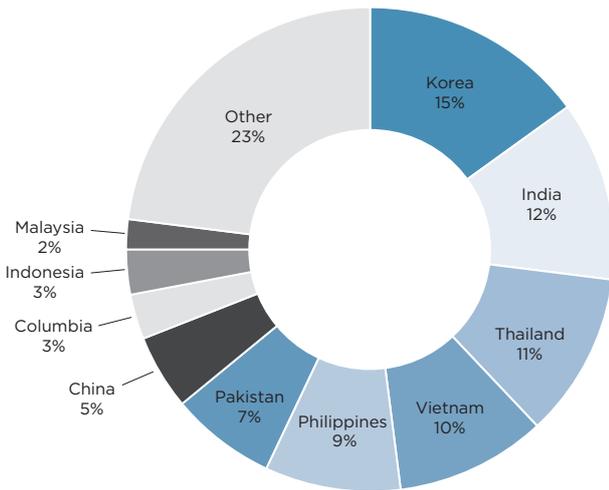
## International operations

Bendigo Kangan Institute's international strategy in 2014 focused on building a quality framework to manage offshore delivery whilst collaborating with other Victorian TAFE providers to strengthen capabilities and build offshore business.

The Institute also developed risk mitigation strategies to counter certain risks of overseas operations such as contract management, reputation, financial performance, AQTF compliance and cultural differences. Risk mitigation strategies included:

- implementing the Institute's quality management systems within project operations
- establishing a process of background checks prior to engaging a partner
- financial due diligence
- establishing in-country Institute representatives
- quality induction and coaching of offshore teachers
- utilising the Institute's learning management system to moderate and supervise student results
- conducting in-house English tests prior to starting the course
- implementing desktop sample auditing

Details of the Institute’s international onshore and offshore revenue are available on page 55. The following chart depicts the top source countries for international revenue:



Offshore achievements in 2014 included:

- offshore 2014 actual income achieving its target within 2% variance of budget re-forecast
- a new training and assessment and skills development project in India with OGM Technical Institute Pty Ltd
- successful tender to deliver the Certificate IV in Project Management to 20 Papua New Guinea students in 2015 through the Australia Awards Fellowship
- successful tender for an AsiaBound Grants funded by DIICCSRTE to send eight fashion design students to Yogyakarta State University in Indonesia

### Major commercial activities

There were no major commercial activities for the 2014 reporting period.

### About the financial report

The accounts have been prepared using the DTF model financial report. Bendigo Kangan Institute complies with all relevant log and subordinate instruments including but not limited to the following;

- Education and Training Reform Act 2006 (ETRA)
- Constitution of the Bendigo Kangan Institute Order 2014
- Directions of the Minister for Higher Education and Skills (or predecessors)
- TAFE institute commercial guidelines
- TAFE institute strategic planning guidelines
- Public Administration Act 2004
- Freedom of Information Act 1982
- Building Act 1993
- Protected Disclosure Act 2012
- Victorian Industry Participation Policy Act 2003

## Consultancies

Bendigo Kangan Institute engages consultants for services for which the Institute does not have the required specialist skills. The total consultancy costs incurred during 2014 was \$1,063,191.

### Consultancies under \$10,000

There were four consultants with less than \$10,000 engaged to provide services to the total value of \$6,430.

## Consultancies over \$10,000

There were 11 consultants with more than \$10,000 engaged to provide services to the total value of \$2,513,813.

This information is publicly available on the Bendigo TAFE and Kangan Institute websites.

Consultancies over \$10,000				
	Project summary	Approved	2014 expenditure	Future commitments
	Description	\$	\$	\$
Ellucian Australia Pty Ltd	Banner SMS implementation services and Kangan SV project	2,438,037	806,580	1,631,457
Thibault Pty Ltd	Module 1 and 2 BKI organisation design process	198,770	198,770	-
Navire Advisory	Site strategy consultancy	10,000	110,000	11,225
Patricia Toohey	Strategic communications consulting services	109,200	109,200	-
Strategy - Risk Pty Ltd	Corporate risk review and Vehicle and Emissions Laboratory (VEL) advisory service	90,000	70,109	16,636
Pitcher Partners Consulting Pty Ltd	Change management consultancy	160,000	24,918	122,780
Trisigma Pty Ltd	External finance department review	14,000	13,750	-
CBRE (GCS) Pty Ltd	Site strategy consultancy	12,000	11,446	-
Sweett (Australia) Pty Ltd	Site strategy consultancy	11,000	10,963	-
REASSIGN	Procurement services project review	10,000	10,000	-
Deloitte	Centre of Excellence in Health and Community Services - business case and TAFE structural adjustment fund application	371,900	337,938	-
Deloitte	Accounting policy alignment project	37,500	37,500	-
Deloitte	Financial and commercial review of potential university partnership	126,455	126,455	-
Deloitte	Joint strategy development and due diligence analysis	406,854	406,854	-
Deloitte	Development of TSAF business case - business transformation options assessment	238,700	238,700	-

# Financial reports

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The financial report was authorised for issue  
by the Board members on 17 March 2015.



Victorian Auditor-General's Office

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Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

### To the Board members, Bendigo Kangan Institute

#### *The Financial Report*

The accompanying financial report for the year ended 31 December 2014 of the Bendigo Kangan Institute which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the Board President, Chief Executive Officer and Chief Business Performance and Assurance Officer has been audited.

#### *The Board members' Responsibility for the Financial Report*

The Board members of the Bendigo Kangan Institute are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditing in the Public Interest*

**Independent Auditor's Report (continued)**

*Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

*Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Bendigo Kangan Institute as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
18 March 2015

  
Dr John Doyle  
Auditor-General



**Financial Report For Year Ended 31 December 2014**

Declaration by the Board President,  
Chief Executive Officer  
and Chief Business Performance and Assurance Officer

We certify that the attached financial statements for Bendigo Kangan Institute has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2014 and financial position of the Institute as at 31 December 2014.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they became due and payable.

The Board President and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Bendigo Kangan Institute.

Michael Brown  
Board President  
Date: 17 March 2015  
Broadmeadows

Grant Sutherland  
Chief Executive Officer  
Chief Business Performance  
Assurance Officer  
Date: 17 March 2015  
Broadmeadows

**Bendigo Kangan Institute**

136 McCrae Street, Bendigo VIC 3552 | PO Box 170, Bendigo VIC 3552

ABN 74 802 942 886

Trading as Bendigo TAFE RTO Identifier 3077 | CRICOS Provider No. 03059A

Trading as Kangan Institute RTO Identifier 0306 | Kangan Institute CRICOS Provider No. 01218G

## BENDIGO KANGAN INSTITUTE COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions - operating	3(a)(i)	48,101	28,202
Government contributions - capital	3(a)(ii)	-	628
Sale of goods and services	3(b)	35,564	10,521
Interest	3(c)	1,312	133
Other income	3(d)	2,251	669
<b>Total income from transactions</b>		<b>87,228</b>	<b>40,153</b>
<b>Expenses from transactions</b>			
Employee expenses	4(a)	56,525	26,759
Depreciation and amortisation	4(b)	7,705	3,814
Grants and other transfers	4(c)	237	162
Supplies and services	4(d)	18,108	8,161
Other operating expenses	4(e)	7,661	2,287
<b>Total expenses from transactions</b>		<b>90,236</b>	<b>41,183</b>
<b>Net result from transactions (net operating balance)</b>		<b>(3,008)</b>	<b>(1,030)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	5(a)	(7,594)	58
Net gain/(loss) on financial instruments	5(b)	(371)	(1)
Other gains/(losses) from other economic flows	5(c)	(732)	368
<b>Total other economic flows included in net result</b>		<b>(8,698)</b>	<b>425</b>
<b>Net result from continuing operations</b>		<b>(11,706)</b>	<b>(605)</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Total other economic flows - other comprehensive income</b>		-	-
<b>Comprehensive result</b>		<b>(11,706)</b>	<b>(605)</b>

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

The 2014 figures show the financial result of the amalgamated Bendigo Kangan Institute. 2013 comparatives are for Bendigo TAFE only. Refer to further details at Note 1.03.

# BENDIGO KANGAN INSTITUTE

## BALANCE SHEET

### FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	17(a)	23,944	5,941
Receivables	6	11,576	3,813
Investments and other financial assets	7	36,489	220
<b>Total financial assets</b>		<b>72,009</b>	<b>9,974</b>
<b>Non-financial assets</b>			
Inventories	8	657	259
Property, plant and equipment	9	267,122	84,747
Intangible assets	10	2,934	8,887
Other non-financial assets	11	1,559	549
<b>Total non-financial assets</b>		<b>272,272</b>	<b>94,442</b>
<b>Total assets</b>		<b>344,281</b>	<b>104,416</b>
<b>Liabilities</b>			
Payables	12	15,203	4,313
Provisions	13	15,494	3,393
Borrowings	14	61	-
Other liabilities	15	3,565	696
<b>Total liabilities</b>		<b>34,323</b>	<b>8,402</b>
<b>Net assets</b>		<b>309,958</b>	<b>96,014</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		17,094	28,800
Physical asset revaluation surplus	16(a)	46,102	46,102
Contributed capital		246,762	21,112
<b>Net worth</b>		<b>309,958</b>	<b>96,014</b>
Commitments for expenditure	18	8,590	1,125
Contingent assets and (contingent liabilities)	19	25,763	-

The balance sheet should be read in conjunction with the notes to the financial statements.

The 2014 figures show the financial position of the amalgamated Bendigo Kangan Institute. 2013 comparatives are for Bendigo TAFE only. Refer to further details at Note 1.03.

## BENDIGO KANGAN INSTITUTE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
<b>At 1 January 2013</b>		46,102	29,405	13,338	88,845
Net result for the year		-	(605)	-	(605)
Capital appropriations		-	-	7,774	7,774
<b>Year ended 31 December 2013</b>		<b>46,102</b>	<b>28,800</b>	<b>21,112</b>	<b>96,014</b>
Net result for the year			(11,706)		(11,706)
Administrative restructure - net assets received	32			225,650	225,650
<b>Year ended 31 December 2014</b>		<b>46,102</b>	<b>17,094</b>	<b>246,762</b>	<b>309,958</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

The 2014 figures show the financial position of the amalgamated Bendigo Kangan Institute. 2013 comparatives are for Bendigo TAFE only. Refer to further details at Note 1.03.

## BENDIGO KANGAN INSTITUTE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government contributions - operating	3(a)(i)	48,101	28,202
Government contributions - capital	3(a)(ii)	-	628
User fees and charges received		42,988	11,606
Goods and services tax recovered from the ATO		2,527	1,334
Interest received		1,620	133
Dividends received		-	13
Other receipts		2,221	363
<b>Total receipts</b>		<b>97,457</b>	<b>42,278</b>
<b>Payments</b>			
Payments to suppliers and employees		(89,035)	(39,203)
Goods and services tax paid to the ATO		(5,372)	(2,049)
<b>Total payments</b>		<b>(94,407)</b>	<b>(41,252)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>17(d)</b>	<b>3,050</b>	<b>1,026</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(877)	(915)
Proceeds from sales of non-financial assets		252	151
Cash received from transfers as a result of administrative restructure	32	10,888	-
Proceeds from sale of investments		4,629	-
<b>Net cash provided by/(used in) investing activities</b>		<b>14,892</b>	<b>(764)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		61	-
<b>Net cash provided by/(used in) financing activities</b>		<b>61</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,003</b>	<b>262</b>
Cash and cash equivalents at the beginning of the financial year		5,941	5,679
<b>Cash and cash equivalents at the end of the financial year</b>	<b>17(a)</b>	<b>23,944</b>	<b>5,941</b>

The above cash flow statement should be read in conjunction with the notes to the financial statements.

The 2014 figures show the financial position of the amalgamated Bendigo Kangan Institute. 2013 comparatives are for Bendigo TAFE only. Refer to further details at Note 1.03.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Note 1 – Statement of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for Bendigo Kangan Institute.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2014 and the comparative information presented for the year ended 31 December 2013.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

#### 1.01 Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing financial statements, the Institute is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### 1.02 Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Institute, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value
- the fair value of an asset other than land is generally based on its depreciated replacement value

#### 1.03 Reporting entity

The financial statements cover Bendigo Kangan Institute as an individual reporting entity. The Institute is a statutory body corporate, established pursuant to an act made by the Victorian Government under the Education and Training Reform Act 2006.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Pursuant to an Order in Council effective from 1 July 2014, the name of Bendigo TAFE was changed to Bendigo Kangan Institute. On the same day, the Order amalgamated Kangan Institute with Bendigo Kangan Institute.

Refer to Note 2 (restructuring of administrative arrangements) for details of the financial impact of the amalgamation as at 1 July 2014. The amalgamation has been treated as a contribution of capital by the State Government. The carrying value of the net assets immediately prior to the transfer have been recognised in these financial statements as of the date of the transfer.

The Institute has presented the consolidated financial statements in the format of a composite set of accounts with Kangan Institute financial information for the period up to 30 June 2014 separately disclosed in Note 32. Note 32 should be read as not forming part of the Bendigo Kangan Institute financial information presented elsewhere in the financial report.

The principal address is:  
Bendigo Kangan Institute  
62-104 Charleston Road  
Bendigo VIC 3550

The financial statements include all the controlled activities of the entity.

### 1.04 Basis of consolidation

The name of the controlled entity is: John Batman Consultancy and Training Pty Ltd., Australian Company Number 075 726 439. The company was originally established by the former John Batman Institute of TAFE on 23 September 1996. The company has not traded to date. The Institute's shareholding, valued at cost is \$2. While the Institute has one controlled entity, the financial statements have not been consolidated as the transactions and balances of the controlled entity have no impact on the Institute's financial statements.

### 1.05 Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

### 1.06 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1.07 Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

#### Government contributions

Government contributions are recognised as revenue in the period when the Institute gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

#### Sale of goods and services

##### (i) Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees is treated as revenue in the year of receipt and the balance as revenue in advance.

##### (ii) Fee for service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as revenue in advance.

##### (iii) Revenue from sale of goods

Revenue from sale of goods is recognised by the Institute when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer
- (b) the Institute retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- (c) the amount of revenue can be reliably measured
- (d) it is probable that the economic benefits associated with the transaction will flow to the Institute
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably

#### Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Other income

#### (i) Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

#### (ii) Rental income

Rental income is recognised on a time proportional basis and is brought to account when the Institute's right to receive the rental is established.

#### Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

### 1.08 Expenses from transactions

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

#### Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

#### Retirement benefit obligations

##### (i) Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable.

##### (ii) Defined benefit plans

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Institute does not recognise any deferred liability in respect of the plan(s) because the Institute has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

#### Depreciation and amortisation

##### Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Non-current assets (with the exception of land) with a cost in excess of \$5,000 are capitalised and depreciated to write off the cost or revalued amount of each item of property, plant and equipment, over its expected useful life to its estimated residual value.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

All library acquisitions are brought to account and depreciated over a five year period.

Depreciation methods and rates used for each class of depreciable assets are:

Class of asset	Method	Rate(s)
Buildings	Straight line	2% - 2.5%
Plant and equipment		
Computing equipment	Straight line	33.33%
Other plant and equipment	Straight line	3% - 50%
Motor vehicles	Straight line	10% - 20%
Library collections	Straight line	10% - 20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. Having completed a review of the depreciation policies of both Institutes, depreciation policies are stated to include the combined asset base of Bendigo Kangan Institute. There were no adjustments made as a result of the depreciation policy alignment exercise.

### Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

	Method	Rate(s)
Capitalised software development cost	Straight line	33.33% - 50%

### Interest expense

Interest expense is recognised in the period in which it is incurred.

Interest expense includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

### Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

### Other operating expenses

#### Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held-for-distribution are expensed when distributed.

### Fair value of assets and services provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value when the Institute obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

### 1.09 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangible assets.

### Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

### Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs).

All other assets are assessed annually for indications of impairment, except for:

- inventories
- financial assets
- investment property that is measured at fair value
- certain biological assets related to agricultural activity
- non-current assets held-for-sale

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

### 1.10 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Categories of non-derivative financial instruments

#### Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1.11), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

### 1.11 Financial assets

#### Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as borrowings on the balance sheet.

#### Receivables

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable
- contractual receivables, which include debtors in relation to goods and services, loans to third parties, accrued investment income and finance lease receivables

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

#### Investments and other financial assets

Investments are classified in the following categories:

- loans and receivables
- available-for-sale financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Institute retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Institute has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

- (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

### Impairment of financial assets

At the end of each reporting period, the Institute assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Financial assets have been assessed for impairment in accordance with Australian accounting standards. Where a financial asset's fair value at balance date has reduced by 10 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 10 or more months, the financial instrument is treated as impaired.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is

applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

### 1.12 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### Finance leases Institute as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the Institute will obtain ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Operating leases

#### Institute as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

#### Institute as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. During 2006, Kangan Institute took possession of land at the Docklands campus on a 92 year lease as a peppercorn rental of \$1 per year.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 1.13 Non-financial assets

#### Inventories

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost includes an appropriate portion of fixed and variable overhead expenses. Cost for all other inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

#### Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and

vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on impairment of non-financial assets.

### **Library collections**

Library collections are measured at fair value less accumulated depreciation. All library acquisitions are brought to account and depreciated over a five year period. If there is any indication of impairment, the assets are tested as to whether their carrying value exceeds its recoverable amount. If impairment exists, the expense is charged to the comprehensive operating statement.

### **Leasehold improvements**

The cost of a leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

### **Restrictive nature of cultural and heritage assets, Crown land and infrastructures**

Certain agencies hold cultural assets, heritage assets, Crown land and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Revaluations of non-financial physical assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

### Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

When recognition criteria AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) the intention to complete the intangible asset and use or sell it
- (c) the ability to use or sell the asset
- (d) the intangible asset will generate probable future economic benefits
- (e) the availability of adequate technical financial and other resources to complete the development and to use or sell the intangible asset
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight line basis over their useful lives as seen in Note 1.08.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1.14 Liabilities

#### Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services
- statutory payables, such as goods and services tax and fringe benefits tax payables

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

#### Provisions

Provisions are recognised when the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

#### Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

##### (i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits such as annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- undiscounted value - if the Institute expects to wholly settle within 12 months; or
- present value - if the Institute does not expect to wholly settle within 12 months.

##### (ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- nominal value (undiscounted value) - component that is expected to be wholly settled within 12 months

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

- present value (discounted value) - component that is not expected to be wholly settled within 12 months

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for termination of employment. The Institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

### (iv) Employee benefits on-costs

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

### (v) Performance payments

Performance payments for the Institute's executive officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

### 1.15 Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

### 1.16 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 19) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

### 1.17 Equity

#### Contributed capital

Funding that are in the nature of contributions by the Victorian State government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 *Contribution by Owners Made to Wholly-Owned Public Sector Entities*. Commonwealth capital funds are not affected and are treated as income.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distribution to owners.

### 1.18 Materiality

In accordance with accounting standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Error*, when an Australian accounting standard specifically applies to

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## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

### **1.19 Rounding of amounts**

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

### **1.20 Comparative information**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1.21 Change in accounting policy

Subsequent to the 2013 reporting period, the following new and revised accounting standards have been adopted in the current period with their financial impact detailed as below.

Standard/Interpretation	Summary	Impact on Institute
AASB 10 <i>Consolidated Financial Statements / AASB 127 Separate Financial Statements</i>	<p>AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation - Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when:</p> <ul style="list-style-type: none"> <li>(a) it has power over an investee</li> <li>(b) it is exposed, or has rights, to variable returns from its involvement with the investee</li> <li>(c) has the ability to use its power to affect its returns</li> </ul> <p>All three of these criteria must be met for an investor to have control over an investee. Previously control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.</p>	The application of AASB 10 does not impact on the reporting of the Institute's results. Refer to Note 1.04 for basis of consolidation of the controlled entity, John Batman Consulting and Training Pty Ltd.
AASB 11 <i>Joint arrangements</i>	AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities - Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (as revised in 2011).	The Institute has not entered into any arrangements that meet the definition of a joint arrangement. As such, this standard has no material impact on the Institute.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.	Given the minimal holdings in other entities, this has not significantly impacted on the reporting of the Institute.
AASB 1031 <i>Materiality</i>	During the year, AASB 1031 was amended to direct all materiality assessments to individual accounting standards. There will no longer be a single source of guidance for assessing materiality.	This has no quantitative impact on the financial reporting of the Institute.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1.22 Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period

As at 31 December 2014 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2014. The Institute has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Application date of standard	Impact on entity financial statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede AASB 118 <i>Revenue and AASB 111 Construction Contracts</i> and the related interpretations when it becomes effective. AASB 1004 Contributions will continue to apply to non-reciprocal contributions received.	1 Jan 2017	An initial assessment has yet to be undertaken, however, it is anticipated that the application of AASB 15 in the future may have a material impact on the amounts reported and disclosures made in the Institute's financial reports. It is not practicable to provide a reasonable estimate of the impact of AASB 15 until the Institute performs a detailed review.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2014 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements
- 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

- 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders
- 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB Interpretation 21 Levies

### 1.23 Critical accounting judgement and key sources of estimation uncertainty

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates

The following are the critical judgement apart from those involved estimations that the Institute has made in the process of applying the accounting policies and that have the most significant effect of the amounts recognised in the consolidated financial statements.

### Discount rates applied to material balances

Discounted future cash flows are estimated based on market exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

### Fair value measurements and valuation process

Assets and liabilities are measured at fair value using market-observable data where available and engaging a professional valuer in its absence. The Institute liaises with the professional valuer for the appropriate inputs and valuation techniques.

### Useful lives of buildings, plant and equipment

The Institute with the aid of a valuer estimates the remaining useful life based on the assumption that assets are held until the end of the useful lives.

### 1.24 Fair value measurement

Consistent with AASB 13 *Fair Value Measurement*, the Institute determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant financial reporting directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Institute's assets are subject to a revaluation model, as directed by the State's financial reporting directions. The Institute records non-current tangible assets at fair value (depreciated replacement cost), with revaluations completed every five years as required by FRD 103E *Property, Plant and Equipment*. The most recent valuation was completed at 31 December 2012.

During the interim years, an annual fair value assessment is undertaken to ensure that the carrying value of the assets is not materially different from the fair value as at balance sheet date. The Institute uses indices provided by the VGV to complete these assessments.

The Valuer General Victoria (VGV) is the Institute's independent valuation agency.

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Institute determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 1.25 Error in application of depreciation policies

It has been identified that the useful lives recommended for re-valued buildings were not correctly applied on 31 December 2012. As a result, the depreciation was understated by \$725,468. The 31 December 2013 results have been restated to reflect the additional depreciation charged as follows:

	\$,000
Reported 2013 net result	120
Depreciation adjustment	(725)
Adjusted 2013 net result	(605)

Note 9 demonstrates the effect on the asset base as a result of the re-stated depreciation charge.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2 - Restructuring of administrative arrangements

#### Restructuring of administrative arrangements

Pursuant to an Order in Council effective from 1 July 2014, the name of Bendigo TAFE was changed to Bendigo Kangan Institute. On the same day, the Order amalgamated Kangan Institute with Bendigo TAFE.

The Order directed that Kangan Institute assign all assets and liabilities to Bendigo Kangan Institute as at 1 July 2014. The combined income and expenses are reported by Bendigo Kangan Institute from this date.

The net assets assumed by Bendigo Kangan Institute as a result of the amalgamation are recognised in the balance sheet at the carrying amount of those assets in the transferor's balance sheet immediately before the transfer.

The net assets transfer was treated as a contribution of capital by the State Government. No income has been recognised by Bendigo Kangan Institute in respect of the net assets transferred by Kangan Institute. Thus, the balance of net assets has been recognised in equity as an administrative restructure.

Details of the net assets transfer are included in the Kangan Institute balance sheet as at 30 June 2014 as set out in Note 32.

### NOTE 3 - Income from transactions

	2014	2013
	\$'000	\$'000
<b>3 Income from transactions</b>		
<b>(a) Grants and other transfers (other than contributions by owners)</b>		
<b>(i) Government contributions - operating</b>		
Commonwealth government - specific funded	207	45
State government - contestable	47,740	28,157
Other contributions by Commonwealth Government	153	-
<b>Total government contributions - operating</b>	<b>48,101</b>	<b>28,202</b>
<b>(ii) Government contributions - capital</b>		
State capital	-	628
<b>Total government contributions - capital</b>	<b>-</b>	<b>628</b>
<b>Total government contributions</b>	<b>48,101</b>	<b>28,830</b>

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	2014	2013
	\$'000	\$'000
<b>(b) Sales of goods and services</b>		
Student fees and charges	9,925	4,659
<b>Rendering of services</b>		
Fee for service - government	4,638	2,334
Fee for service - international operations - onshore	1,819	86
Fee for service - international operations - offshore	2,404	-
Fee for service - other	15,670	2,356
<b>Total rendering of services</b>	<b>24,531</b>	<b>4,777</b>
<b>Other non-course fees and charges</b>		
Sale of goods	1,108	1,085
<b>Total other fees and charges</b>	<b>1,108</b>	<b>1,085</b>
<b>Total revenue from sale of goods and services</b>	<b>35,564</b>	<b>10,521</b>
<b>(c) Interest</b>		
<b>Interest from financial assets not at fair value through P/L:</b>		
Interest on bank deposits	1,312	133
<b>Total interest from financial assets not at fair value through P/L</b>	<b>1,312</b>	<b>133</b>
<b>Net interest income</b>	<b>1,312</b>	<b>133</b>
<b>(d) Other income</b>		
<b>Rental income:</b>		
Hire of facilities and equipment	432	189
<b>Total rental income</b>	<b>432</b>	<b>189</b>
<b>Dividends:</b>		
Received from Investments	-	13
<b>Total dividends</b>	<b>-</b>	<b>13</b>
Donations, bequests and contributions	235	18
Other revenue	909	320
Childcare fees	86	-
Salary recoveries	589	130
<b>Total other income</b>	<b>2,251</b>	<b>669</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 4 - Expenses from transactions

	2014	2013
	\$'000	\$'000
<b>4 Expenses from transactions</b>		
<b>(a) Employee expenses</b>		
Salaries, wages, overtime and allowances	48,263	20,621
Superannuation	4,476	1,946
Payroll tax	971	1,217
Worker's compensation	227	215
Long service leave	460	-
Annual leave	1,114	1,511
Termination benefits	941	1,182
Other	73	67
<b>Total employee expenses</b>	<b>56,525</b>	<b>26,759</b>
<b>(b) Depreciation and amortisation</b>		
<b>Depreciation of non-current assets</b>		
Buildings	4,387	2,331
Plant and equipment	1,889	1,266
Motor vehicles	309	150
Library collections	110	38
Leasehold improvements	122	29
<b>Total depreciation</b>	<b>6,817</b>	<b>3,814</b>
<b>Amortisation of non-current physical and intangible assets</b>		
Software	889	-
<b>Total amortisation</b>	<b>889</b>	<b>-</b>
<b>Total depreciation and amortisation</b>	<b>7,705</b>	<b>3,814</b>
<b>(c) Grants and other transfers (other than contributions by owners)</b>		
Grants and subsidies apprentices and trainees	15	162
Commission	198	-
Donations to outside organisations	23	-
<b>Total grants and other transfers</b>	<b>237</b>	<b>162</b>
<b>(d) Supplies and services</b>		
Purchase of supplies and consumables	3,182	2,302
Communication expenses	1,251	464
Contract and other services	12,111	4,970
Cost of goods sold/distributed (ancillary trading)	346	-
Building repairs and maintenance	904	403
Fees and charges	314	23
<b>Total supplies and services</b>	<b>18,108</b>	<b>8,161</b>

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	2014	2013
(e) Other operating expenses	\$'000	\$'000
<b>General expenses</b>		
Marketing and promotional expenses	1,325	635
Occupancy expenses	2,656	696
Audit fees and services	91	81
Staff development	191	156
Travel and motor vehicle expenses	681	373
Motor vehicle taxes	35	23
Other expenses	449	189
<b>Total other expenses</b>	<b>5,429</b>	<b>2,153</b>
<b>Operating lease rental expenses:</b>		
Lease payments	750	128
<b>Total operating lease rental expenses</b>	<b>750</b>	<b>128</b>
<b>Subtotal</b>	<b>6,178</b>	<b>2,281</b>
Bad debts from transactions	104	6
Equipment below capitalisation threshold	863	-
Equipment repairs and maintenance	516	-
<b>Total other operating expenses</b>	<b>7,661</b>	<b>2,287</b>

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**NOTE 5 – Other economic flows included in net result**

	2014	2013
<b>5 Other economic flows included in net result</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)</b>		
Impairment of property plant and equipment (including intangible assets) <sup>1</sup>	(7,769)	-
Net gain on disposal of property plant and equipment	175	58
<b>Total net gain/(loss) on non-financial assets</b>	<b>(7,594)</b>	<b>58</b>
<b>(b) Net gain/(loss) on financial instruments</b>		
Impairment of:		
Loans and receivables	(371)	38
Net gain/(loss) arising from revaluation of financial assets at fair value – market risk	-	(39)
<b>Total net gain/(loss) on financial instruments</b>	<b>(371)</b>	<b>(1)</b>
<b>(c) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(305)	187
Net gain/(loss) arising from revaluation of annual leave liability	(427)	181
<b>Total other gains/(losses) from other economic flows</b>	<b>(732)</b>	<b>368</b>

**Notes:**

1. The total gains or losses for the year included in profit or loss included an impairment of Intangibles of \$7.26m (2013: \$ nil) and financial assets (that are measured at fair value at the end of each reporting period) of \$0.5m (2013: \$nil). Refer to Note 10 and Note 9 respectively.

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**NOTE 6 - Receivables**

	2014	2013
<b>6 Receivables</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current receivables</b>		
<b>Contractual</b>		
Sale of goods and services <sup>1</sup>	5,148	1,550
Provision for doubtful contractual receivables (see also Note 6(a) below)	(667)	(87)
Other (portable electronic device payments receivable)	73	22
Other (deed of settlement)	-	647
Revenue receivable	7,021	76
<b>Total contractual</b>	<b>11,576</b>	<b>2,209</b>
<b>Statutory</b>		
GST input tax credit recoverable	-	111
Amounts owing from Victorian Government	-	1,492
<b>Total statutory</b>	<b>-</b>	<b>1,602</b>
<b>Total current receivables</b>	<b>11,576</b>	<b>3,811</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Other (portable electronic device payments receivable)	-	2
<b>Total contractual</b>	<b>-</b>	<b>2</b>
<b>Total non-current receivables</b>	<b>-</b>	<b>2</b>
<b>Total receivables</b>	<b>11,576</b>	<b>3,813</b>

**Notes:**

1. The average credit period for sales of goods and services and for other receivables is 30 days. No interest is charged on overdue trade and other receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired and by reference to past default experience.

	2014	2013
<b>(a) Movement in the provision for doubtful contractual receivables</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the year	87	49
Transfer through administrative restructures	161	-
Reversal of unused provision recognised in the net result	-	51
Increase in provision recognised in the net result	419	(13)
<b>Balance at end of the year</b>	<b>667</b>	<b>87</b>
<b>(b) Ageing analysis of contractual receivables</b>		
Please refer to Note 23(ii) for the ageing analysis of contractual receivables.		
<b>(c) Nature and extent of risk arising from contractual receivables</b>		
Please refer to Note 23(ii) for the nature and extent of credit risk arising from contractual receivables.		

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 7 – Investments and other financial assets

	2014	2013
	\$'000	\$'000
<b>7 Investments and other financial assets</b>		
<b>Current investments and other financial assets</b>		
<b>Equities and managed investment schemes:</b>		
Australian listed equity securities	-	129
<b>Term deposits<sup>1</sup>:</b>		
Australian dollar term deposits > 90 days	10,489	90
<b>Total current investments and other financial assets</b>	<b>10,489</b>	<b>219</b>
<b>Non-current investments and other financial assets</b>		
<b>Term deposits:</b>		
Australian dollar term deposits	26,000	-
<b>Total term deposits</b>	<b>26,000</b>	<b>-</b>
<b>Total non-current investments and other financial assets</b>	<b>26,000</b>	<b>-</b>
<b>Total investments and other financial assets</b>	<b>36,489</b>	<b>219</b>

**Notes:**

1. Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

**(a) Ageing analysis of investments and other financial assets**

Please refer to Note 23(ii) for the ageing analysis of investments and other financial assets.

**(b) Nature and extent of risk arising from investments and other financial assets**

Please refer to Note 23(ii) for the nature and extent of risks arising from investments and other financial assets.

### NOTE 8 – Inventories

	2014	2013
	\$'000	\$'000
<b>8 Inventories</b>		
<b>Current</b>		
<b>Inventories held-for-sale:</b>		
at cost	433	-
<b>Inventories held-for-distribution<sup>1</sup>:</b>		
at cost	224	259
<b>Total current inventories</b>	<b>657</b>	<b>259</b>

**Notes:**

1. Inventories held-for-distribution and inventory held for sale are valued at cost based on the average weighted cost at the reporting period.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 9 - Property, plant and equipment

In accordance with government purpose classifications, the Institute's property, plant and equipment are assets used for the purpose of education. Property, plant and equipment includes all operational assets.

(a)	Land at fair value <sup>1</sup>	Buildings	Assets under construction	Plant and equip- ment	Motor vehicles	Leasehold Improve- ments	Library	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2013</b>								
Cost	-	-	603	-	-	-	-	<b>603</b>
Valuation	19,145	63,748	-	11,347	1,133	506	1,212	<b>97,091</b>
Accumulated depreciation	-	(69)	-	(6,982)	(752)	(63)	(947)	<b>(8,813)</b>
<b>Net book amount</b>	<b>19,145</b>	<b>63,679</b>	<b>603</b>	<b>4,365</b>	<b>381</b>	<b>443</b>	<b>265</b>	<b>88,881</b>
<b>Year ended 31 December 2013</b>								
Opening net book amount	19,145	63,679	603	4,365	381	443	265	<b>88,881</b>
Additions	-	-	525	339	-	-	51	<b>915</b>
Disposals	-	(29)	(1,113)	(47)	(45)	-	-	<b>(1,234)</b>
Depreciation <sup>2</sup>	-	(2,331)	-	(1,266)	(150)	(29)	(38)	<b>(3,814)</b>
<b>Closing net book amount</b>	<b>19,145</b>	<b>61,319</b>	<b>15</b>	<b>3,391</b>	<b>186</b>	<b>414</b>	<b>278</b>	<b>84,747</b>
<b>At 31 December 2013</b>								
Cost	-	-	15	-	-	-	-	-
Valuation	19,145	63,718	-	11,610	933	506	1,264	<b>97,176</b>
Accumulated depreciation	-	(2,399)	-	(8,221)	(747)	(91)	(986)	<b>(12,444)</b>
<b>Net book amount</b>	<b>19,145</b>	<b>61,319</b>	<b>15</b>	<b>3,389</b>	<b>186</b>	<b>415</b>	<b>278</b>	<b>84,747</b>
<b>Year ended 31 December 2014</b>								
Opening net book amount	19,145	61,319	15	3,389	186	415	278	<b>84,747</b>
Additions	-	-	62	80	256	-	33	<b>431</b>
Disposals	-	-	(281)	-	(27)	-	-	<b>(308)</b>
Transfer into/(out of) assets under construction	-	216	(216)	-	-	-	-	-
Transfer between asset categories	-	(66)	-	66	-	-	-	-
Impairment of assets	-	-	-	(511)	-	-	-	<b>(511)</b>
Acquisitions through administrative restructures <sup>3</sup>	40,357	139,837	1,055	7,087	979	-	265	<b>189,580</b>
Depreciation <sup>2</sup>	-	(4,387)	-	(1,889)	(309)	(122)	(110)	<b>(6,817)</b>
<b>Closing net book amount</b>	<b>59,502</b>	<b>196,919</b>	<b>635</b>	<b>8,222</b>	<b>1,085</b>	<b>293</b>	<b>466</b>	<b>267,122</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 9 – Property, plant and equipment (continued)

	Land at fair value <sup>1</sup> \$'000	Buildings \$'000	Assets under construction \$'000	Plant and equip- ment \$'000	Motor vehicles \$'000	Leasehold Improve- ments \$'000	Library \$'000	Total \$'000
<b>At 31 December 2014</b>								
Cost	-	-	635	-	-	-	-	<b>635</b>
Valuation	59,502	209,731	-	32,104	2,759	506	1,919	<b>306,521</b>
Accumulated depreciation	-	(12,812)	-	(23,882)	(1,674)	(213)	(1,453)	<b>(40,034)</b>
<b>Net book value at the end of the financial year</b>	<b>59,502</b>	<b>196,919</b>	<b>635</b>	<b>8,222</b>	<b>1,085</b>	<b>293</b>	<b>466</b>	<b>267,122</b>

**Notes:**

- On amalgamation, an exercise was undertaken to ensure consistency of classification of asset classes. As a result some assets have been re-classified.
- The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 4(b).
- Refer to Note 32.

**Restricted assets**

The Institute holds \$2.9 million (2013: \$nil) worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

(b) Fair value measurement hierarchy for assets as at 31 December 2013 (re-stated)	Carrying amount as at 31 Dec 2013 \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Un-observable inputs \$'000
Classified in accordance with the fair value hierarchy, see Note 1	\$'000	\$'000	\$'000	\$'000
Land at fair value:				
Non specialised land	1,250	-	1,250	-
Specialised land (Crown land)	17,895	-	-	17,895
<b>Total of land at fair value</b>	<b>19,145</b>	<b>-</b>	<b>1,250</b>	<b>17,895</b>
Buildings at fair value:				
Non specialised buildings	-	-	-	-
Specialised buildings	61,319	-	-	61,319
Heritage assets	-	-	-	-
<b>Total of buildings at fair value</b>	<b>61,319</b>	<b>-</b>	<b>-</b>	<b>61,319</b>
Plant, equipment and vehicles at fair value:				
Vehicles	186	-	-	186
Plant and equipment	3,805	-	-	3,805
<b>Total of plant, equipment and vehicles at fair value</b>	<b>3,991</b>	<b>-</b>	<b>-</b>	<b>3,991</b>
Cultural assets at fair value:				
Library	278	-	278	-
<b>Total of cultural assets at fair value</b>	<b>278</b>	<b>-</b>	<b>278</b>	<b>-</b>

In the prior year, all assets were classified within level 2. It has subsequently been determined that the nature of the valuation inputs used means that assets such as Crown land and specialised educational buildings should be disclosed within level 3 of the fair value hierarchy.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(c) Fair value measurement hierarchy for assets as at 31 December 2014	Carrying amount as at 31 Dec 2014	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Un-observable inputs
	\$'000	\$'000	\$'000	\$'000
Classified in accordance with the fair value hierarchy, see Note 1				
Land at fair value:				
Non specialised land	1,250	-	1,250	-
Specialised land	58,252	-	-	58,252
<b>Total of land at fair value</b>	<b>59,502</b>	<b>-</b>	<b>1,250</b>	<b>58,252</b>
Buildings at fair value:				
Non specialised buildings	-	-	-	-
Specialised buildings	194,051	-	-	194,051
Heritage assets	2,868	-	-	2,868
<b>Total of buildings at fair value</b>	<b>196,919</b>	<b>-</b>	<b>-</b>	<b>196,919</b>
Plant, equipment and vehicles at fair value:				
Vehicles	1,085	-	-	1,085
Plant and equipment	8,515	-	-	8,515
<b>Total of plant, equipment and vehicles at fair value</b>	<b>9,600</b>	<b>-</b>	<b>-</b>	<b>9,600</b>
Cultural assets at fair value:				
Library	466	-	466	-
<b>Total of cultural assets at fair value</b>	<b>466</b>	<b>-</b>	<b>466</b>	<b>-</b>

There were no transfers between levels during the year.

### (d) Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2014 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose Institute will be conducted in 2017.

#### Non specialised land, non specialised buildings and artworks

Non specialised land and non specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

To the extent that non specialised land and non specialised buildings do not contain significant, unobservable adjustments, these assets are classified as level 2 under the market approach.

#### Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as level 3 assets.

For the Institute's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as level 3 fair value measurements.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 9 – Property, plant and equipment (continued)

#### (d) Valuations of property, plant and equipment

##### Heritage assets

For the Institute's heritage buildings the reproduction method is used. The estimated cost of reproduction including structure, services and finishes, also factors in any heritage classifications (where applicable) and extra costs to comply with the requirements of any act of parliament or regulation made there under or any by law or regulation of any local government or other statutory authorities. Heritage assets are classified as level 3 fair value measurements.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

##### Vehicles

Vehicles are valued using the depreciated replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Institute who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

##### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 31 December 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

	Specialised land	Specialised buildings	Heritage assets	Vehicles	Plant and equipment
(e) Reconciliation of level 3 fair value as at 31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	17,895	61,319	-	186	3,805
Purchases (sales)	-	216	-	229	80
Acquisitions through administrative restructures <sup>1</sup>	40,357	136,859	2,978	979	7,087
Transfers in (out) of level 3	-	(66)	-	-	66
Depreciation	-	(4,277)	(110)	(309)	(2,011)
Impairment loss	-	-	-	-	(511)
<b>Closing balance</b>	<b>58,252</b>	<b>194,051</b>	<b>2,868</b>	<b>1,085</b>	<b>8,515</b>

#### Notes:

1. Refer to Note 32.

**BENDIGO KANGAN INSTITUTE  
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<b>(f) Description of significant unobservable inputs to Level 3 valuations</b>				
	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>	<b>Sensitivity of fair value measurement to changes in significant unobservable inputs</b>
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	\$587-\$3,000/m2 (\$1,300)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	8-50 years (50 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life plant and equipment	5-10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	\$26,570	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage assets	Reproduction cost	Cost per unit	\$1,600-\$6,500/m2 (\$4,000)	A significant increase or decrease in reproduction cost per square metre adjustment would result in a significantly higher or lower fair value.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 10 - Intangible assets**

	Software \$'000	Software (development in progress) \$'000	Total \$'000
<b>10 Intangible assets</b>			
<b>Year ended 31 December 2013</b>			
<b>Gross carrying amount</b>			
<b>Opening balance</b>	-	-	-
Additions	7,775	-	7,775
Additions from internal developments	1,112	-	1,112
<b>Closing balance</b>	<b>8,887</b>	<b>-</b>	<b>8,887</b>
<b>Accumulated depreciation, amortisation and impairment</b>			
<b>Opening balance</b>	-	-	-
Depreciation of intangible produced assets	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at end of financial year</b>	<b>8,887</b>	<b>-</b>	<b>8,887</b>

	Software \$'000	Software (development in progress) \$'000	Total \$'000
<b>Year ended 31 December 2014</b>			
<b>Gross carrying amount</b>			
<b>Opening balance</b>	8,887	-	8,887
Transfer through administrative restructures	-	1,480	1,480
Additions from internal developments	-	716	716
<b>Closing balance</b>	<b>8,887</b>	<b>2,196</b>	<b>11,083</b>
<b>Accumulated depreciation, amortisation and impairment</b>			
<b>Opening balance</b>	-	-	-
Depreciation of intangible produced assets	891	-	891
Impairment losses charged to net result	7,258	-	7,258
<b>Closing balance</b>	<b>8,149</b>	<b>-</b>	<b>8,149</b>
<b>Net book value at end of financial year</b>	<b>738</b>	<b>2,196</b>	<b>2,934</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### Significant intangible assets

The Institute has capitalised software development expenditure related to its student management system software as at 31 December 2013 and assessed its useful life as 10 years.

Subsequent to the amalgamation of Bendigo TAFE with Kangan Institute, a decision was made on 1 November 2014 to transition to a new student management system which will be used by Bendigo Kangan Institute from October 2015 onwards. The useful life of the student management system asset was reduced to 12 months and an impairment loss of \$7.26 million has been recognised in 2014.

Software development costs of \$2.20m relating to the new student management system (development in progress) have been deferred as at 31 December 2014.

### NOTE 11 - Other non-financial assets

	2014	2013
	\$'000	\$'000
<b>11 Other non-financial assets</b>		
<b>Current other non-financial assets</b>		
Prepayments	1,559	549
<b>Total current other non-financial assets</b>	<b>1,559</b>	<b>549</b>
<b>Total other non-financial assets</b>	<b>1,559</b>	<b>549</b>

### NOTE 12 - Payables

	2014	2013
	\$'000	\$'000
<b>12 Payables</b>		
<b>Current</b>		
<b>Contractual<sup>2,3</sup></b>		
Supplies and services <sup>1</sup>	7,096	4,005
Revenue in advance	7,749	75
Other payables <sup>1</sup>	206	-
	<b>15,052</b>	<b>4,080</b>
<b>Statutory</b>		
GST payable	131	232
FBT payable	20	-
<b>Total current payables</b>	<b>15,203</b>	<b>4,313</b>
<b>Total payables</b>	<b>15,203</b>	<b>4,313</b>

#### Notes:

- The average credit period is 30 days. No interest is charged on contractual payables.
- Maturity analysis of contractual payables.  
Refer to Note 23(iii) for the maturity analysis of contractual payables.
- Nature and extent of risk arising from contractual payables.  
Refer to Note 23(iii) for the nature and extent of risks arising from contractual payables.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

<b>NOTE 13 - Provisions</b>		
	2014	2013
<b>13 Provisions</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current provisions</b>		
<b>Employee benefits (Note 13(a))<sup>1</sup></b>		
<b>Annual leave (Note 13(a)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	3,321	667
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	636	229
<b>Long service leave (Note 13(a)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	3,020	227
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	5,245	1,193
<b>Other provisions</b>	123	134
	<b>12,345</b>	<b>2,450</b>
<b>Provisions for on costs (Note 13(a) and Note 13(b)):</b>		
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	681	160
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	372	254
	<b>1,053</b>	<b>414</b>
<b>Make good provision (Note 13 (b))<sup>3</sup></b>	96	-
<b>Total current provisions</b>	<b>13,493</b>	<b>2,864</b>
<b>Non-current</b>		
<b>Employee benefits (Note 13(a))<sup>1</sup></b>	1,806	450
<b>On costs (Note 13(a) and Note 13(b))</b>	156	79
<b>Make good provision (Note 13(b))<sup>3</sup></b>	39	-
<b>Total non-current provisions</b>	<b>2,001</b>	<b>529</b>
<b>Total provisions</b>	<b>15,494</b>	<b>3,393</b>
<b>Notes:</b>		
1. Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.		
2. Amounts are measured at present values calculated using discount rates published by the Department of Treasury and Finance. In accordance with various lease agreements over premises, the Institute must remove any leasehold improvements from these premises and restore them to their original condition at the end of the lease term. A provision of \$0.134m (2013: \$nil) was provided for during the year for this purpose.		

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$'000	\$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>		
<b>Current employee benefits</b>		
Annual leave	3,321	667
Long service leave	8,265	1,420
<b>Non-current employee benefits</b>		
Annual leave	636	229
Long service leave	1,806	450
<b>Total employee benefits</b>	<b>14,028</b>	<b>2,766</b>
Current on costs	1,053	414
Non-current on costs	156	79
<b>Total on costs</b>	<b>1,209</b>	<b>493</b>
<b>Total employee benefits and on costs</b>	<b>15,237</b>	<b>3,259</b>
<b>Note:</b>		
1. Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.		

	\$'000		
	2014		
<b>(b) Movement in provisions</b>	Make-good	On-costs	Total
<b>Opening balance</b>	-	493	493
Additional provisions recognised	135	(66)	69
Additions due to transfer in from administrative restructures	-	782	782
<b>Closing balance</b>	<b>135</b>	<b>1,209</b>	<b>1,344</b>
Current	96	1,053	1,149
Non-current	39	156	195
<b>Closing balance</b>	<b>135</b>	<b>1,209</b>	<b>1,344</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 14 - Borrowings

	2014	2013
	\$'000	\$'000
<b>14 Borrowings</b>		
<b>Current</b>		
Finance lease liabilities <sup>1</sup>	25	-
<b>Total current borrowings</b>	<b>25</b>	<b>-</b>
<b>Non-current</b>		
Finance lease liabilities <sup>1</sup>	36	-
<b>Total non-current borrowings</b>	<b>36</b>	<b>-</b>
<b>Total borrowings</b>	<b>61</b>	<b>-</b>

**Notes:**

1. Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

**(a) Maturity analysis of borrowings**

Please refer to Note 23(iii) for the maturity analysis of borrowings.

**(b) Nature and extent of risk arising from borrowings**

Please refer to Note 23(iii) for the nature and extent of risks arising from borrowings.

**(c) Default and breaches**

During the current and prior year, there were no defaults and breaches of any of the loans.

### NOTE 15 - Other liabilities

	2014	2013
	\$'000	\$'000
<b>15 Other liabilities</b>		
<b>Current<sup>1,2</sup></b>		
Advances other		
Float for ACE stage 2 <sup>3</sup>	2,500	-
Energy Performance contract repayment <sup>4</sup>	145	-
Other Australian and State Government	186	696
<b>Total current other liabilities</b>	<b>2,831</b>	<b>696</b>
<b>Non-current<sup>1,2</sup></b>		
Energy Performance contract repayment <sup>4</sup>	734	-
<b>Total non-current other liabilities</b>	<b>734</b>	<b>-</b>
<b>Total other liabilities</b>	<b>3,565</b>	<b>696</b>

**Notes:**

1. Maturity analysis of contractual payables.

Please refer to Note 23(iii) for the maturity analysis of contractual payables.

2. Nature and extent of risk arising from contractual payables.

Please refer to Note 23(iii) for the nature and extent of risks arising from contractual payables.

3. Non-interest bearing and unsecured advance for ACE stage 2.

4. The Energy Performance contract has notional interest applied, is unsecured and is repayable over an eight year period commencing June 2014.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
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### NOTE 16 - Reserves

	2014	2013
	\$'000	\$'000
<b>16 Reserves</b>		
<b>(a) Physical asset revaluation surplus<sup>1</sup>:</b>		
Asset revaluation surplus - land	17,247	17,247
Asset revaluation surplus - buildings	28,855	28,855
<b>Total physical asset revaluation surplus</b>	<b>46,102</b>	<b>46,102</b>
<b>Net changes in reserves</b>	<b>-</b>	<b>-</b>

**Notes:**

1. The physical assets revaluation surplus arises on the revaluation of infrastructure, land and buildings.

### NOTE 17 - Cash flow information

	2014	2013
	\$'000	\$'000
<b>17 Cash flow information</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Total cash and deposits disclosed in the balance sheet	23,944	5,941
<b>Balance as per cash flow statement</b>	<b>23,944</b>	<b>5,941</b>

	2014	2013
	\$'000	\$'000
<b>(b) Non-cash financing and investing activities</b>		
<b>Indemnity / guarantee facility</b>		
Amount used <sup>1</sup>	437	-
Indemnity / guarantee facility available	437	-
(These acquisitions are not reflected in the cash flow statement)		

**Notes:**

1. Comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions. Refer to Note 19.

BENDIGO KANGAN INSTITUTE  
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**NOTE 17 - Cash flow information (continued)**

	2014	2013
(c) Financing facilities	\$'000	\$'000
<b>Unsecured bank overdraft facility, reviewed annually and payable at call</b>		
Amount used	-	-
Amount of credit facility	1	1
<b>Unsecured finance lease facilities with various maturity dates through to 2016 and which may be extended annually by mutual agreement</b>		
Amount used <sup>1</sup>	61	-
Amount of credit facility	500	500
<b>Notes:</b>		
1. Refer to Note 20(iii) for details.		

	2014	2013
(d) Reconciliation of net result for the period	\$'000	\$'000
Net result for the year	(11,706)	120
<b>Non cash movements:</b>		
(Gain)/loss on sale or disposal of non-current assets	492	(58)
Depreciation and amortisation of non-current assets	7,705	3,089
Impairment of non-current assets	7,258	-
<b>Movements in assets and liabilities</b>		
Decrease / (increase) in trade receivables	2,093	(602)
Decrease / (increase) in inventories	(212)	(42)
Decrease / (increase) in other debtors	580	(897)
Increase / (decrease) in payables	(2,528)	935
Increase / (decrease) in employee benefits	(996)	(744)
Increase / (decrease) in other liabilities	364	(775)
<b>Net cash flows from/(used in) operating activities</b>	<b>3,050</b>	<b>1,026</b>

BENDIGO KANGAN INSTITUTE  
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**NOTE 18 - Commitments for expenditure**

	2014	2013
	\$'000	\$'000
<b>18 Commitments for expenditure</b>		
<b>(a) Capital expenditure commitments payable</b>		
<b>Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:</b>		
<b>Intangible assets</b>		
<b>Payable:</b>		
Within one year	1,794	-
Later than one year but not later than five years	-	-
<b>Total intangible assets</b>	<b>1,794</b>	<b>-</b>
GST reclaimable on the above	(163)	-
<b>Net commitment intangible assets</b>	<b>1,631</b>	<b>-</b>
<b>Total capital expenditure commitments</b>	<b>1,631</b>	<b>-</b>
<b>(b) Non-cancellable operating lease commitments payable<sup>1</sup></b>		
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within one year	2,495	293
Later than one year but not later than five years	3,998	307
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>	<b>6,493</b>	<b>600</b>
GST reclaimable on the above	(590)	(54)
<b>Net commitments non-cancellable operating leases</b>	<b>5,903</b>	<b>546</b>
<b>(c) Other expenditure commitments</b>		
<b>Commitments for maintenance and other expenditure are payable as follows:</b>		
Within one year	1,006	573
Later than one year but not later than five years	156	64
<b>Total other expenditure commitments</b>	<b>1,162</b>	<b>637</b>
GST reclaimable on the above	(106)	(58)
<b>Net commitments other expenditure commitments</b>	<b>1,056</b>	<b>579</b>
<b>Total commitments for expenditure (including GST)</b>	<b>9,449</b>	<b>1,237</b>
GST reclaimable on the above	(859)	(112)
<b>Net total commitments for expenditure</b>	<b>8,590</b>	<b>1,125</b>

**Notes:**

1. Operating leases are effectively non-cancellable and include leases for office accommodation, computer equipment and motor vehicles.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 19 - Contingent assets and contingent liabilities

	2014	2013
19 Contingent assets and contingent liabilities	\$'000	\$'000
<b>Details and estimates of maximum amounts of contingent assets and contingent liabilities are as follows:</b>		
<b>Contingent assets</b>		
TSAF funding arrangements <sup>1</sup>	16,200	
Other <sup>2</sup>	10,000	-
<b>Total estimated contingent assets</b>	<b>26,200</b>	<b>-</b>
<b>Contingent liabilities</b>		
Bank guarantees <sup>3</sup>	(437)	-
<b>Total estimated contingent liabilities</b>	<b>(437)</b>	<b>-</b>
<b>Total estimated contingent assets and (liabilities)</b>	<b>25,763</b>	<b>-</b>

**Notes:**

- The Institute has entered into funding agreements with the Department of Education and Early Childhood Development. The release of these funds is contingent on the Institute demonstrating that they have achieved agreed milestones. Should these milestones be met, the Institute will benefit from the inflow of \$16.2m in operating contributions in the 2015 financial year. In addition to the signed TSAF funding agreements the Department has also committed to additional TSAF funding of \$7.2 m. To date there is no signed agreement for this funding and negotiations are ongoing.
- There is a \$10 million contingent asset from the planned sale of Moreland campus, the title to which is being transferred to the Bendigo Kangan Institute Board.
- The amount disclosed comprises bank guarantees for the purposes of securing supply of rental premises from third parties on normal terms and conditions.

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 20 - Leases**

**(i) Operating leases - Institute as lessee**

Refer to Note 18 (commitments for expenditure).

**(ii) Operating leases - Institute as lessor**

The Institute leases out certain land, buildings and equipment, which are excess to current requirements, at current market rates.

**Leasing arrangements**

	2014	2013
	\$'000	\$'000
<b>As at the reporting date the Institute leased out the following assets:</b>		
Vahlands Bistro, Bendigo	26	21
Charleston Road Café, Bendigo	12	-
136 McCrae Street, Bendigo	16	-
130 McCrae Street, Bendigo	27	45
Speciman Cottage, Bendigo	7	14
Cnr Hargreaves and Mundy Street, Bendigo	-	55
Butcher Street, Echuca	4	3
BTEC Café, Bendigo	9	8
Edgecombe Street, Kyneton	20	19
4 Neil Street, Maryborough	47	-
65 Templeton Street, Castlemaine	11	-
69 - 71 Cremorne St Richmond	171	-
<b>Gross amount of leased assets</b>	<b>350</b>	<b>165</b>

	2014	2013
	\$'000	\$'000
<b>Non-cancellable operating lease receivables</b>		
<b>Payments due</b>		
Within one year	283	100
Later than one year but not later than five years	67	65
<b>Total non-cancellable operating lease receivables</b>	<b>350</b>	<b>165</b>
GST payable on the above	(32)	(15)
<b>Net operating leases receivables</b>	<b>318</b>	<b>150</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 20 - Leases (continued)

#### (iii) Finance leases - Institute as lessee

##### Leasing arrangements

The Institute has finance lease arrangements with National Australia Bank for 2 motor vehicles.

	Minimum future lease payments <sup>1</sup>		Present value of minimum future lease payments	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Finance lease liabilities payable<sup>2</sup></b>				
Within one year	29	-	28	-
Later than one year but not later than five years	40	-	33	-
<b>Minimum future lease payments</b>	<b>69</b>	<b>-</b>	<b>61</b>	<b>-</b>
Less future finance charges	(8)	-	(7)	-
<b>Present value of minimum lease payments</b>	<b>61</b>	<b>-</b>	<b>54</b>	<b>-</b>
<b>Included in the financial statements as:</b>				
Current borrowings lease liabilities (Note 14)	25	-	23	-
Non-current borrowings lease liabilities (Note 14)	36	-	31	-
<b>Total included in financial statements</b>	<b>61</b>	<b>-</b>	<b>54</b>	<b>-</b>

#### Notes:

1. Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
  2. Finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 18 (Commitments).
- Maturity analysis of finance lease liabilities and the nature and extent of risks arising from finance lease liabilities are disclosed in Note 23.

### NOTE 21 - Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees. Its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the statement of comprehensive income of the Institute.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

	2014	2013
	\$'000	\$'000
<b>21 Superannuation</b>		
<b>Paid contribution for the year</b>		
<b>Defined benefit plans:</b>		
State Superannuation Fund – revised and new	232	86
State Employees Retirement Benefits Scheme	9	-
Other	-	-
<b>Total defined benefit plans</b>	<b>241</b>	<b>86</b>
<b>Defined contribution plans:</b>		
VicSuper Pty Ltd	2,571	1,143
Hesta	130	81
Australian Superannuation	308	128
Uni Super	65	22
MLC Masterkey	26	-
Hostplus	90	38
AMP Life Ltd	36	18
Health Super Fund	27	37
Vision Super Pty Ltd	45	24
MTAA Superannuation	42	12
Retail Employees Superannuation Trust (REST)	86	37
Colonial First State	54	31
Cbus	48	29
Catholic Super	23	5
ESSSuper Accumulation Plan	51	15
Other	577	240
<b>Total defined contribution plans</b>	<b>4,180</b>	<b>1,860</b>
<b>Total paid contribution for the year</b>	<b>4,421</b>	<b>1,946</b>
<b>Contribution outstanding at year end</b>		
<b>Defined benefit plans:</b>		
State Superannuation Fund – revised and new	-	3
Other	-	-
<b>Total defined benefit plans</b>	<b>-</b>	<b>3</b>
<b>Defined contribution plans:</b>		
VicSuper and other schemes	68	52
<b>Total defined contribution plans</b>	<b>68</b>	<b>52</b>
<b>Total</b>	<b>68</b>	<b>55</b>

- The Institute does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.
- The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 22 - Trust account balances

No trust accounts have been opened or closed during 2014.

	Opening balance as at 1 Jan 2014 \$'000	Total receipts \$'000	Total payments \$'000	Closing balance as at 31 Dec 2014 \$'000
<b>2014</b>				
<b>Trust account balances relating to trust accounts controlled and/or administered by the Institute:</b>				
<b>Cash and cash equivalents and investments</b>				
<b>Administered trusts</b>				
Bank - Jan Lorimer Trust	16	1	-	17
NAB - Connor Trust Term Deposit	50	1	-	51
NAB - Scholarship Fund Term Deposit	40	51	3	88
NAB - Funds Held in Trust	27	-	40	(13)
<b>Total administered trusts</b>	<b>133</b>	<b>53</b>	<b>43</b>	<b>143</b>
<b>Total cash and cash equivalents and investments</b>	<b>133</b>	<b>53</b>	<b>43</b>	<b>143</b>

	Opening balance as at 1 Jan 2013 \$'000	Total receipts \$'000	Total payments \$'000	Closing balance as at 31 Dec 2013 \$'000
<b>2013</b>				
<b>Trust account balances relating to trust accounts controlled and/or administered by the Institute:</b>				
<b>Cash and cash equivalents and investments</b>				
<b>Administered trusts</b>				
Bank - Jan Lorimer Trust	17	-	2	16
NAB - Connor Trust Term Deposit	48	2	-	50
NAB - Scholarship Fund Term Deposit	38	2	-	40
NAB - Funds Held in Trust	38	21	32	27
<b>Total administered trusts</b>	<b>141</b>	<b>25</b>	<b>34</b>	<b>133</b>
<b>Total cash and cash equivalents and investments</b>	<b>141</b>	<b>25</b>	<b>34</b>	<b>133</b>

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## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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### NOTE 23 - Financial instruments

#### (i) Financial risk management objectives and policies

The Institute's principal financial instruments comprises of cash assets, term deposits, receivables (excluding statutory receivables) and payables (excluding statutory payables). The Institute does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements.

The Institute's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the finance team of the Institute under policies approved by the Board. The finance team identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

The carrying amounts of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

Carrying amount of financial instruments by category	Note	2014 \$'000	2013 \$'000
<b>(a) Loans and receivables</b>			
<b>Cash and deposits</b>	17 (a)	23,944	5,941
<b>Receivables<sup>1</sup>:</b>			
Trade receivables	6	4,481	1,464
Revenue receivables	6	7,021	76
Other receivables	6	73	670
<b>Investment and other financial assets:</b>			
Term deposits	7	36,489	90
Shares in equities		-	129
<b>Total loans and receivables</b>		<b>72,008</b>	<b>8,370</b>
<b>Total financial assets</b>		<b>72,008</b>	<b>8,370</b>
<b>(b) Financial liabilities at amortised cost:</b>			
<b>Payables<sup>1</sup>:</b>			
Supplies and services	12	7,096	4,005
Other payables	12	7,955	75
Other loans	14, 15	3,626	696
<b>Total financial liabilities at amortised cost</b>		<b>18,677</b>	<b>4,776</b>
<b>Total financial liabilities</b>		<b>18,677</b>	<b>4,776</b>

**Note:**

1. Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

The net holding gains or losses of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

- for cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost
- for financial asset and liabilities that are designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability

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		2014	2013
	Note	\$'000	\$'000
<b>Net holding gain/(loss) on financial instruments by category</b>			
<b>(a) Net holding gain/(loss)</b>			
Financial assets - loans and receivables			
	5	(175)	58
<b>Net holding gain/(loss) - financial assets</b>		<b>(175)</b>	<b>58</b>
<b>Total net holding gain/(loss)</b>		<b>(175)</b>	<b>58</b>
<b>(b) Interest Income/(expense)</b>			
Financial assets - loans and receivables			
	3	1,312	133
<b>Interest income/(expense) - financial assets</b>		<b>1,312</b>	<b>133</b>
<b>Total interest income/(expense)</b>		<b>1,312</b>	<b>133</b>
<b>(c) Impairment loss</b>			
Financial assets - loans and receivables			
	5 (b)	(372)	-
<b>Total impairment loss</b>		<b>(372)</b>	<b>-</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

#### (ii) Credit risk

Credit risk arises from the contractual financial assets of the Institute, which comprise cash and deposits, non-statutory receivables, available-for-sale contractual financial assets and derivative instruments. The Institute's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Institute.

Credit risk is measured at fair value and is monitored on a regular basis by the finance committee. The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing
- customers that do not meet the Institute's strict credit policies may only purchase in cash or using recognised credit cards

The Institute does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

The trade receivables balance at 31 December 2014 and 31 December 2013 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The Institute minimises credit risk in relation to student loans receivable in the following ways:

- a schedule of repayments is agreed with the student at the time of making an application for a part payment plan (PPP)
- provided the student meets the PPP eligibility criteria the PPP is assessed and approved
- the student's enrolment is completed in the student management system (SMS) and their record is flagged to prevent further enrolments or release of results until the debt is paid in full
- the part payment arrangement is processed in SMS and a repayment schedule is printed and sent to the student
- payments are deducted from the student's nominated bank account at regular intervals until the debt is finalised
- debts are reviewed on a monthly basis and the provision for doubtful debts is monitored by the financial controller
- all PPPs are managed in accordance with the debt collection policy

In addition, the Institute does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Institute will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired. Currently the Institute does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing credit risk or the methods used to measure this risk from the previous reporting period.

BENDIGO KANGAN INSTITUTE  
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 FOR THE YEAR ENDED 31 DECEMBER 2014

**Credit quality of contractual financial assets that are neither past due nor impaired<sup>1</sup>**

	Financial institutions (AAA rating)	Government agencies (AAA rating)	Other counter-party	Total
	\$'000	\$'000	\$'000	\$'000
<b>2014</b>				
Cash and deposits	417	-	23,527	23,944
Receivables	-	-	11,576	11,576
Investments and other financial assets	16,500	19,899	90	36,489
<b>Total contractual financial assets 2014</b>	<b>16,917</b>	<b>19,899</b>	<b>35,193</b>	<b>72,009</b>
<b>2013</b>				
Cash and deposits	5,935	-	6	5,941
Receivables	-	-	2,210	2,210
Investments and other financial assets	90	-	129	219
<b>Total contractual financial assets 2013</b>	<b>6,025</b>	<b>-</b>	<b>2,345</b>	<b>8,370</b>

**Note:**

1. The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

#### Ageing analysis of financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing analysis for the Institute's financial assets.

	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired			Impaired financial assets
				1-3 months	3 months - 1 year	1-5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014 financial assets</b>							
<b>Receivables<sup>1</sup>:</b>							
Trade receivables	5,148	2,029	1,662	164	620	6	667
Revenue receivables	7,021	7,021	-	-	-	-	-
Other receivables	73	73	-	-	-	-	-
<b>Investment and other financial assets:</b>							
Term deposits	36,489	36,489	-	-	-	-	-
Equities and managed investment schemes							
<b>Total 2014 financial assets</b>	<b>48,731</b>	<b>45,612</b>	<b>1,662</b>	<b>164</b>	<b>620</b>	<b>6</b>	<b>667</b>
<b>2013 financial assets</b>							
<b>Receivables<sup>1</sup>:</b>							
Trade receivables	2,197	1,685	140	313	51	8	87
Revenue receivables	77	77	-	-	-	-	-
Other receivables							-
Loans to third parties							-
Receivables from related parties	23	23	-	-	-	-	-
<b>Investment and other financial assets:</b>							
Term deposits							-
Equities and managed investment schemes	129	129	-	-	-	-	-
Fixed interest bearing bills, bonds/term deposits	90	90	-	-	-	-	-
<b>Total 2013 financial assets</b>	<b>2,516</b>	<b>2,004</b>	<b>140</b>	<b>313</b>	<b>51</b>	<b>8</b>	<b>87</b>

#### Note

1. Receivables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

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## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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### (iii) Liquidity risk

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Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due. The Institute operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 19.

The responsibility for liquidity risk management rests with the Institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The Institute manages liquidity risk by maintaining adequate reserves and uncommitted funds that can be drawn at short notice and careful maturity planning of its financial obligations by matching the maturity profiles of financial assets and liabilities and continuously monitoring forecast and actual cash flows.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from at call cash reserves maintained by the Institute.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

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## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 - Financial instruments (continued)

#### Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, and \$0.437m (2013: \$Nil) in relation to bank guarantees granted for the purposes of securing supply of product and services from third parties on normal terms and conditions (refer to Note 19), represents the Institute's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for the Institute's financial liabilities.

	Carrying amount	Nominal amount	Maturity date				
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014 financial liabilities</b>							
<b>Payables<sup>1</sup>:</b>							
Supplies and services	7,096	7,096	7,096	-	-	-	-
Revenue in advance	7,749	7,749	1,184	2,835	3,730	-	-
Other payables	206	206	69	137	-	-	-
<b>Borrowings</b>							
Finance lease liabilities	61	61	2	6	17	36	-
Other	3,565	3,565	-	-	2,831	734	-
<b>Total 2014 financial liabilities</b>	<b>18,677</b>	<b>18,677</b>	<b>8,351</b>	<b>2,978</b>	<b>6,578</b>	<b>770</b>	<b>-</b>
<b>2013 financial liabilities</b>							
<b>Payables<sup>1</sup>:</b>							
Supplies and services	4,005	4,005	4,005	-	-	-	-
Revenue in advance	75	75	6	19	50	-	-
<b>Borrowings</b>							
Finance lease liabilities	-	-	-	-	-	-	-
<b>Total 2013 financial liabilities</b>	<b>4,080</b>	<b>4,080</b>	<b>4,011</b>	<b>19</b>	<b>50</b>	<b>-</b>	<b>-</b>

#### Note

1. Payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

## BENDIGO KANGAN INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### (iv) Market risk

The Institute in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse affect on the operating result and/or net worth of the Institute. e.g. an adverse movement in interest rates or foreign currency exchange rates.

The Institute's exposures to market risk are primarily through foreign currency risk, interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

The Board ensures that all market risk exposure is consistent with the Institute's business strategy and within the risk tolerance of the Institute. Regular risk reports are presented to the Board.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.

#### Foreign currency risk

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar.

This risk is managed by natural hedging where possible.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing foreign currency risk or the methods used to measure this risk from the previous reporting period.

#### Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Institute does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Institute has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

The Institute manages cash flow interest rate risk through a mixture of short term and longer term investments, and undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management monitors movement in interest rates on monthly basis

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Institute's year end result.

The Institute's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the following financial instrument composition and maturity analysis table.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

#### Financial instrument composition and interest rate exposure

	Weighted average effective rate	Total carrying amount per balance sheet	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non- Interest Bearing
2014	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<b>Cash and deposits</b>	2.65%	23,944	22,715	1,001	228
<b>Receivables<sup>1</sup>:</b>					
Trade receivables	-	4,481	-	-	4,481
Revenue receivables	-	7,021	-	-	7,021
Other receivables	-	73	-	-	73
<b>Investment and other financial assets:</b>					
Term deposits	4.64%	36,489	-	36,489	-
<b>Total financial assets</b>		<b>72,008</b>	<b>22,715</b>	<b>37,490</b>	<b>11,803</b>
<b>Financial liabilities</b>					
<b>Payables<sup>1</sup>:</b>					
Supplies and services	-	7,096	-	-	7,096
Revenue in advance	-	7,749	-	-	7,749
Other payables	-	206	-	-	206
<b>Borrowings</b>					
Lease liabilities	9.91%	61	-	61	-
<b>Total financial liabilities</b>		<b>15,112</b>	<b>-</b>	<b>61</b>	<b>15,051</b>

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Weighted average effective rate	Total carrying amount per balance sheet	Interest rate exposure		
			Floating interest rate	Fixed interest rate	Non- Interest Bearing
2013	%	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
<b>Cash and deposits</b>	2.65%	5,766	5,766	-	-
<b>Receivables:</b>					
Trade receivables	-	2,110	-	-	2,110
Revenue receivables	-	77	-	-	77
Other receivables					
Receivables from related parties	-	23	-	-	23
Cash advances	2.35%	175	169	-	6
<b>Investment and other financial assets:</b>					
Term deposits	3.35%	90	-	90	-
Equities and managed investment schemes	-	129	-	-	129
<b>Total financial assets</b>	<b>0</b>	<b>8,370</b>	<b>5,935</b>	<b>90</b>	<b>2,345</b>
<b>Financial liabilities</b>					
<b>Payables:</b>					
Supplies and services	-	4,007	-	-	4,006
Other payables					
<b>Borrowings</b>					
Advances from government					
Other loans					
<b>Total financial liabilities</b>	<b>-</b>	<b>4,007</b>	<b>-</b>	<b>-</b>	<b>4,006</b>
<b>Note:</b>					
1. Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).					
<b>Equity price risk</b>					
The Institute was exposed to equity price risk through its investments in unlisted shares.					
All holdings of unlisted shares were sold during the financial year with no unlisted shares being held as at the reporting date.					

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

#### (v) Sensitivity analysis and assumptions

The Institute's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Institute's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down (2013: 200 basis points up and down) in market interest rates (AUD)
- a movement of 15 per cent up and down (2013: 50 per cent) for the top ASX 200 index

The following tables show the impact on the Institute's net result and equity for each category of financial instrument held by the Institute at the end of the reporting period as presented to key management personnel, if the above movements were to occur

	Carrying amount	Interest rate risk				Other price risk				
		- 50 basis points		+ 50 basis points		- 15%		+ 15%		
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	
<b>31 December 2014</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Contractual financial assets</b>										
Cash and deposits	23,944	(120)	(120)	120	120	-	-	-	-	-
Receivables <sup>1</sup>	11,576	-	-	-	-	-	-	-	-	-
Investments	36,489	(182)	(182)	182	182	-	-	-	-	-
<b>Total increase/(decrease) in financial assets</b>	<b>72,009</b>	<b>(302)</b>	<b>(302)</b>	<b>302</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>										
Payables <sup>1</sup>	15,052	-	-	-	-	-	-	-	-	-
Borrowings	61	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Total increase/(decrease) in financial liabilities</b>	<b>15,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/ (decrease)</b>	<b>87,122</b>	<b>(302)</b>	<b>(302)</b>	<b>302</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Carrying amount	Interest rate risk				Other price risk			
		-2%		2%		-50%		50%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity
<b>31 December 2013</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contractual financial assets</b>									
Cash and cash equivalents	5,941	(119)	(119)	119	119	-	-	-	-
Receivables <sup>1</sup>	2,210	-	-	-	-	-	-	-	-
Investments									
Other financial assets	219	(4)	(4)	4	4	(110)	(110)	110	110
<b>Total increase/(decrease) in financial assets</b>	<b>8,370</b>	<b>(123)</b>	<b>(123)</b>	<b>123</b>	<b>123</b>	<b>(110)</b>	<b>(110)</b>	<b>110</b>	<b>110</b>
<b>Contractual financial liabilities</b>									
Payables <sup>1</sup>	(4,007)	-	-	-	-	-	-	-	-
Borrowings									
Other financial liabilities	(771)	-	-	-	-	-	-	-	-
<b>Total increase/(decrease) in financial liabilities</b>	<b>(4,778)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/ (decrease)</b>	<b>3,592</b>	<b>(123)</b>	<b>(123)</b>	<b>123</b>	<b>123</b>	<b>(110)</b>	<b>(110)</b>	<b>110</b>	<b>110</b>
<b>Note:</b>									
1. Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from the Victorian Government, GST input tax credit recoverable and taxes payable).									

### Funding risk

Funding risk is the risk of over reliance on a particular funding source to the extent that a change in that funding source could impact on the operating result for the current year and future years.

The Institute manages funding risk by continuing to diversify and increase funding from commercial activities, both domestically and offshore.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 23 – Financial instruments (continued)

#### (vi) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- Level 2 fair value measurements are those derived from 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Institute considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	2014		2013	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
<b>Cash and deposits</b>	23,944	23,944	5,941	5,941
<b>Receivables<sup>1</sup>:</b>				
Trade receivables	5,148	4,481	2,197	2,110
Revenue receivables	7,021	7,021	77	77
Other receivables	73	73	23	23
<b>Investment and other financial assets:</b>				
Term deposits	36,489	36,399	90	90
Equities and managed investment schemes	-	-	129	129
<b>Total financial assets</b>	<b>72,675</b>	<b>71,918</b>	<b>8,457</b>	<b>8,370</b>
<b>Financial liabilities</b>				
<b>Payables<sup>1</sup>:</b>				
Supplies and services	7,096	7,096	4,007	4,007
Revenue in advance	7,749	7,749	75	75
Other payables	206	206	-	-
<b>Borrowings</b>				
Finance lease liabilities	61	61	-	-
<b>Total financial liabilities</b>	<b>15,112</b>	<b>15,112</b>	<b>4,082</b>	<b>4,082</b>

**Note:**

1. Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from the Victorian Government, GST input tax credit recoverable and taxes payable).

The Institute did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2014.

All gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period, and are reported as changes in 'Financial assets available-for-sale revaluation reserve' (see Note 19(b)).

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 24 - Responsible persons and executive officers

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

#### (i) Minister

The relevant Minister was The Hon. Peter Hall, MLC until his retirement from parliament on 17 March 2014. The Hon. Nick Wakeling, MP, was the Minister for Higher Education and Skills from 18 March 2014 to 3 December 2014. The Hon. Steve Herbert MP, was sworn in as the current responsible Minister for Training and Skills from 4 December 2014 following the State election in November 2014.

Remuneration of the Minister for Higher Education and Skills is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the parliament.

#### (ii) Chief executive officer (accountable officer)

Mr Grant Sutherland was appointed as chief executive officer (CEO) of the Institute effective 1 July 2014 with the appointment being ratified by the Hon. Nick Wakeling, MP, Minister for Higher Education and Skills, on 23 September 2014. The position of CEO was previously held by Mr Peter Coyne (appointed October 2013 and resigned June 2014) and Ms Maria Simpson (appointed February 2012 and resigned September 2013).

Remuneration received or receivable by the chief executive officer in connection with the management of the institute during the reporting period was in the range:

Grant Sutherland (2014: \$170,000 - \$179,999) (2013: \$nil)  
Peter Coyne (2014: \$180,000 - \$189,999) (2013: \$30,000 - \$40,000) - also included in Note 24(v)  
Maria Simpson (2014: \$nil) (2013: \$190,000 - \$199,999)

#### (iii) Members of the Board

Members of the Board of Bendigo Kangan Institute  
Board Chair - Michael Brown  
Director - Margaret O'Rourke  
Director - Michael McCartney  
Director - Mark Johnston  
Director - Stan Liacos (resigned June 2014)  
Director - Marnie Baker (resigned June 2014)  
Director - Lauren Bean (resigned June 2014)  
Director - Herbert Hermens (resigned June 2014)  
Director - Andrew Cooney (resigned June 2014)  
Director - Margaret Hatton (appointed July 2014)  
Director - Linsey Siede (appointed July 2014)  
Director - Christopher Edwards (appointed October 2014)  
Director - Joanne Wandel (appointed October 2014)

Remuneration of the Board members in connection with the management of the Institute are disclosed as follows:

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 No.	2013 No.
<b>Income range</b>		
<b>The number of Board members whose total remuneration from the Institute was within the specified income bands are as follows:</b>		
Less than \$10,000	8	6
\$10,000-\$19,999	2	3
\$20,000-\$29,999	3	1
\$70,000-\$79,999	-	-
\$80,000-\$89,999	-	-
\$200,000-\$209,999	-	1
\$210,000-\$219,999	-	1
<b>Total number of Board members</b>	<b>13</b>	<b>12</b>
<b>Total remuneration of Board members (\$'000)</b>	<b>129</b>	<b>301</b>

	2014 \$'000	2013 \$'000
<b>Related party transactions</b>		
Received from Keech Castings (Herbert Hermens, Chief Executive Officer - Keech Australia Group)		
Sale of goods and services	-	2
<b>Total amount</b>	<b>-</b>	<b>2</b>
<b>Other transactions</b>		
Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.		

#### (iv) Executive officers

##### Remuneration of executive officers

The number of executive officers, including the chief executive officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 24 - Responsible persons and executive officers (continued)

	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
<b>Income range</b>				
<b>The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:</b>				
\$50,000-\$59,999		2		2
\$60,000 - \$69,999	1		1	
\$70,000-\$79,999		1		1
\$80,000-\$89,999	1	2	1	2
\$90,000 - \$99,999	1			
\$100,000-\$109,999	4	1	-	1
\$110,000-\$119,999	4	1	2	1
\$120,000-\$129,999	2	3	1	3
\$130,000-\$139,999	1		1	
\$140,000-\$149,000	1	1	2	1
\$150,000 - \$159,999	1		-	
\$170,000 - \$179,999	1		3	
\$180,000-\$189,999	-	1	-	1
\$190,000 - \$199,999	1		1	
\$200,000 - \$209,999	-		3	
\$210,000 - \$219,999	-		1	
\$220,000 - \$229,999	-		1	
\$350,000-\$359,999	-		1	
<b>Total number of executive officers</b>	<b>18</b>	<b>12</b>	<b>18</b>	<b>12</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>17.6</b>	<b>9.0</b>	<b>17.6</b>	<b>9.0</b>
<b>Total amount of remuneration (\$'000)</b>	<b>\$2,187</b>	<b>\$1,439</b>	<b>\$3,059</b>	<b>\$1,410</b>

#### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

#### (v) Payments to other personnel

The number of contractors charged with significant management responsibilities to whom the total expenses paid by the Institute exceeded \$100,000 per person is disclosed. These contractors are responsible for planning, directing or controlling, directly or indirectly, the Institute's activities.

The change in total expenses from 2013 to 2014 reporting period was due to the Bendigo TAFE turnaround plan and the amalgamation of Bendigo TAFE and Kangan Institute effective 1 July 2014.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Total expenses (exclusive of GST)	
	2014	2013
	No. of contractors	No. of contractors
<b>Expense band</b>		
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	1	-
\$260,000 - \$269,999	1	-
<b>Total expenses paid to other personnel (\$'000)</b>	<b>653</b>	<b>178</b>

### NOTE 25 - Related parties

#### Key management personnel

Related parties disclosures are set out in Note 24 (Responsible persons and executive officers).

There were no other transactions nor loans between the Institute and responsible persons and their related parties during the financial year.

Other related party transaction: \$2 payable/equity with John Batman Consultancy and Training Pty Ltd.

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### NOTE 26 - Ex-gratia expenses

	2014	2013
	\$'000	\$'000
<b>Ex-gratia expenses</b>		
Ex-gratia payments on termination of employment <sup>1</sup>	17	27
<b>Total ex-gratia expenses</b>	<b>17</b>	<b>27</b>

#### Notes:

- Included in Note 4(a) under salaries, wages, overtime and allowances

### NOTE 27 - Controlled entities

Controlled entities	Country of incorporation	Class of shares	Equity holding	
			2014	2013
			%	%
John Batman Consultancy and Training Pty Ltd	Australia	ordinary	100%	100%

#### Notes:

- As detailed in Note 1.04, the financial statements of John Batman Consultancy and Training Pty Ltd have not been consolidated as the transactions and balances of the controlled entity have no impact on the Institute's financial statements.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 28 – Remuneration of auditors

	2014	2013
	\$'000	\$'000
<b>Remuneration of auditors</b>		
<b>Remuneration of Victorian Auditor General's Office for:</b>		
Audit of the financial statements	68	22
<b>Total remuneration of Victorian Auditor General's Office</b>	<b>68</b>	<b>22</b>
<b>Remuneration of other auditors</b>		
Other assurance services	18	59
<b>Total remuneration of other auditors</b>	<b>18</b>	<b>59</b>
<b>Total remuneration of auditors</b>	<b>86</b>	<b>81</b>

### NOTE 29 – Subsequent events

The Government through its commitment to rebuild TAFE have allocated \$20 million of the \$320 million TAFE Rescue Fund to be distributed to TAFE Institutes as a matter of priority. On 7 January 2015 the Minister for Training and Skills invited Bendigo Kangan Institute to submit a funding application for an allocation from the fund. On 5 February 2015 confirmation was received from the Government that \$2.2 million of the fund has been allocated to Bendigo Kangan Institute with the funds expected to be received in February 2015.

Other than the above matter no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affected the operations of the institute, the results of those operations, or the state of affairs of the Institute in future financial years.

### NOTE 30 – Economic dependency

	2014	2013
	\$'000	\$'000
<b>Economic dependency</b>		
An economic dependency exists with the Department of Education and Training (DET). As a Technical and Further Education organisation the Institute provides training on behalf of the DET. The reliance on DEECD is 50% of the revenue of the Institute.	43,641	29,203
	<b>43,641</b>	<b>29,203</b>

### NOTE 31 – Institute details

#### Institute details

The registered office of the Institute is:  
62-104 Charleston Road, Bendigo, VIC 3550

The principal place of business is:  
62-104 Charleston Road, Bendigo, VIC 3550

# BENDIGO KANGAN INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### NOTE 32 - Merging Institute's financials

##### Kangan Institute

The following material financial information of Kangan Institute is for the period ending 30 June 2014, before it was amalgamated with Bendigo TAFE.

##### Comprehensive operating statement

		2014 (6 months)	2013 (12 months)
	Note	\$'000	\$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Government contributions - operating	32.1(a) (i)	16,296	70,191
Government contributions - capital	32.1(a) (ii)	-	1,179
Sale of goods and services	32.1(b)	26,145	50,605
Interest	32.1(c)	1,148	2,454
Other income	32.1(d)	1,446	2,051
<b>Total income from transactions</b>		<b>45,035</b>	<b>126,480</b>
<b>Expenses from transactions</b>			
Employee expenses	32.2(a)	(36,634)	(84,557)
Depreciation and amortisation	32.2(b)	(3,123)	(6,836)
Fees and charges		(1,779)	(5,362)
Contract and other services		(1,508)	(2,781)
Other operating expenses	32.2(c)	(9,377)	(21,976)
<b>Total expenses from transactions</b>		<b>(52,421)</b>	<b>(121,512)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(7,386)</b>	<b>4,968</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	32.3(a)	(1,383)	(942)
Other gains/(losses) from other economic flows	32.3(b)	(95)	-
<b>Total other economic flows included in net result</b>		<b>(1,478)</b>	<b>(942)</b>
<b>Net result from continuing operations</b>		<b>(8,864)</b>	<b>4,026</b>
<b>Net result</b>		<b>(8,864)</b>	<b>4,026</b>
<b>Other economic flows - other comprehensive income</b>			
Changes to financial assets available-for-sale revaluation surplus		-	30
<b>Total other economic flows - Other comprehensive income</b>		<b>-</b>	<b>30</b>
<b>Comprehensive result</b>		<b>(8,864)</b>	<b>4,056</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

#### Balance sheet

Assets	Note	2014 \$'000	2013 \$'000
<b>Financial assets</b>			
Cash and deposits	32.4	10,888	4,781
Receivables	32.5	10,534	11,138
Investments and other financial assets	32.6	41,037	53,902
<b>Total financial assets</b>		<b>62,459</b>	<b>69,821</b>
<b>Non-financial assets</b>			
Inventories	32.7	186	376
Property, plant and equipment	32.8	189,580	193,717
Intangible assets	32.9	1,480	-
Other non-financial assets	32.10	900	1,565
<b>Total non-financial assets</b>		<b>192,145</b>	<b>195,658</b>
<b>Total assets</b>		<b>254,604</b>	<b>265,479</b>
<b>Liabilities</b>			
Payables	32.11	12,549	14,466
Provisions	32.12	13,051	12,989
Other liabilities	32.13	3,354	3,510
<b>Total liabilities</b>		<b>28,954</b>	<b>30,965</b>
<b>Net assets</b>		<b>225,650</b>	<b>234,514</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		107,969	119,569
Physical asset revaluation surplus		66,022	66,022
Other reserves		9,810	7,074
Contributed capital		41,849	41,849
<b>Net worth</b>		<b>225,650</b>	<b>234,514</b>
<b>Commitments for expenditure</b>	<b>32.14</b>	<b>7,098</b>	<b>8,561</b>
<b>Contingent assets and contingent liabilities</b>	<b>32.15</b>	<b>9,563</b>	<b>9,668</b>

The above balance sheet should be read in conjunction with the accompanying notes.

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>Statement of changes in equity</b>						
	Physical asset revaluation surplus	Available for sale financial asset revaluation surplus	Other reserves	Accumulated surplus	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2013</b>	<b>66,022</b>	<b>(30)</b>	<b>9,271</b>	<b>113,346</b>	<b>41,849</b>	<b>230,458</b>
Net result for the year				4,026		4,026
Other comprehensive income for the year		30				30
Transfer to accumulated surplus			(2,197)	2,197		-
Capital appropriations						
<b>12 months ended 31 December 2013</b>	<b>66,022</b>	<b>-</b>	<b>7,074</b>	<b>119,569</b>	<b>41,849</b>	<b>234,514</b>
Net result for the year				(8,864)		(8,864)
Other comprehensive income for the year						
Transfer to accumulated surplus			2,736	(2,736)		-
Capital appropriations						
<b>Six months ended 30 June 2014</b>	<b>66,022</b>	<b>-</b>	<b>9,810</b>	<b>107,969</b>	<b>41,849</b>	<b>225,650</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# BENDIGO KANGAN INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### NOTE 32 – Merging Institute’s financials (continued)

#### Cash flow statement

	2014 (6 months)	2013 (12 months)
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Government contributions - operating	16,296	70,191
Government contributions - capital	-	1,179
User fees and charges received	28,419	60,474
Interest received	860	1,664
Other receipts	2,595	4,124
<b>Total receipts</b>	<b>48,170</b>	<b>137,632</b>
<b>Payments</b>		
Payments to suppliers and employees	(53,751)	(121,053)
Goods and services tax paid to the ATO	(710)	(3,603)
<b>Total payments</b>	<b>(54,461)</b>	<b>(124,656)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(6,291)</b>	<b>12,976</b>
<b>Cash flows from investing activities</b>		
Payments for non-financial assets	(478)	(6,648)
Proceeds from sales of non-financial assets	11	133
Payments for financial assets	12,865	(6,685)
<b>Net cash provided by/(used in) investing activities</b>	<b>12,398</b>	<b>(13,200)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the financial year	6,107	(224)
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	4,781	5,005
<b>Cash and cash equivalents at the end of the financial year</b>	<b>32.4</b>	<b>10,888</b>
	<b>4,781</b>	

The above cash flow statement should be read in conjunction with the accompanying notes.

BENDIGO KANGAN INSTITUTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$'000	\$'000
<b>32.1 Income from transactions</b>		
<b>(a) Grants and other transfers (other than contributions by owners)</b>		
<b>(i) Government contributions - operating</b>		
State government - contestable	15,739	63,848
Other contributions by Commonwealth Government	-	220
Other contributions by State Government	557	6,123
<b>Total government contributions - operating</b>	<b>16,296</b>	<b>70,191</b>
<b>(ii) Government contributions - capital</b>		
State capital	-	1,179
<b>Total government contributions - capital</b>	<b>-</b>	<b>1,179</b>
<b>Total government contributions</b>	<b>16,296</b>	<b>71,370</b>
<b>(b) Sales of goods and services</b>		
Student fees and charges	3,913	8,379
<b>Rendering of services</b>		
Fee for service - government	5,351	10,230
Fee for service - international operations - onshore	2,096	4,287
Fee for service - international operations - offshore	2,621	5,257
Fee for service - other	11,015	20,379
<b>Total rendering of services</b>	<b>21,083</b>	<b>40,153</b>
<b>Other non-course fees and charges</b>		
Sale of goods	1,149	2,073
<b>Total other fees and charges</b>	<b>1,149</b>	<b>2,073</b>
<b>Total revenue from sale of goods and services</b>	<b>26,145</b>	<b>50,605</b>
<b>(c) Interest</b>		
<b>Interest from financial assets not at fair value through P/L:</b>		
Interest on bank deposits	1,148	2,454
<b>Total interest from financial assets not at fair value through P/L</b>	<b>1,148</b>	<b>2,454</b>
<b>Net interest income</b>	<b>1,148</b>	<b>2,454</b>
<b>(d) Other income</b>		
<b>Rental income:</b>		
Canteen facility	105	142
<b>Total rental income</b>	<b>105</b>	<b>142</b>
Donations, bequests and contributions	358	295
<b>Other revenue</b>		
Wages recoup	269	737
Institute vehicle recoup	142	277
Childcare fees	118	264
Sundry revenue	454	336
<b>Total other income</b>	<b>1,446</b>	<b>2,051</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

	2014	2013
	\$'000	\$'000
<b>32.2 Expenses from transactions</b>		
<b>(a) Employee expenses</b>		
Salaries, wages, overtime and allowances	30,570	72,390
Superannuation	2,702	5,487
Payroll tax	1,606	3,270
Worker’s compensation	201	550
Long service leave	491	704
Annual leave	387	603
Termination benefits	153	625
Other	524	928
<b>Total employee expenses</b>	<b>36,634</b>	<b>84,557</b>
<b>(b) Depreciation and amortisation</b>		
<b>Depreciation of non-current assets</b>		
Buildings	2,026	4,110
Plant and equipment	897	2,343
Motor vehicles	121	194
Library collections	79	189
<b>Total depreciation</b>	<b>3,123</b>	<b>6,836</b>
<b>Total depreciation and amortisation</b>	<b>3,123</b>	<b>6,836</b>
<b>(c) Other expenses</b>		
Audit fees and services	34	206
Bad and doubtful debts	8	31
Communication expenses	814	1,445
Consumables	823	1,805
Cost of sale of goods including ancillary trading	534	1,718
Equipment (below capitalisation threshold)	1,530	3,250
Grants and subsidies	5	57
Marketing and promotional expenses	855	2,163
Rental/leasing charges	1,428	2,615
Building repairs and maintenance	526	1,426

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$'000	\$'000
<b>(c) Other expenses continued</b>		
Staff development	182	626
Travel and motor vehicle expenses	646	1,920
Utilities	560	1,321
Other expenses		
Printing and copying	778	1,627
Recruitment and tender advertising	81	97
Catering	61	217
Insurance	149	290
Membership dues and subscription	111	240
Entertainment expenses	15	92
Fringe benefits tax	44	115
Health and safety expenses	69	169
Student excursion and recreation	3	87
Other	121	459
<b>Total other expenses</b>	<b>9,377</b>	<b>21,976</b>

	2014	2013
	\$'000	\$'000
<b>32.3 Other economic flows included in net result</b>		
<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of property, plant and equipment	(1)	(942)
Impact of change in asset recognition threshold (refer to note 32.8)	(1,382)	-
<b>Total net gain/(loss) on non-financial assets</b>	<b>(1,383)</b>	<b>(942)</b>
<b>(b) Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(95)	-
<b>Total other gains/(losses) from other economic flows</b>	<b>(95)</b>	<b>-</b>
<b>Total other gains/(losses) from other economic flows</b>	<b>(1,478)</b>	<b>(942)</b>

	2014	2013
	\$'000	\$'000
<b>32.4 Cash and deposits</b>		
<b>(a) Reconciliation of cash and cash equivalents</b>		
Cash at bank and on hand	9,688	3,581
Deposits - at call	1,200	1,200
<b>Balance as per cash flow statement</b>	<b>10,888</b>	<b>4,781</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

	2014	2013
	\$'000	\$'000
<b>32.5 Receivables</b>		
<b>Current receivables</b>		
<b>Contractual</b>		
Sale of goods and services	3,045	2,862
Provision for doubtful contractual receivables	(161)	(161)
Revenue receivable	7,642	8,431
Other	8	6
<b>Total contractual</b>	<b>10,534</b>	<b>11,138</b>
<b>Total current receivables</b>	<b>10,534</b>	<b>11,138</b>
<b>Total receivables</b>	<b>10,534</b>	<b>11,138</b>

	2014	2013
	\$'000	\$'000
<b>32.6 Investments and other financial assets</b>		
<b>Current investments and other financial assets</b>		
<b>Equities and managed investment schemes:</b>		
Available for sale financial assets - ANZ Capital Guaranteed Floating rate note	-	1,000
<b>Term deposits:</b>		
Australian dollar term deposits > three months	14,037	21,402
<b>Total current investments and other financial assets</b>	<b>14,037</b>	<b>22,402</b>
<b>Non-current investments and other financial assets</b>		
<b>Term deposits:</b>		
Australian dollar term deposits	27,000	31,500
<b>Total term deposits</b>	<b>27,000</b>	<b>31,500</b>
<b>Total non-current investments and other financial assets</b>	<b>27,000</b>	<b>31,500</b>
<b>Total investments and other financial assets</b>	<b>41,037</b>	<b>53,902</b>

	2014	2013
	\$'000	\$'000
<b>32.7 Inventories</b>		
<b>Current</b>		
<b>Inventories held-for-sale (at cost):</b>		
Trading bookshop	172	365
Food stores	14	11
<b>Total current inventories</b>	<b>186</b>	<b>376</b>

**BENDIGO KANGAN INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Land at fair value	Buildings	Assets under construction	Plant and equipment	Motor vehicles	Library collection	Total
<b>32.8 Property, plant and equipment</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 January 2013</b>							
Cost	-	-	7,698	-	-	-	7,698
Valuation	37,880	137,320	-	26,864	995	1,025	204,084
Accumulated depreciation	-	-	-	(15,754)	(480)	(568)	(16,802)
<b>Net book amount</b>	<b>37,880</b>	<b>137,320</b>	<b>7,698</b>	<b>11,110</b>	<b>515</b>	<b>457</b>	<b>194,980</b>
<b>Year ended 31 December 2013</b>							
Opening net book amount	37,880	137,320	7,698	11,110	515	457	194,980
Additions	2,478	93	2,616	807	594	60	6,648
Disposals	-	-	(692)	(308)	(75)	-	(1,075)
Transfer into/(out of) assets under construction	-	7,999	(8,066)	67	-	-	-
Depreciation	-	(4,110)	-	(2,343)	(194)	(189)	(6,836)
<b>Closing net book amount</b>	<b>40,358</b>	<b>141,302</b>	<b>1,556</b>	<b>9,333</b>	<b>840</b>	<b>328</b>	<b>193,717</b>
<b>At 31 December 2013</b>							
Cost	-	-	1,556	-	-	-	1,556
Valuation	40,358	145,412	-	25,417	1,431	865	213,483
Accumulated depreciation	-	(4,110)	-	(16,084)	(591)	(537)	(21,322)
<b>Net book amount</b>	<b>40,358</b>	<b>141,302</b>	<b>1,556</b>	<b>9,333</b>	<b>840</b>	<b>328</b>	<b>193,717</b>
<b>Six months ended 30 June 2014</b>							
Opening net book amount	40,358	141,302	1,556	9,333	840	328	193,717
Additions	-	-	60	44	259	16	379
Disposals	-	561	(561)	(12)	-	-	(12)
Depreciation	-	(2,025)	-	(897)	(121)	(79)	(3,122)
Impact of revised asset recognition threshold <sup>1</sup>	-	-	-	(1,382)	-	-	(1,382)
<b>Closing net book amount</b>	<b>40,358</b>	<b>139,838</b>	<b>1,055</b>	<b>7,086</b>	<b>978</b>	<b>265</b>	<b>189,580</b>
<b>At 30 June 2014</b>							
Cost	-	-	1,055	-	-	-	1,055
Valuation	40,358	145,973	-	21,857	1,667	881	210,736
Accumulated depreciation	-	(6,136)	-	(14,770)	(689)	(616)	(22,211)
<b>Net book value at the end of the financial year</b>	<b>40,358</b>	<b>139,837</b>	<b>1,055</b>	<b>7,087</b>	<b>978</b>	<b>265</b>	<b>189,580</b>

**Notes:**

1. Comprises retrospective impact of amendment to Asset Recognition Threshold from \$5,000 to \$10,000 as approved by the Board on 28 May 2014.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

	Software \$'000	Total \$'000
<b>32.9 Intangibles</b>		
<b>Six months ended 30 June 2014</b>		
<b>Gross carrying amount</b>		
Opening balance	-	-
Additions	1,480	1,480
<b>Closing balance</b>	<b>1,480</b>	<b>1,480</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
Opening balance	-	-
Depreciation of intangible produced assets <sup>1</sup>	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Net book value at end of financial year</b>	<b>1,480</b>	<b>1,480</b>

**Note:**

In March 2014 the Board approved a contract with Ellucian for the provision of the Institute's new Student Management System (SMS) with an anticipated go-live date of October 2015. The Institute has capitalised software development expenditure for the development of its SMS software of \$1.48m incurred to date as at 30 June 2014 and along with additional expenditure incurred in the development of this software will be depreciated subsequent to the SMS go-live date over the useful life of the SMS.

	2014 \$'000	2013 \$'000
<b>32.10 Other non-financial assets</b>		
<b>Current other non-financial assets</b>		
Prepayments	900	1,565
<b>Total other non-financial assets</b>	<b>900</b>	<b>1,565</b>

	2014 \$'000	2013 \$'000
<b>32.11 Payables</b>		
<b>Current</b>		
<b>Contractual</b>		
Supplies and services	3,909	7,017
Revenue in advance	8,400	7,361
	<b>12,309</b>	<b>14,378</b>
<b>Statutory</b>		
GST payable	220	88
FBT payable	20	-
<b>Total current payables</b>	<b>12,549</b>	<b>14,466</b>
<b>Total payables</b>	<b>12,549</b>	<b>14,466</b>

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$'000	\$'000
<b>32.12 Provisions</b>		
<b>Current provisions</b>		
<b>Employee benefits:</b>		
<b>Annual leave:</b>		
Unconditional and expected to wholly settle within 12 months	3,378	3,055
Unconditional and expected to wholly settle after 12 months	660	594
<b>Long service leave:</b>		
Unconditional and expected to wholly settle within 12 months	1,033	1,332
Unconditional and expected to wholly settle after 12 months	6,324	5,862
<b>Other</b>	74	495
<b>Total current provisions</b>	<b>11,469</b>	<b>11,338</b>
<b>Non-current</b>		
<b>Employee benefits:</b>		
Long service leave	1,582	1,651
<b>Total non-current provisions</b>	<b>1,582</b>	<b>1,651</b>
<b>Total provisions</b>	<b>13,051</b>	<b>12,989</b>

Long service leave representing less than seven years of continuous service measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

	Institute	
	2014	2013
	\$'000	\$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>		
<b>Current employee benefits</b>		
Annual leave	3,466	3,132
Long service leave	6,314	6,172
<b>Non-current employee benefits</b>		
Long service leave	1,358	1,416
<b>Total employee benefits</b>	<b>11,138</b>	<b>10,720</b>
Current on costs	1,615	1,539
Non-current on costs	224	235
<b>Total on costs</b>	<b>1,839</b>	<b>1,774</b>
<b>Total employee benefits and on costs</b>	<b>12,977</b>	<b>12,494</b>

**Notes:**

- Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.
- Amounts are measured at present values.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

	2014	2013
	\$'000	\$'000
<b>32.13 Other liabilities</b>		
<b>Current</b>		
Advances from government - Energy Performance contract repayment	146	151
Advances from government - Float for ACE stage 2	2,500	2,500
<b>Total current borrowings</b>	<b>2,646</b>	<b>2,651</b>
<b>Non-current</b>		
Advances from government - Energy Performance contract repayment	708	859
<b>Total non-current borrowings</b>	<b>708</b>	<b>859</b>
<b>Total borrowings</b>	<b>3,354</b>	<b>3,510</b>

The Energy Performance contract has notional interest applied, is unsecured and repayable over an eight year period commencing June 2014. Non-interest bearing and unsecured advance for ACE stage 2.

	2014	2013
	\$'000	\$'000
<b>32.14 Commitments for expenditure</b>		
<b>(a) Non-cancellable operating lease commitments payable<sup>1</sup></b>		
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within one year	2,424	2,809
Later than one year but not later than five years	4,000	4,908
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>	<b>6,424</b>	<b>7,717</b>
GST reclaimable on the above	(584)	(702)
<b>Net commitments non-cancellable operating leases</b>	<b>5,840</b>	<b>7,015</b>
<b>(b) Other expenditure commitments</b>		
<b>Commitments for contract cleaning and maintenance agreements in existence at the reporting date but not recognised as liabilities, payable:</b>		
Within one year	347	340
Later than one year but not later than five years	327	504
<b>Total other expenditure commitments</b>	<b>674</b>	<b>844</b>
GST reclaimable on the above	(61)	(77)
<b>Net commitments other expenditure commitments</b>	<b>613</b>	<b>767</b>

**Notes:**

1. Operating leases are for office accommodation, computer equipment and motor vehicles.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$'000	\$'000
<b>32.15 Contingent assets and contingent liabilities</b>		
<b>Details and estimates of maximum amounts of contingent assets and contingent liabilities are as follows:</b>		
<b>Contingent assets</b>		
Other <sup>1</sup>	10,000	10,000
<b>Total estimated contingent assets</b>	<b>10,000</b>	<b>10,000</b>
<b>Contingent liabilities</b>		
Legal proceedings and disputes <sup>2</sup>		
Bank guarantees <sup>3</sup>	(437)	(332)
<b>Total estimated contingent liabilities</b>	<b>(437)</b>	<b>(332)</b>
<b>Total estimated contingent assets and (liabilities)</b>	<b>9,563</b>	<b>9,668</b>
<b>Notes:</b>		
1. There is a \$10 million contingent asset from the planned sale of Moreland campus, the title to which is being transferred to the Bendigo Kangan Institute Board.		
2. The Institute is currently involved in several litigation matters and may have an obligation in the future to settle a potential claim. The value of this settlement cannot be measured reliably at this time.		
3. The amount disclosed comprises bank guarantees for the purposes of securing supply of product and services from third parties on normal terms and conditions.		

<b>32.16 Responsible persons and executive officers</b>
<b>(i) Minister</b>
The relevant Minister was The Hon. Peter Hall, MLC until his retirement from parliament on 17 March 2014. The Hon. Nick Wakeling, MP, is the Minister for Higher Education and Skills from 18 March 2014.
Remuneration of the Minister for Higher Education and Skills is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the parliament.
<b>(ii) Chief executive officer (accountable officer)</b>
Mr Grant Sutherland was appointed as chief executive officer of the Institute on 19 August 2013.
Remuneration received or receivable by the chief executive officer in connection with the management of the Institute during the reporting period was in the range \$160,000 - \$169,999 [6 months] (2013 : \$260,000 - 269,999 [12 months]).
<b>(iii) Members of the Board</b>
The names of persons who were members of Kangan Institute of Directors during the financial year, were:
President - Michael Brown (resigned June 2014)
Director - Margaret Hatton (resigned June 2014)
Director - Linsey Siede (resigned June 2014)
Director - Dominic Andreacchio (resigned June 2014)
Director - Mirella Lattanzio (resigned June 2014)
Director - Susan Allen (resigned June 2014)
Director - Stelvio Vido (resigned June 2014)
Director - Jaqueline Wilson (resigned June 2014)
Director - Helen Murphy (resigned June 2014)
Remuneration of the Board members in connection with the management of the Institute are disclosed as follows:

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 32 – Merging Institute’s financials (continued)

	2014 No.	2013 No.
<b>Income range</b>		
The number of Board members whose total remuneration from the Institute was within the specified income bands are as follows:		
\$0 - \$9,999	7	2
\$10,000 - \$19,999	2	5
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	-	1
\$60,000 - \$69,999	-	1
<b>Total number of Board members</b>	<b>9</b>	<b>10</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>1</b>	<b>1</b>
<b>Total remuneration of Board members (\$'000)</b>	<b>\$78</b>	<b>\$180</b>

#### Related party transactions

There were no retirement benefits paid by the Institute in connection with the retirement of responsible persons of the Institute.

There were no loans in existence at reporting date that have been made, guaranteed or secured by the Institute or any related party to responsible persons of the Institute or a responsible persons-related party of those responsible persons.

There were no interests in the shares of related entities held by responsible persons of the Institute.

There were no other transactions nor loans between the Institute and responsible persons and their related parties during the financial year.

#### Other transactions

Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

#### (iv) Executive officers

##### Remuneration of executive officers

The number of executive officers, including the chief executive officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

## BENDIGO KANGAN INSTITUTE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$'000	2013 \$'000
Base remuneration of executive officers	\$2,088	\$2,002
<b>Total remuneration of executive officers (2014 six months only)</b>	<b>\$1,121</b>	<b>\$2,145</b>

The number of executive officers, whose remuneration from the Institute was within the specified bands as follows:

	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
<b>Income range</b>				
<b>The number of executive officers, whose remuneration from the Institute was within the specified bands as follows:</b>				
\$70,000 - \$79,999	1	-	-	-
\$90,000 - \$99,999	2	-	-	-
\$100,000 - 109,999	1	-	-	-
\$110,000 - \$119,999	4	-	-	-
\$120,000-\$129,999	1	1	-	1
\$140,000 - \$149,999	-	-	-	1
\$150,000 - \$159,999	-	1	-	-
\$160,000 - \$169,999	1	-	-	-
\$170,000 - \$179,999	-	1	3	3
\$180,000 - \$189,999	-	2	-	-
\$190,000 - \$199,999	-	-	1	2
\$200,000 - \$209,999	-	1	3	2
\$210,000 - \$219,999	-	3	2	2
\$220,000 - \$229,999	-	1	-	-
\$260,000 - \$269,999	-	1	-	-
\$330,000 - \$339,999	-	-	1	-
<b>Total number of executive officers</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>11</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>9.9</b>	<b>10.9</b>	<b>9.9</b>	<b>10.9</b>
<b>Total amount of remuneration (\$'000)</b>	<b>\$1,121,287</b>	<b>\$2,145,344</b>	<b>\$2,087,731</b>	<b>\$2,001,718</b>

### Related party transactions

There were no retirement benefits paid by the Institute in connection with the retirement of responsible persons of the Institute.

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**NOTE 32 - Merging Institute's financials (continued)**

**32.17 Superannuation**

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Statement of Comprehensive Income of the Institute.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

**BENDIGO KANGAN INSTITUTE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$'000	\$'000
<b>Paid contribution for the year</b>		
<b>Defined benefit plans :</b>		
State Superannuation Fund - revised and new	191	493
<b>Total defined benefit plans</b>	<b>191</b>	<b>493</b>
<b>Defined contribution plans:</b>		
VicSuper	1,684	3,373
Australian Superannuation	158	294
Uni Super	56	96
Hesta	54	109
Retail Employees Superannuation Trust	47	83
Hostplus	38	69
AMP Life Ltd	34	58
ESSSuper Accumulation Plan	31	56
MTAA Superannuation	28	47
Vision Super Pty Ltd	27	43
MLC Masterkey	26	46
Colonial First State	22	40
Cbus	20	36
Other	324	622
<b>Total defined contribution plans</b>	<b>2,549</b>	<b>4,972</b>
<b>Total paid contribution for the year</b>	<b>2,740</b>	<b>5,465</b>
<b>Contribution outstanding at year end</b>		
<b>Defined benefit plans:</b>		
State Superannuation Fund - revised and new	-	-
Other	-	-
<b>Total defined benefit plans</b>	<b>-</b>	<b>-</b>
<b>Defined contribution plans:</b>		
VicSuper	-	39
Other	-	-
<b>Total defined contribution plans</b>	<b>-</b>	<b>39</b>
<b>Total</b>	<b>-</b>	<b>39</b>
1. The Institute does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.		
2. The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.		

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439



Victorian Auditor-General's Office

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors of John Batman Consultancy & Training Pty Ltd

**The Financial Report**

The accompanying financial report for the year ended 31 December 2014 of John Batman Consultancy & Training Pty Ltd which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors and Accountable Officers' declaration has been audited.

**The Directors' Responsibility for the Financial Report**

The Directors of John Batman Consultancy & Training Pty Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independent Auditor's Report (continued)**

**Independence**

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

**Opinion**

In my opinion, the financial report of John Batman Consultancy & Training Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its financial performance for the year ended on that date
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

MELBOURNE  
6 March 2015

John Doyle  
Auditor-General

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

**VAGO**

Victorian Auditor-General's Office

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Melbourne VIC 3000  
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Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

**AUDITOR-GENERAL'S INDEPENDENCE DECLARATION****To the Directors, John Batman Consultancy & Training Pty Ltd**

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

## Independence Declaration

As auditor for John Batman Consultancy & Training Pty Ltd for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE  
6 March 2015

  
John Doyle  
Auditor-General

JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439



**JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD  
ACN 075 726 439  
DIRECTOR'S REPORT**

The Director of the company submits the financial report of the company for the financial year ended 31 December 2014. The financial report has been prepared pursuant to the Financial Management Act 1994 and the provisions of the Corporations Act 2001.

The company was originally established by the former John Batman Institute of TAFE on 23 September 1996. The company has not traded to date.

**Director**

Mr Grant Sutherland is the current Director of the company and CEO of Bendigo Kangan Institute, and in that capacity could exercise all shareholder rights.

The Director had no beneficial interest in the shares of the company.

**Principal Activities**

The company was formed to provide vocational education training and consulting services.

**Trading Results**

The company has not traded since its creation in 1996. Accordingly, there was no change to the net assets of \$2.

**Review of Operations**

There was no significant change in the company's affairs during the financial year.

**Dividends**

The director did not recommend and did not provide for the payment of any dividends during the reporting period.

**Share Options**

No options over issued shares or interests in the company, or in the parent entity have been granted during or since the end of the financial year and there were no options outstanding at the end of the date of this report.

**Significant Changes in the State of Affairs**

No significant changes occurred in the state of affairs of the parent entity during the year.

**Bendigo Kangan Institute**  
136 McCrae Street, Bendigo VIC 3552 | PO Box 170, Bendigo VIC 3552

ABN 74 802 942 886  
Trading as Bendigo TAFE RTO Identifier 3077 | CRICOS Provider No. 03059A  
Trading as Kangan Institute RTO Identifier 0306 | Kangan Institute CRICOS Provider No. 01218G

**Subsequent Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the company in future financial years.

**Likely Developments and Results**

It is not envisaged there will be a change to the non-trading status of the company in the coming year.

**Environment Regulation**

There are no environmental legislations that the economic entity is required to comply with so far as it concerns the operations of the entity.

**Indemnifying Officer or Auditor**

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings.

**Proceedings on Behalf of Company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

**Meetings of Director**

There was no Director's meetings held and attended by the Director during the period 1 January 2014 to 31 December 2014.

No board or other committees existed during the year.

Dated at Broadmeadows the 4<sup>th</sup> day of March 2015

Signed by the Director of the company

Grant Sutherland  
Director

**Bendigo Kangan Institute**  
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**JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD** ACN 075 726 439

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**JOHN BATMAN CONSULTANCY  
AND TRAINING PTY LTD  
ACN 075 726 439****DIRECTOR AND ACCOUNTABLE OFFICER'S  
DECLARATION**

The Director of the company declares that:

1. The financial statements of John Batman Consultancy and Training Pty Ltd are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (b) complying with Australian Accounting Standards and Corporations Regulations 2001.
2. In the Director's opinion, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The attached financial statements of the company have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.
4. The Director is not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Grant Sutherland  
**Director and Accountable Officer**

Date: 4 March 2015  
Broadmeadows

**Bendigo Kangan Institute**  
136 McCrae Street, Bendigo VIC 3552 | PO Box 170, Bendigo VIC 3552  
ABN 74 802 942 886  
Trading as Bendigo TAFE RTO Identifier 3077 | CRICOS Provider No. 03059A  
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## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

**Comprehensive operating statement**  
**For the year ended 31 December 2014**

	Note	2014 \$	2013 \$
<b>Continuing operations</b>			
Income from transactions		-	-
<b>Total income from transactions</b>		-	-
Expenses from transactions		-	-
<b>Total expenses from transactions</b>		-	-
<b>Net result from transactions (net operating balance)</b>		-	-
Other economic flows included in net result		-	-
<b>Total other economic flows included in net result</b>		-	-
<b>Net result from continuing operations</b>		-	-
Net result		-	-
Other economic flows - other non-owner changes in equity		-	-
<b>Total other economic flows - other non-owner changes in equity</b>		-	-
<b>Comprehensive result</b>		-	-

The accompanying notes form part of these financial statements.

**Balance sheet**  
**As at 31 December 2014**

	Note	2014 \$	2013 \$
<b>Assets</b>			
<b>Financial assets</b>			
Receivables	5	2	2
<b>Total financial assets</b>		2	2
Non-financial assets			
<b>Total non-financial assets</b>		-	-
<b>Total assets</b>		2	2
Liabilities			
<b>Total liabilities</b>		-	-
<b>Net assets</b>		2	2
<b>Equity</b>			
Contributed capital		2	2
<b>Total equity</b>		2	2
Commitments for expenditure	14		
Contingent assets and contingent liabilities	15		

The accompanying notes form part of these financial statements.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

**Statement of changes in equity**  
**For the year ended 31 December 2014**

	2014	2013
	\$	\$
<b>Total equity at the beginning of the year</b>	<b>2</b>	<b>2</b>
Profit attributable to equity shareholders	-	-
<b>Sub-total</b>	<b>2</b>	<b>2</b>
Dividends paid or provided for	-	-
<b>Total equity at the end of the year</b>	<b>2</b>	<b>2</b>

The accompanying notes form part of these financial statements.

**Cash flow statement**  
**For the year ended 31 December 2014**

	2014	2013
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers	-	-
Receipts from clients	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>-</b>	<b>-</b>
<b>Net cash provided by/(used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the financial year	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

### Contents

#### Note

- 1 Statutory reporting requirement
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- 3 Profit (loss) from ordinary activities
- 4 Income tax
- 5 Receivables - other
- 6 Contributed equity
- 7 Credit facilities
- 8 Director's remuneration
- 9 Responsible person and related parties disclosures
- 10 Company details
- 11 Financial instruments
- 12 Events subsequent to reporting date
- 13 Economic dependency
- 14 Commitments for expenditure
- 15 Contingent assets and liabilities

#### 1. Statutory reporting requirements

John Batman Consultancy and Training Pty Ltd is a company established by Kangan Institute under the authority of the Vocational Education and Training Act 1990, Section 26(2). Kangan Institute is amalgamated with the Bendigo Kangan Institute on 1 July 2014. The company has not traded since its formation.

The financial report of John Batman Consultancy and Training Pty Ltd for the year ended 31 December 2014 has been prepared pursuant to the Financial Management Act 1994 and the Corporations Act 2001.

#### 2. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian accounting standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

John Batman Consultancy and Training Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The accounting policies adopted are consistent with those of the previous year.

#### Accounting policies

- **Receivables**  
Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest method, less any accumulated impairment. A provision for doubtful debts is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.
- **Financial assets - loans and receivables**  
Loans and receivables consist mainly of other receivables, including non-derivative financial assets. Non-derivative financial assets with fixed or determinable payments and not quoted in an active market, arise when the company provides money to a debtor with no intention of selling the receivable. It is included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables - others in the balance sheet.  
  
These are recorded at amortised cost using the effective interest method, less an allowance for any impairment of receivables.
- **Contributed equity**  
Funding that are in the nature of contributions by Bendigo Kangan Institute, are treated as contributed equity.
- **Function currency and rounding**  
The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

presented in Australian dollars which is the parent entity's functional and presentation currency.

- **Commitments and contingencies**

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value. Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

- **Comparatives**

When required by accounting standards or as a result of changes in accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year. There have been no changes to the previous year's figures.

### 3. Profit (loss) from ordinary activities

The company did not trade during the year.

### 4. Income tax

The company is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act, 1997.

### 5. Receivables - other

	2014	2013
	\$	\$
Current		
Cash held by parent entity	2	2

### 6. Contributed equity

	2014	2013
	\$	\$
Two fully paid ordinary shares at \$1 each	2	2

### 7. Credit facilities

There were no credit facilities in place at either 31 December 2014 or 31 December 2013.

### 8. Director's remuneration

The director received no remuneration from the company. There were no loans to the director. The director was not a full-time employee of the company. However, the director received remuneration from other entities as follows.

Mr Grant Sutherland is employed as CEO of Bendigo Kangan Institute and director of the company since 19 August 2013. Mr Grant Sutherland has not received any fees for services provided to the company. Mr Ray Griffiths was the director of Kangan Institute and the company from 1 May 2004 until 28 February 2013. The CEO ceased to be a Board member following implementation of the Constitution of the Kangan Institute Order 2013 on 15 April 2013.

Income paid or payable or otherwise made available to the CEO/director by the parent entity, Bendigo Kangan Institute, in connection with the management of affairs of the parent entity and its controlled entity:

Income range	2014	2013
\$60,000 - \$69,999	-	1
\$120,000 - \$129,999	-	1
\$340,000 - \$340,999	1	-

### 9. Responsible person and related parties disclosures

The company is a proprietary company limited by shares. The shareholders are nominated by the Bendigo Kangan Institute. There are no other related parties.

The relevant Minister was The Hon. Peter Hall, MLC until his retirement from parliament on 17 March 2014. The Hon. Nick Wakeling, MP, was the Minister for Higher Education and Skills from 18 March 2014 to 3 December 2014. The Hon. Steve Herbert MP, was sworn in as the current responsible Minister for Training and Skills from 4 December 2014 following the state election in November 2014.

## JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD ACN 075 726 439

Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the parliament.

The person responsible for the company is Mr Grant Sutherland, the current director of the company and CEO of Bendigo Kangan Institute.

There was no remuneration received, or due and receivable from the company in connection with the management of either the company or any related entity.

There were no retirement benefits paid by the company in connection with the retirement of a director during the financial year.

There were no amounts paid to a superannuation plan or other entity by the company in connection with the retirement of a director during the financial year.

There were no loans in existence at reporting date that have been made, guaranteed or secured by the company or any related party to a director of the company or a director-related party of that director.

There were no interests in the shares of related entities held by the director of the company.

There were no other transactions between the company and director and his related parties during the financial year.

Other related party transaction: \$2 receivable/cash from/held by parent entity

### 10. Company details

The registered office of John Batman Consultancy and Training Pty Ltd is:

Bendigo Kangan Institute  
Pearcedale Parade  
Broadmeadows Victoria

### 11. Financial instruments

- **Fair value estimates**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	Total carrying amount as per balance sheet		Net fair value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial assets				
Receivables - other	2	2	2	2
Total financial assets	2	2	2	2

- **Financial risk management objectives**

The company's activities expose it to a variety of financial risks, mainly credit risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company by adhering to principles on credit risk. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk.

- **Financial risk exposures and management**

The main risks the company is exposed to through credit risk.

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**JOHN BATMAN CONSULTANCY AND TRAINING PTY LTD** ACN 075 726 439

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- **Credit risk**

The company's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

**12. Events subsequent to reporting date**

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the company in future financial years.

**13. Economic dependency**

Bendigo Kangan Institute which owns all the share capital of John Batman Consultancy and Training Pty Ltd will support the entity financially to ensure that the entity can pay its debts as and when they fall due.

**14. Commitments for expenditure**

The company has no capital or operating commitments as at 31 December 2014 (2013 \$ nil).

**15. Contingent assets and liabilities**

There were no contingent assets and liabilities for 2014 and 2013.

# Disclosure index

Item no.	Source reference	Summary of reporting requirement	Page no	Item no.	Source reference	Summary of reporting requirement	Page no
<b>Report of operations</b>				22	FRD 22E	Summary of application and operation of the Protected Disclosure Act 2012	18
<b>Charter and purpose</b>				23	FRD 22E	Summary of Environmental Performance	19-20
1	FRD 22E	Manner of establishment and the relevant Minister	2	24	FRD 22E	Consultants:  Report of Operations must include a statement disclosing each of the following  1. Total number of consultancies over \$10,000 2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period  AND publication on TAFE institute website required, for each consultancy more than \$10,000, of a schedule listing:  • Consultant engaged • Brief summary of project • Total project fees approved • Expenditure for reporting period • Any future expenditure committed to the consultant for the project	27
2	FRD 22E	Objectives, functions, powers and duties	12	25	FRD 22E	Statement, to the extent applicable, on the application and operation of the Carers Recognition Act 2012 (Carers Act), and the actions that were taken during the year to comply with the Carers Act	25
3	FRD 22E	Nature and range of services provided including communities served	2-4	26	FRD 22E	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) - (l) in the FRD)	17
<b>Management and structure</b>				27	FRD 24C	Reporting of office based environmental impacts	20-21
4	FRD 22E	Organisational structure and chart, including accountabilities	12-13, 16	28	FRD 25B	Victorian Industry Participation Policy Disclosures	18
5	FRD 22E	Names of Board members	14-15	29	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
<b>Financial and other information</b>				30	FRD 29	Workforce Data Disclosures on the public service employee workforce	22-23
6	FRD 03A	Accounting for Dividends	N/A	31	SD 4.5.5	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent	17
7	FRD 07A	Early adoption of authoritative accounting pronouncements	50-52	32	SD 4.2 (g)	Qualitative and Quantitative information to be included in Report of Operations, and provide general information about the entity and its activities, together with highlights and future initiatives	1-27
8	FRD 10	Disclosure Index	126-128				
9	FRD 17B	Long Service leave wage inflation and discount rates	47-48				
10	FRD 19	Private provision of public infrastructure	75				
11	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A				
12	FRD 22E	Operational and budgetary objectives, performance against objectives and achievements	8-10				
13	FRD 22E	Occupational health and safety statement including performance indicators, performance against those indicators and how they affected outputs	24				
14	FRD 22E	Workforce data for current and previous reporting period including a statement on employment and conduct principles	22-23				
15	FRD 22E	Summary of the financial results for the year including previous 4 year comparisons	11				
16	FRD 22E	Significant changes in financial position during the year	8-10				
17	FRD 22E	Major changes or factors affecting performance	8-10				
18	FRD 22E	Post-balance sheet date events likely to significantly affect subsequent reporting periods	37, 98				
19	FRD 22E	Summary of application and operation of the Freedom of Information Act 1982	17				
20	FRD 22E	Statement of compliance with building and maintenance provisions of the Building Act 1993	18				
21	FRD 22E	Statement on National Competition Policy	18				

Item no.	Source reference	Summary of reporting requirement	Page no	Item no.	Source reference	Summary of reporting requirement	Page no
33	SD 4.2 (h)	The Report must be prepared in accordance with requirements of the relevant Financial Reporting Directions	1-125	40	SD 4.2 (d)	Rounding of amounts	49
34	SD 4.2 (j)	The Report of Operations must be signed and dated by a member of the Responsible Body	5-7, 8-10	41	SD 4.2 (e)	Review and recommendation by Audit Committee or responsible body	29-30, 116-117
35	CG 10 (clause 27)	Major Commercial Activities	26	<b>Other requirements as per financial reporting directions in notes to the financial statements</b>			
36	CG 12 (clause 33)	Controlled Entities	97	42	FRD 11A	Disclosure of ex-gratia payments	97
<b>Financial report</b>				43	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	94-97
<b>Financial statements required under part 7 of the financial management act 1984</b>				44	FRD 101	First time adoption	NA
37	SD 4.2 (a)	The financial statements must be prepared in accordance with: <ul style="list-style-type: none"> <li>Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views);</li> <li>Financial Reporting Directions; and</li> <li>business rules.</li> </ul>	31	45	FRD 102	Inventories	44, 60
38	SD 4.2 (b)	The financial statements are to comprise the following: <ul style="list-style-type: none"> <li>income statement;</li> <li>balance sheet;</li> <li>statement of recognised income and expense;</li> <li>cash flows statement; and</li> <li>notes to the financial statements.</li> </ul>	32-125	46	FRD 103E	Non-current physical assets	46
<b>Other requirements under standing direction 4.2</b>				47	FRD 104	Foreign currency	87, 122-123
39	SD 4.2 (c)	The financial statements must where applicable be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, stating whether, in their opinion: <ul style="list-style-type: none"> <li>the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period;</li> <li>the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and</li> <li>the financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views).</li> </ul>	29-31	48	FRD 105A	Borrowing costs	70
				49	FRD 106	Impairment of assets	41, 43
				50	FRD 109	Intangible assets	46
				51	FRD 107A	Investment properties	60
				52	FRD 110	Cash flow statements	35, 121
				53	FRD 112D	Defined benefit superannuation obligations	39, 77
				54	FRD 113	Investment in subsidiaries, jointly controlled entities and associates	N/A
				55	FRD 114A	Financial instruments - general government entities and public non-financial corporations	79, 124
				56	FRD 119A	Transfers through contributed capital	48
				57	FRD 120H	Accounting and reporting pronouncements applicable to the reporting period	50-51
				<b>Part 7 of the financial management act 1994 (fma)</b>			
				58	FMA s49 (a)	Must contain such information as required by the Minister	31-36
				59	FMA s49 (b)	Must be prepared in a manner and form approved by the Minister	31-36
				60	FMA s49 (c)	Must present fairly the financial transactions of an institute during the financial year to which they relate	31-36
				61	FMA s 49 (d)	Must present fairly the financial position of an institute as at the end of the year	31-36
				62	FMA s 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister	31-36

# Disclosure index

Item no.	Source reference	Summary of reporting requirement	Page no
<b>Compliance with other legislation, subordinate instruments and policies</b>			
63	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Education and Training Reform Act 2006 (ETRA)</li> <li>• TAFE institute constitution</li> <li>• Directions of the Minister for Higher Education and Skills (or predecessors)</li> <li>• TAFE institute Commercial Guidelines</li> <li>• TAFE institute Strategic Planning Guidelines</li> <li>• Public Administration Act 2004</li> <li>• Financial Management Act 1994</li> <li>• Freedom of Information Act 1982</li> <li>• Building Act 1983</li> <li>• Protected Disclosure Act 2012</li> <li>• Victorian Industry Participation Policy Act 2003</li> </ul>	26
64	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2014.	19
65	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	19
<b>Presentation of reporting and performance information</b>			
<b>Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.</b>			
66	FRD 27B	Reporting and performance should be presented using KPIs as set out in the Statement of Corporate Intent agreed with the Minister, comparing 2014 actual performance against the 2014 target and 2013 actual performance, and providing an explanation of any variance between the 2014 actual performance and 2014 target for each KPI. The KPIs must also include the Return on Investment.	N/A
<b>Overseas operations of Victorian TAFE institutes</b>			
67	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> <li>• Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li> <li>• Nature of strategic and operational risks for overseas operations</li> <li>• Strategies established to manage such risks of overseas operations</li> <li>• Performance measures and targets formulated for overseas operations</li> <li>• The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	25

## CAMPUS LOCATIONS

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### **Broadmeadows**

(Main campus)  
Pearcedale Parade  
BROADMEADOWS VIC 3047

### **Docklands**

(Automotive Centre of Excellence)  
1 Batmans Hill Drive  
DOCKLANDS VIC 3008

### **Essendon**

38 Buckley Street  
ESSENDON VIC 3040

### **Moonee Ponds**

Level 1, 21-31 Hall Street  
MOONEE PONDS VIC 3039

### **Richmond**

85 Cremorne Street  
RICHMOND VIC 3121

### **Bendigo City**

23 Mundy Street  
BENDIGO VIC 3550

### **Bendigo Charleston Road**

Charleston Road  
BENDIGO VIC 3550

### **Bendigo Technical Education**

College (BTEC)  
21 St Andrews Avenue  
BENDIGO VIC 3550

### **Castlemaine**

65-67 Templeton Street  
CASTLEMAINE VIC 3450

### **Echuca**

Corner Hare and Darling Streets  
ECHUCA VIC 3564

### **VETASSESS**

Level 5, 478 Albert Street  
EAST MELBOURNE VIC 3002  
Phone: +61 3 9655 4801  
Fax: +61 3 9654 3385  
Visit: [vetassess.com.au](http://vetassess.com.au)

### **eWORKS**

Level 5, 437 St Kilda Road  
MELBOURNE VIC 3004  
Phone: +61 3 9661 8700  
Fax: +61 3 9661 8799  
Visit: [eworks.edu.au](http://eworks.edu.au)

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**Bendigo Kangan Institute delivers VET programs to over half of Victoria's prisoner population. We provide training in secure custodial settings at:**

### **Dame Phyllis Frost Centre**

Riding Boundary Road  
DEER PARK VIC 3023

### **Disability Forensic and Treatment site**

Yarra Bend Road  
FAIRFIELD VIC 3078

### **Fulham Correctional Centre**

Hopkins Road  
SALE VIC 3850

### **Melbourne Assessment Prison**

Spencer Street  
WEST MELBOURNE VIC 3003

### **Metropolitan Remand Centre**

Middle Road  
RAVENHALL VIC 3023

### **Port Phillip Prison**

Corner Dohertys Road and  
Palmer's Road  
LAVERTON VIC 3028

### **Thomas Embling Hospital**

Yarra Bend Road  
FAIRFIELD VIC 3078

### **Loddon Prison**

Matheson Street  
CASTLEMAINE VIC 3450

### **Middleton**

Matheson Street  
CASTLEMAINE VIC 3450

### **Tarrengower Prison**

Maldon-Shebourne Road  
NUGGETTY VIC 3463

### **Your feedback**

If you would like to provide feedback about this annual report, please email [enquiries@kangan.edu.au](mailto:enquiries@kangan.edu.au) or [info@bendigotafe.edu.au](mailto:info@bendigotafe.edu.au).

### **Additional copies**

This annual report is available to download at [kangan.edu.au](http://kangan.edu.au) and [bendigotafe.edu.au](http://bendigotafe.edu.au). For hard copies of this annual report, please email [enquiries@kangan.edu.au](mailto:enquiries@kangan.edu.au) or [info@bendigotafe.edu.au](mailto:info@bendigotafe.edu.au).

### **Credits**

This annual report was jointly produced by the commercial and business performance and assurance departments.  
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