Challenger Institute of Technology

Final Report

1 January 2016 to 10 April 2016

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STATEMENT OF COMPLIANCE

Hon Liza Harvey MLA
Minister for Police; Road Safety;
Training and Workforce Development; Women's Interests

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of Challenger Institute of Technology for the period January 1 2016 to April 10 2016.

The Report has been prepared in accordance with the terms of the appointment of the Reporting Officer, as outlined by the Treasurer and the provisions of the *Financial Management Act 2006*.

Satvinder Sekhon
Reporting Officer
22 June 2016

EXECUTIVE SUMMARY

In October 2015, The Minister for Training and Workforce Development launched the Training Sector Reform Project (Reform Project) to examine the function and structure of Western Australia's public training sector. The purpose of the Reform Project is to ensure a robust and sustainable public vocational education and training (VET) sector with high quality training that is accessible and equitable to the community and that supports improved outcomes for students.

As a result of the State Government's Training Sector Reform Project from 11 April 2016, the 11 former Institutes and their 70 campus locations will be managed by a network of five TAFE colleges. The five new TAFE colleges will be named North Metropolitan TAFE, South Metropolitan TAFE, North Regional TAFE, Central Regional TAFE and South Regional TAFE.

New arrangements will also be introduced that will see greater collaboration among the network of colleges, allowing resources and expertise to be shared across WA. This will give students, particularly those in regional areas, access to more diverse training programs.

The reforms will also see the reinstatement of the TAFE brand, in recognition of the strong historical association and awareness by local communities.

As a result of the reform operations, students and staff at Challenger Institute of Technology will transition to South Metropolitan TAFE from April 11, 2016. Therefore outcomes relating to Challenger Institute of Technology will be reported on in the amalgamated TAFE's end of financial year reporting.

APPOINTMENT OF THE REPORTING OFFICER

Under Section 68(1) of the *Finance Management Act 2006 (FMA)* it is necessary to appoint a Reporting Officer, to perform the duties in relation to the final reports for the abolished institutes.

Approval was sought for the Treasurer to appoint a reporting officer who is responsible for the preparation of the final reports for any Institute closed by the reform. The report will be for the period 1 January 2016 to 10 April 2016 inclusive and include a set of financial statements and notes (including 2015 comparatives), an abridged report on operations and not include key performance indicators.

The final report is to be submitted to the Minister for The Department of Training and Workforce Development within 90 days from the closure date of Challenger Institute of Technology, to be tabled in Parliament 14 days after that.

COMPLIANCE WITH WRITTEN LAW

Enabling Legislation

Challenger Institute of Technology was established as a Statutory Authority in 1996 under section 35 of the *Vocational Education and Training Act 1996.*

Legislation Administered

The Minister for Training and Workforce Development administers the *Vocational Education and Training Act 1996*.

Legislation Impacting on the Institutes Activities

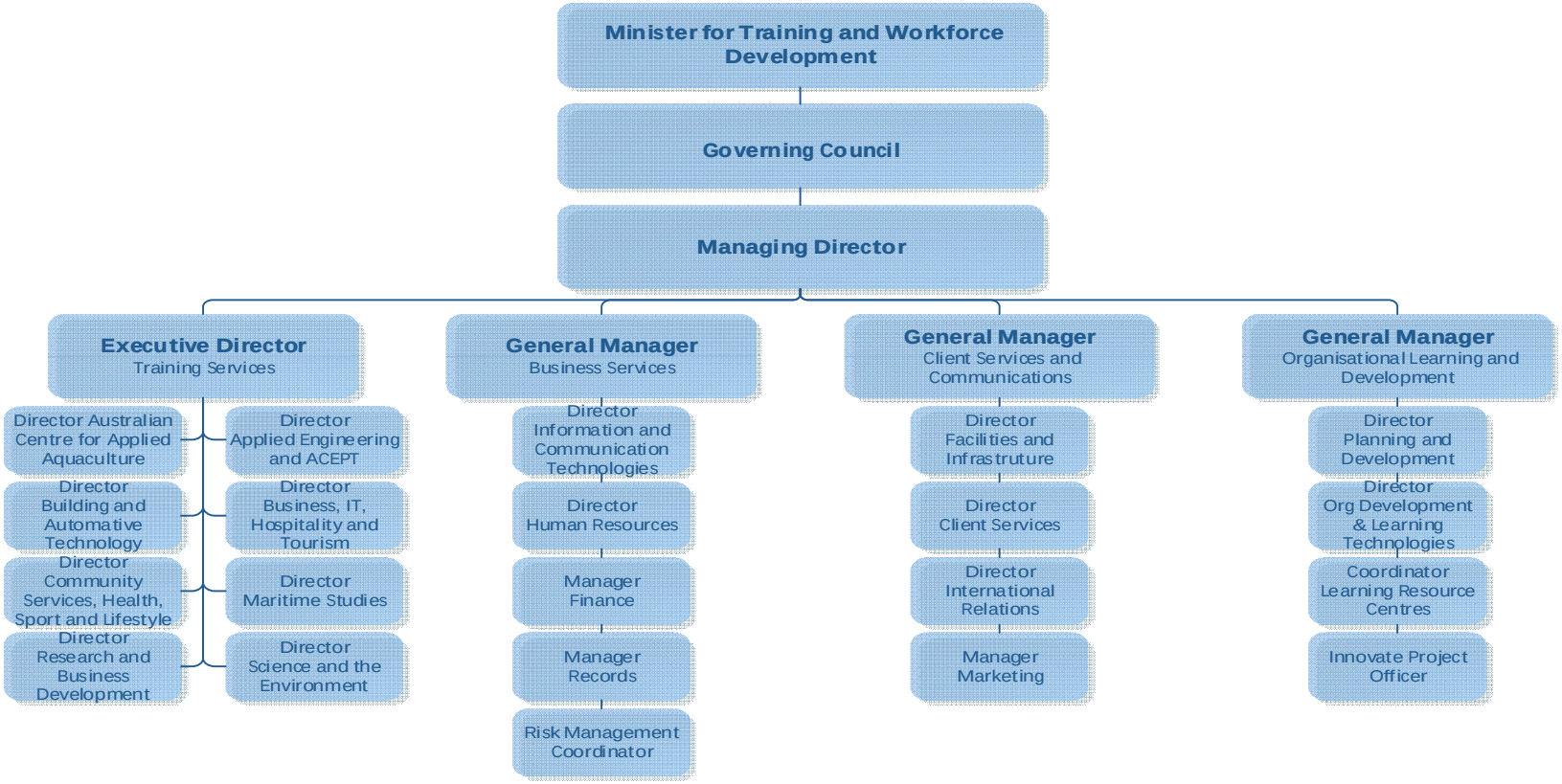
Key legislation impacting on Challenger Institute of Technology's activities and with which the institute complies are the following:

- *Auditor General Act 2006;*
- *Disability Services Act 1993;*
- *Corruption and Crime Commission Act 2003;*
- *Education Service Providers (Full Fee Overseas Students) Registration Act 1991;*
- *Equal Opportunity Act 1984;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Industrial Relations Act 1979;*
- *Minimum Conditions of Employment Act 1993;*
- *Occupational Safety and Health Act 1984;*
- *Public Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *School Education Act 1999;*
- *State Records Act 2000;*
- *State Supply Commission Act 1991;*
- *Workers Compensation and Injury Management Act 1981;* and
- *Working with Children (Criminal Record Checking) Act 2004*

CORPORATE GOVERNANCE

Challenger Institute of Technology is a statutory authority delivering vocational education and training.

Established in 1996 under Section 35 of the *Vocational Education and Training Act 1996*, the Institute is a body corporate with functions conferred by the Minister for Training and Workforce Development and consists of a Governing Council, staff and enrolled students.



CORPORATE GOVERNANCE

Governing Council Members 2016

Name	Position
Ms Elizabeth Carr	Chairperson
Mr Mike Deeks	Deputy Chairperson
Mr Stephen Cain	Member
Mr David Holland	Member
Mr Harry Kleyn	Member
Ms Esther Oh	Member
Mr Cameron Schuster	Member
Mr Kevin Woods	Member

Corporate Executive

Name	Position
Ms Terry Durrant	Managing Director
Ms Julia Burns	General Manager Organisational Learning and Development
Mr Michael Juliff	General Manager Business Services
Ms Karen Kelleher	A/General Manager Client Services and Communications
Ms Kelly Townson	Executive Director Training

COMPLIANCE

Public Sector Standards and Ethical Codes (Breaches)
In accordance with S31(1) of the Public Sector Management Act 1994, Challenger Institute of Technology has in place policies, procedures and guidelines to ensure compliance with public sector standards in human resource management, the Western Australia Code of Ethics and the Institute's codes of conduct.

Misconduct and Complaints Management systems are in place and are monitored and revised where necessary. The Institute also ensures all managers and supervisors have completed accountable and ethical decision making training.

Between 1 January 2016 and 10 April 2016 there no public sector standards breaches lodged.

Public Interest Disclosures
There have been no Public Interest Disclosures received or lodged for the period 1 January 2016 to 10 April 2016.

Record Keeping Plan
Challenger Institute of Technology has an approved Recordkeeping Plan as prescribed by the State Records Act 2000. The Plan is audited once every 5 years and undergoes continuous improvement and scrutiny at the Institute level and through the State Training Provider's Records Management Network.

It is a requirement that all staff complete an online recordkeeping awareness training course on commencing employment with Challenger. All staff have been enrolled in this course with a 99% completion rate. Ongoing training and assistance is provided to staff in both formal and informal settings.

Freedom of Information (FOI)
There have been no FOI applications received for the period 1 January 2016 to 10 April 2016.

Complaints
Challenger Institute maintains a Complaints Management System. During the period 1 January 2016 to 10 April 2016 there 24 complaints received during this period with one unresolved at period end.

Advertising

Under section 175ZE of the Electoral Act 1907 Challenger Institute of Technology is required to report on expenditure incurred in relation to advertising agencies, market research organisations, polling organisations, direct mail and media advertising organisations. During the period 1 January 2016 to 10 April 2016 the following expenditure was incurred:

EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL	$
Expenditure with Advertising Agencies:	
• Carat Australia	106,384
• Rare Pty Ltd	25,228
Expenditure with Market Research Agencies:	0
Expenditure with Polling Agencies:	0
Expenditure with Direct Mail Agencies:	0
Expenditure with Media Advertising Agencies:	
• Media Decisions	20,011
TOTAL EXPENDITURE	**$151,623**

Please note that expenditure with advertising agencies was spent on behalf of all TAFE colleges who contributed to the cost of the advertising.

Occupational Safety and Health

Challenger Institute maintains a strong commitment to occupational health and safety (OSH) and injury management and has:

- Well established policies and processes in place for OSH strategic planning, consultation, hazard management, injury management and training
- Systems which enable staff access to OSH documentation and plans as well as training opportunities
- A Safety Leadership Committee comprising senior executive staff and Safety Teams at all major campuses
- Strategies to ensure a safe learning environment for students and staff.

Challenger maintains an Occupational Safety and Health Plan and reports regularly through to Governing Council on all relevant OSH issues.

FUNCTIONS

Challenger Institute of Technology is established under section 35 of the *Vocational Education and Training Act 1996.*

Section 37 of the *Vocational Education and Training Act 1996* outlines the functions of a college.

(1) The functions of a college are as follows —

- (a) to provide vocational education and training;
- (ba) to tender for and enter into contracts for the provision by it of vocational education and training;
- (bb) to provide vocational education and training on a fee for service basis;
- (b) to confer awards and, if it is a registered training provider and, under the terms of its registration as such, authorised to do so —
  - (i) approved VET qualifications; and
  - (ii) prescribed VET qualifications;
- (ca) to provide, for a fee or otherwise, or enter into contracts to provide, products, consultancy or other services in the course of, or incidental to, the provision by the college of vocational education and training;
- (c) to undertake research and development related to vocational education and training which has a direct practical application to industry, commerce and the community;
- (da) to turn to account the vocational education and training expertise of the college by means of the sale of services and the commercial exploitation of intellectual property, including the assignment and licensing of such property;
- (d) to promote equality of opportunity in the undertaking of vocational education and training;
- (ea) to provide adult and community education;
- (e) to provide or arrange for the provision of services to its students;
- (fa) to provide housing for its staff, and residential accommodation for its students;
- (fb) with the approval of the Minister, to establish and maintain branches of the college at such places in the State as its governing council thinks fit;
- (f) with the approval of the Minister, on terms and conditions approved by the Treasurer, to participate in business arrangements relating to the provision of vocational education and training;

FUNCTIONS

(g) to contribute to the general development of the community in the region of the college through such activities as may be authorised by the Minister;
(h) to provide education on behalf of another educational institution;
(i) to perform any function prescribed.

(2) A college must perform its functions in accordance with its strategic plan last approved under section 43 and its business plan last approved under section 44A.

(3) A college is not to hold land or any estate or interest in land, but this subsection does not apply to the holding of land or an estate or interest in land that is part of a business arrangement in which the college participates under subsection (1)(f).

(4) The power conferred by subsection (1)(f) is not subject to, and may be exercised despite, the *State Supply Commission Act 1991.*

REPORT ON OPERATIONS

On the 11th April 2016, operations, staff and students of Challenger Institute of Technology will transition to South Metropolitan TAFE, as part of the Western Australian Training Sector Reform Project.

For 2016, prior to the transition, Challenger Institute of Technology had 616 FTE across nine campuses. As this data represents only part of the year, it is not comparable to previous years.

There were 245 of courses offered across the campuses. As this report is not for a full calendar year, it is not practical or meaningful to provide student and enrolment data for this period and full year student enrolment data will be reported on the in the Annual Report for South Metropolitan TAFE.

FINANCIAL STATEMENTS
CHALLENGER INSTITUTE OF TECHNOLOGY

Certification of Financial Statements

The accompanying financial statements of Challenger Institute of Technology have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the period 1 January to 10 April 2016 and the financial position as at 10 April 2016.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Satvinder Sekhon
Reporting Officer

22 June 2016
Dated

OAG
AUDITED
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Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CHALLENGER INSTITUTE OF TECHNOLOGY

Report on the Financial Statements
I have audited the accounts and financial statements of the Challenger Institute of Technology.

The financial statements comprise the Statement of Financial Position as at 10 April 2016, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 1 January to 10 April 2016, and Notes comprising a summary of significant accounting policies and other explanatory information.

Reporting Officer's Responsibility for the Financial Statements
The Challenger Institute of Technology ceased to exist as a statutory authority under the Financial Management Act 2006 on 10 April 2016. The Treasurer appointed a Reporting Officer under section 68 of the Act who was responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Reporting Officer's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Reporting Officer, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Challenger Institute of Technology at 10 April 2016 and its financial performance and cash flows for the period 1 January to 10 April 2016. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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Report on Controls
I have audited the controls exercised by the Challenger Institute of Technology for the period 1 January to 10 April 2016.

Controls exercised by the Challenger Institute of Technology are those policies and procedures established by the Governing Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Governing Council's Responsibility for Controls
The Governing Council was responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities were in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Challenger Institute of Technology based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Institute complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion
In my opinion, the controls exercised by the Challenger Institute of Technology are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions for the period 1 January to 10 April 2016.

Independence
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements
This auditor's report relates to the financial statements of the Challenger Institute of Technology for the period 1 January to 10 April 2016 included on the Institute's website. The Institute's management is responsible for the integrity of the Institute's website. This audit does not provide assurance on the integrity of the Institute's website. The auditor's report refers only to the financial statements described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
23 June 2016

Challenger Institute of Technology STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016		1 JANUARY 2016 - 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	Notes	$	$
COST OF SERVICES			
Expenses			
Employee benefits expense	6	**16,012,080**	**62,756,382**
Supplies and services	7	**4,678,109**	**17,908,376**
Depreciation and amortisation expense	8	**1,444,596**	**5,877,242**
Grants and subsidies	9	**16,772**	**45,775**
Cost of sales	14	**182,078**	**810,635**
Loss on disposal of non-current assets	18	**14,360**	**6,108**
Other expenses	10	**1,595,462**	**5,532,814**
Total cost of services		**23,943,457**	**92,937,333**
Income			
Revenue			
Fee for service	11	**3,216,608**	**14,701,195**
Student fees and charges	12	**2,919,288**	**12,310,260**
Ancillary trading	13	**114,767**	**554,240**
Sales	14	**179,547**	**1,069,737**
Commonwealth grants and contributions	15	**2,481**	**9,432**
Interest revenue	16	**86,891**	**537,124**
Other revenue	17	**596,324**	**1,611,059**
Total revenue		**7,115,906**	**30,793,048**
Total income other than income from State Government		**7,115,906**	**30,793,048**
NET COST OF SERVICES		**16,827,551**	**62,144,286**
INCOME FROM STATE GOVERNMENT	19		
Service appropriation		**12,478,060**	**49,835,963**
Services received free of charge		**412,127**	**1,901,629**
Total income from State Government		**12,890,187**	**51,737,592**
SURPLUS/(DEFICIT) FOR THE PERIOD		**(3,937,364)**	**(10,406,694)**
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	31	**(370,300)**	**(4,077,250)**
Total other comprehensive income		**(370,300)**	**(4,077,250)**
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD		**(4,307,664)**	**(14,483,944)**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Challenger Institute of Technology
STATEMENT OF FINANCIAL POSITION
AS AT 10 APRIL 2016

	Notes	AS AT 10 APRIL 2016 $	AS AT 31 DECEMBER 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	32	**7,267,813**	**6,398,888**
Restricted cash and cash equivalents	20,32	**-**	**-**
Inventories	21	**91,055**	**201,528**
Receivables	22	**4,315,797**	**1,826,074**
Other current assets	23	**209,989**	**563,484**
Total Current Assets		**11,884,654**	**8,989,974**
Non-Current Assets			
Restricted cash and cash equivalents	20,32	**252,661**	**196,358**
Property, plant and equipment	24	**188,117,983**	**189,505,704**
Total Non-Current Assets		**188,370,644**	**189,702,062**
TOTAL ASSETS		**200,255,298**	**198,692,036**
LIABILITIES			
Current Liabilities			
Payables	28	**1,703,319**	**969,503**
Provisions	29	**8,062,981**	**7,710,557**
Other current liabilities	30	**5,846,433**	**1,045,378**
Total Current Liabilities		**15,612,733**	**9,725,437**
Non-Current Liabilities			
Provisions	29	**3,395,900**	**3,412,270**
Total Non-Current Liabilities		**3,395,900**	**3,412,270**
TOTAL LIABILITIES		**19,008,633**	**13,137,707**
NET ASSETS		**181,246,665**	**185,554,329**
EQUITY	31		
Contributed equity		**79,151,615**	**79,151,615**
Reserves		**91,997,862**	**92,368,162**
Accumulated surplus/(deficit)		**10,097,188**	**14,034,552**
TOTAL EQUITY		**181,246,665**	**185,554,329**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Challenger Institute of Technology STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016	Notes	1 JANUARY TO 10 APRIL 2016 $	YEAR ENDED 31 DECEMBER 2015 $
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation - Department of Training and Workforce Developme		12,340,017	46,574,005
Net cash provided by State Government		12,340,017	46,574,005
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(15,451,570)	(65,714,145)
Supplies and services		(4,022,796)	(16,099,819)
Grants and subsidies		(16,772)	(45,775)
GST payments on purchases		(497,785)	(1,812,101)
Other payments		(1,488,930)	(6,325,218)
Receipts			
Fee for service		4,178,128	15,625,414
Student fees and charges		4,487,304	10,167,088
Ancillary trading		222,710	554,240
Commonwealth grants and contributions		2,481	9,432
Interest received		93,405	574,662
GST receipts on sales		136,991	711,374
GST receipts from taxation authority		305,859	1,119,844
Other receipts		629,822	2,680,797
Net cash provided by/(used in) operating activities	32	(11,421,153)	(58,554,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		-	(330,828)
Receipts			
Proceeds from sale of non-current physical assets		6,364	34,252
Investment in other current financial assets		-	6,073,200
Net cash provided by/(used in) investing activities		6,364	5,776,624
Net increase/(decrease) in cash and cash equivalents		925,228	(6,203,578)
Cash and cash equivalents at the beginning of period		6,595,246	12,798,825
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	32	7,520,474	6,595,246

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Challenger Institute of Technology
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016

	Notes	Contributed Equity	Reserves	Accumulated Surplus / (Deficit)	Total Equity
		$	$	$	$
Balance at 1 January 2015	31	**68,474,931**	**96,445,411**	**24,441,246**	**189,361,588**
Surplus/(deficit)		-	-	(10,406,694)	(10,406,694)
Other comprehensive income		-	(4,077,250)	-	(4,077,250)
Total comprehensive income for the period		-	(4,077,250)	(10,406,694)	(14,483,944)
Transaction with owners in their capacity as owners :					
Capital appropriations		92,964	-	-	92,964
Other contributions by owners		10,583,721	-	-	10,583,721
Total		**10,676,685**	-	-	**10,676,684**
Balance at 31 December 2015		**79,151,615**	**92,368,162**	**14,034,552**	**185,554,329**
Balance at 1 January 2016		**79,151,615**	**92,368,162**	**14,034,552**	**185,554,329**
Surplus/(deficit)		-	-	(3,937,364)	(3,937,364)
Other comprehensive income		-	(370,300)	-	(370,300)
Total comprehensive income for the period		-	(370,300)	(3,937,364)	(4,307,664)
Transaction with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		-	-	-	-
Distribution to owners		-	-	-	-
Total		-	-	-	-
Balance at 10 April 2016		**79,151,615**	**91,997,862**	**10,097,188**	**181,246,665**

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

CHALLENGER INSTITUTE OF TECHNOLOGY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016

1. Australian Accounting Standards

(a) General

The Institute's financial statements for the period 1 January to 10 April 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Institute has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

(b) Early adoption of standards

The Institute cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction (TI) 1101 *'Application of Australian Accounting Standards and Other Pronouncements*'. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Institute for the reporting period 1 January to 10 April 2016.

2. Summary of significant accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year.

(a) General statement

The Institute is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer’s Instructions. Several of these are modified by the Treasurer’s Instructions to vary application, disclosure, format and wording. The *Financial Management Act 2006* and the Treasurer’s Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars ($).

Note 3 ‘Judgements made by management in applying accounting policies’ discloses judgements that have been made in the process of applying the Institute’s accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 ‘Key sources of estimation uncertainty’ discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Institute and bodies included at note 40 ‘Related bodies’.

(d) Contributed equity

AASB Interpretation 1038 ‘*Contributions by Owners Made to Wholly-Owned Public Sector Entities*’ requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *'Contributions by Owners Made to Wholly Owned Public Sector Entities*' and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 31 'Equity'.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable.

The majority of operating revenue of the Institute represents revenue earned from student fees and charges, fee for service, ancillary services, trading activities and Commonwealth grants and contributions. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Institute obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Institute gains control of the appropriated funds The Institute gains control of appropriated funds at the time those funds are deposited to the bank account.

State funds

The funds received from the Department of Training and Workforce Development in respect of the delivery of services forming part of the Delivery Performance Agreement are included in State funds, disclosed under 'Income from State Government'. They are the result of training successfully tendered for under competitive tendering arrangements. This revenue is recognised at nominal value in the period in which the Institute meets the terms of the Agreement. See note 19 'Income from State Government'.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Where applicable in accordance with TI 1101, the capitalisation threshold has been applied to the aggregate value of a group or network of assets where the cost of individual items may be below the threshold but collectively the cost of the items in the group or network exceeds the threshold. Items of property, plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and buildings are independently valued annually by the Western Australian Land Information Institute (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the annual reporting period.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated life.

Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets. Refer to note 24 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 years
Leasehold Improvements	2 to 10 years
Motor vehicles, caravans and trailers	4 to 13 years
Plant, furniture and general equipment	4 to 23 years
Computing, communications and software [(a)]	1 to 10 years
Marine craft	8 to 19 years

[(a)] Software that is integral to the operation of related hardware.

Land is not depreciated.

(g) Intangible assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more, are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Institute have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software [(a)]	3 to 5 years
Licences	3 to 10 years
Development costs	3 to 5 years
Website costs	3 to 5 years

[(a)] Software that is not integral to the operation of any related hardware.

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefit can reasonably be regarded as assured and the total project costs are likely to exceed $50,000. Other development costs are expensed as incurred.

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised, to the extent that they represent probable future economic benefits.

(h) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Institute is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of an asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

See note 27 ‘Impairment of assets’ for the outcome of impairment reviews and testing. See note 2(n) 'Receivables' and note 22 'Receivables' for impairment of receivables.

(i) Leases

The Institute has entered into operating lease arrangements for buildings and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property and vehicles.

(j) Financial instruments

In addition to cash and bank overdraft, the Institute has two categories of financial instruments:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables

Financial liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued salaries

Accrued salaries (see note 28 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Institute considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 20 ‘Restricted cash and cash equivalents’) consists of amounts paid annually into a suspense account over a period of ten financial years to largely meet the additional cash outlay in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a first in first out basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

See note 21 'Inventories'.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Institute will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

See note 2(j) ‘Financial instruments’ and note 22 ‘Receivables’.

(o) Payables

Payables are recognised at the amounts payable when the Institute becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

See note 2(j) ‘Financial instruments’ and note 28 'Payables'.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See note 29 ‘Provisions’.

(i) Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees’ services up to the end of the reporting period.

Annual leave

Annual leave that is expected to be settled wholly within 12 months after the end of the reporting period is considered to be a 'short term employee benefit'. The annual leave liability is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Institute does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Institute does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Institute has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Professional Allowance Leave

The provision for professional allowance leave relates to the entitlement of lecturers under the WA TAFE lecturers' general agreement for four weeks professional leave during each calendar year of service. Since this entitlement cannot be accrued from year to year it is not ordinarily provided for at 31 December but has been provided at 10 April 2016.

Professional allowance leave liabilities have been classified as current as they must be used each calendar year and cannot be accrued from year to year. As at 10 April 2016, this leave has been taken in advance of the accrual resulting in a negative balance.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Institute makes contributions to GESB or other funds providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Institute's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for Institute purposes because the concurrent contributions (defined contributions) made by the Institute to GESB extinguishes the Institute's obligations to the related superannuation liability.

The Institute has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Institute to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share. See also note 2(q) 'Superannuation expense'.

(ii) Provisions - other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Institute's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. (See note 10 'Other expenses' and note 29 'Provisions'.)

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), the GESB Super Scheme (GESBS) and other superannuation funds.

(r) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the Institute would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Institute evaluates these judgements regularly.

Operating Lease Commitments

The Institute has entered into a commercial lease and has determined that the lessor retains substantially all the significant risks and rewards incidental to ownership of the property. Accordingly, the lease has been classified as an operating lease.

4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions in calculating the Institute's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Institute has not applied any Australian Accounting Standards effective for reporting period 1 January 2016 to 10 April 2016 that impacted on the Institute.

Voluntary changes in accounting policy

There have been no voluntary changes in accounting policy.

Future impact of Australian Accounting Standards not yet operative

The Institute cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Institute has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Institute and any Australian Accounting Standards that are operative after 10 April 2016 will not apply due to the closure of the Institute.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
6 Employee benefits expense		
Wages and salaries (a)	14,624,230	57,351,572
Superannuation - defined contribution plans (b)	1,387,850	5,404,810
	16,012,080	**62,756,382**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.
(b) Defined contribution plans include West State, and Gold State and GESB and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 10 'Other expenses'.
Employment on-costs liability is included at note 29 'Provisions'.

7 Supplies and services		
Consumables and minor equipment	947,713	2,429,747
Communication expenses	118,407	329,399
Utilities expenses	641,564	2,220,007
Consultancies and contracted services	1,659,041	7,833,888
Minor works	336,041	1,379,453
Repairs and maintenance	275,510	826,002
Operating lease and hire charges	382,019	1,101,045
Travel and passenger transport	25,535	171,879
Advertising and public relations	63,441	504,739
Supplies and services - other	208,343	888,416
Supplies and Services - PD activities	20,494	223,801
	4,678,109	**17,908,376**
8 Depreciation		
Depreciation		
Buildings	745,696	2,908,471
Leasehold improvements- buildings	162,581	672,198
Motor vehicles, caravans and trailers	9,858	35,064
Plant, furniture and general equipment	342,222	1,281,256
Computers and communication network	178,700	949,235
Marine craft	5,539	31,018
Total depreciation	**1,444,596**	**5,877,242**
9 Grants and subsidies		
Recurrent		
Payments to non TAFE provides for VET service delivery	6,881	27,041
Other	9,891	18,734
	16,772	**45,775**
10 Other expenses		
Building Maintenance	185,698	1,231,631
Doubtful Expenses	-	144,586
Employment on-costs	1,075,078	3,950,254
Student prizes and awards	19,589	32,717
Audit fees	132,000	131,000
Other	183,097	42,626
	1,595,462	**5,532,814**
11 Fee for service		
Fee for service - General	1,828,318	9,253,209
Fee for service - Department of Training and Workforce Development	-	216,829
International division fees	1,388,290	5,127,727
Fee for service - (other than Department of Training and Workforce Development)	-	103,430
	3,216,608	**14,701,195**

Challenger Institute of Technology
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
12 Student fees and charges		
Tuition fees	2,189,511	8,813,299
Resource fees	669,791	2,832,484
Other Institute fees including RPL fees	59,986	664,477
	2,919,288	**12,310,260**
13 Ancillary trading		
Live works (not trading activity)	76,176	549,808
Other ancillary revenue	38,591	4,432
	114,767	**554,240**
14 Trading profit/(loss)		
(a) Bookshop:		
Sales	73,382	468,366
Cost of sales:		
Opening inventory	(201,528)	(225,843)
Purchases	(6,589)	(368,250)
	(208,117)	(594,093)
Closing inventory	91,055	201,528
Cost of goods sold	(117,062)	(392,566)
Trading profit/(loss) - Bookshop	**(43,680)**	**75,800**
(b) Cafeteria (non-training related)		
Sales	106,165	601,371
Cost of sales:		
Purchases	(65,016)	(418,070)
Cost of goods sold	(65,016)	(418,070)
Trading profit/(loss) - Cafeteria	41,149	183,302
	(2,531)	**259,102**
See note 2(m) 'Inventories' and note 21 'Inventories'.		
15 Commonwealth grants and contributions		
Commonwealth specific purpose grants and contributions	2,481	9,432
	2,481	**9,432**
16 Interest revenue		
Interest revenue from operating accounts	86,891	537,124
	86,891	**537,124**
17 Other revenue		
Rental and facilities fees	31,697	206,399
Copyright and royalties revenue	-	77
Sponsorship and donations revenue	24,714	70,120
Recoups of expenditure from external organisations	72,729	199,089
Revenue from the provision of shared services	106,004	626,593
Insurance recoveries	-	302,076
Workers compensation recoveries	1,641	80,453
Proceeds from disposal of current assets	7,711	22,071
Deferred salary revenue	38,865	-
Revenue from transportable assets adjustment	257,474	-
Miscellaneous revenue	55,489	104,182
	596,324	**1,611,059**

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
18 Net gain/(loss) on disposal of non-current assets		
Net proceeds from disposal of non-current assets		
Motor vehicles, caravans and trailers	6,364	29,845
Plant, furniture and general equipment	-	5,136
Computers and communication network	-	(730)
Total proceeds from disposal of non-current assets	**6,364**	**34,252**
Carrying amount of non-current assets disposed		
Motor vehicles, caravans and trailers	-	(5,230)
Plant, furniture and general equipment	(20,724)	(32,620)
Computers and communication network	-	(1,818)
Marine craft	-	(692)
Total cost of disposal of non-current assets	(20,724)	(40,360)
Net gain/(loss)	**(14,360)**	**(6,108)**

See note 24 'Property, plant and equipment'.

19 Income from State Government		
Appropriation received during the year:		
Service appropriation [(a)] (State funds received from Department of Training and Workforce Development):		
Delivery and Performance Agreement (DPA)	12,465,087	47,097,143
Other recurrent funds	12,973	2,738,819
Total State funds	**12,478,060**	**49,835,963**
Services received free of charge from other State government agencies during the financial period :		
Department of Training and Workforce Development		
- Corporate systems support	353,747	1,709,580
- Human resources, and industrial relations support	2,220	24,584
- Other	56,159	167,465
	412,127	**1,901,629**
Total income from State Government	**12,890,187**	**51,737,592**

(a) Service appropriations fund the net cost of services delivered.

20 Restricted cash and cash equivalents		
Non-current		
Accrued salaries suspense account (27th Pay provision payable in 2026)	252,661	196,358
	252,661	**196,358**

21 Inventories		
Current		
Inventories held for resale:		
Bookshop (at cost)	91,055	201,528
	91,055	**201,528**

See also note 2(m) 'Inventories' and note 14 'Trading profit/(loss)'.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
22 Receivables		
Current		
Receivables - trade	1,498,716	668,329
Receivables - students	1,645,454	377,895
Accrued revenue	1,296,326	959,122
Allowance for impairment of receivables	(372,878)	(372,878)
GST receivable	248,179	193,606
Total current	**4,315,797**	**1,826,074**
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	(372,878)	(499,446)
Doubtful debts expense	-	(144,586)
Amount written off during the period	-	271,154
Impairment losses reversed during the period	-	-
Balance at end of period	**(372,878)**	**(372,878)**

The Institute does not hold any collateral or other credit enhancements as security for receivables.

See also note 2(n) 'Receivables' and note 37 'Financial instruments'.

23 Other current assets		
Current		
Prepayments	209,989	563,484
	209,989	**563,484**
24 Property, plant and equipment		
Land		
At fair value (a)	71,170,000	71,170,000
	71,170,000	71,170,000
Buildings		
At fair value (a)	108,089,000	108,089,000
Accumulated depreciation	(745,696)	-
	107,343,304	108,089,000
Leasehold improvements		
At cost	8,779,359	9,181,189
Accumulated depreciation	(7,261,445)	(7,500,694)
	1,517,914	1,680,495
Motor vehicles, caravans and trailers		
At cost	425,799	449,225
Accumulated depreciation	(316,810)	(330,378)
	108,989	118,847
Plant, furniture and general equipment		
At cost	16,405,826	16,851,246
Accumulated depreciation	(9,941,223)	(9,918,519)
	6,464,603	6,932,727
Computer equipment, communication network		
At cost	4,410,146	4,227,369
Accumulated depreciation	(2,995,385)	(2,816,685)
	1,414,761	1,410,684
Marine craft		
At cost	1,193,606	1,193,606
Accumulated depreciation	(1,095,194)	(1,089,655)
	98,412	103,951
	188,117,983	**189,505,704**

(a) Land and buildings were last revalued as at 1 July 2015 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 31 December 2015 and recognised at 31 December 2015.

Information on fair value measurements is provided in Note 25.

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below.

2016	Land $	Buildings $	Buildings under construction $	Leasehold improvements $	Motor vehicles, caravans and trailers $	Plant, furniture and general equipment $	Computer equipment, communication network $	Marine craft $	**Total** $
Carrying amount at start of period	71,170,000	108,089,000	-	1,680,495	118,847	6,932,727	1,410,684	103,951	189,505,704

							1 JANUARY TO 10 APRIL 2016		YEAR ENDED 31 DECEMBER 2015
							$		$
Additions	-	-	-	-	-	7,220	182,777	-	189,997
Other Disposals & adjustment	-	-	-	-	-	(133,122)	-	-	(133,122)
Depreciation	-	(745,696)	-	(162,581)	(9,858)	(342,222)	(178,700)	(5,539)	(1,444,596)
Carrying amount at end of period	**71,170,000**	**107,343,304**	**-**	**1,517,914**	**108,989**	**6,464,603**	**1,414,761**	**98,412**	**188,117,983**

2015	Land $	Buildings $	Buildings under construction $	Leasehold improvements $	Motor vehicles, caravans and trailers $	Plant, furniture and general equipment $	Computer equipment, communication network $	Marine craft $	**Total** $
Carrying amount at start of year	63,510,000	112,151,000	1,493,742	2,352,693	142,670	7,995,001	659,311	135,535	188,439,952
Additions	3,160,000	7,423,721	-	-	26,901	380,742	329,326	57,734	11,378,424
Transfers between classes	-	-	(1,493,742)	-	-	25,400	1,468,342	-	-
Other Disposals	-	-	-	-	(15,660)	(187,160)	(97,060)	(58,300)	(358,180)
Revaluation increments/(decrements)	4,500,000	(8,577,250)	-	-	-	-	-	-	(4,077,250)
Depreciation	-	(2,908,471)	-	(672,198)	(35,064)	(1,281,256)	(949,235)	(31,018)	(5,877,242)
Carrying amount at end of year	**71,170,000**	**108,089,000**	**-**	**1,680,495**	**118,847**	**6,932,727**	**1,410,684**	**103,951**	**189,505,704**

25 Fair value measurements

Assets measured at fair value :	**Level 1**	**Level 2**	**Level 3**	**Fair Value At end of period**
2016	**$**	**$**	**$**	**$**
Land (Note 24)	-	-	71,170,000	71,170,000
Buildings (Note 24)	-	-	107,343,304	107,343,304
	-	-	178,513,304	178,513,304

Assets measured at fair value :	**Level 1**	**Level 2**	**Level 3**	**Fair Value At end of period**
2015	**$**	**$**	**$**	**$**
Land (Note 24)	-	-	71,170,000	71,170,000
Buildings (Note 24)	-	-	108,089,000	108,089,000
	-	-	179,259,000	179,259,000

There were no transfers between Levels 1, 2 or 3 during the current and the previous period.

Fair value measurements using significant unobservable inputs (Level 3)

2016	**Land** **$**	**Buildings** **$**
Fair Value at start of period	71,170,000	108,089,000
Depreciation Expense	-	(745,696)
Fair Value at end of period	71,170,000	107,343,304

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

2015	Land	Buildings
	$	$
Fair Value at start of period	63,510,000	112,151,000
Additions	3,160,000	7,423,721
Revaluation increments/(decrements) recognised in Other Comprehensive Income	4,500,000	(8,577,250)
Depreciation Expense	-	(2,908,471)
Fair Value at end of period	71,170,000	108,089,000

Valuation processes

There were no changes in valuation techniques during the period.

Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised building is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed economic benefit, expired economic benefit or obsolescence , and optimisation (where applicable) of the asset. Determination of the current replacement cost of such assets held by the Institute is calculated by reference to gross project size specifications.

Valuation using depreciated replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Basis of Valuation
In the absence of market-based evidence due to the specialised nature of the assets, non-financial assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the Institute's enabling legislation.

26 Intangible assets

Computer software		
At cost	144,909	144,909
Accumulated amortisation	(144,909)	(144,909)
	-	-

27 Impairment of assets

There were no indications of impairment to property, plant and equipment or intangible assets at 10 April 2016.

The Institute held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets as at 10 April 2016 have either been classified as assets held for sale or written off.

28 Payables

Current		
Trade payables	(1,470)	69,049
GST payable	43,802	44,165
Accrued expenses	1,385,076	818,106
Accrued salaries and related costs	262,640	38,183
Paid parental leave payable	13,271	-
Total current	**1,703,319**	**969,503**

See also note 2(o) 'Payables' and note 37 'Financial Instruments'.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
29 Provisions		
Current		
Employee benefits provision		
Annual leave (a)	3,037,033	2,829,126
Long service leave (b)	4,923,748	4,245,493
Deferred Salary Scheme (c)	182,115	188,360
Professional Leave and Accrued Days Off (d)	(553,039)	-
	7,589,857	7,262,979
Other provisions		
Employment on-costs (e)	473,124	447,578
Total current	**8,062,981**	**7,710,557**
Non-current		
Employee benefits provision		
Long service leave (b)	3,193,203	3,209,255
Other provisions		
Employment on-costs (e)	202,697	203,015
Total non-current	**3,395,900**	**3,412,270**

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	2,793,823	2,587,816
More than 12 months after the end of the reporting period	243,210	241,310
	3,037,033	**2,829,126**

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	2,029,238	1,852,689
More than 12 months after the end of the reporting period	6,087,713	5,602,059
	8,116,951	**7,454,748**

(c) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	105,736	132,501
More than 12 months after the end of the reporting period	76,379	55,859
	182,115	**188,360**

(d) Professional Leave and Accrued Days Off have been classified as current as they expire at the end of the calendar year and cannot be rolled forward.

Within 12 months of the end of the reporting period	(553,039)	-
	(553,039)	**-**

(e) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.
The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 10 'Other expenses'.

Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Employment on-cost provision		
Carrying amount at start of period	650,593	793,843
Additional provisions recognised	79,376	307,555
Payments/other sacrifices of economic benefits	(54,148)	(450,805)
Carrying amount at end of period	**675,821**	**650,593**

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
30 Other liabilities		
Current		
Income received in advance:		
Student Fees	3,213,519	10,996
Fee for service income in advance	2,032,231	-
Funds from other institutes for media campaign	220,718	444,147
VET-FEE Help	193,302	-
Provision for refund of state funds	-	138,043
Money/deposits held in trust	46,858	65,424
Other	139,805	386,768
Total current	**5,846,433**	**1,045,378**

31 Equity

The Western Australian Government holds the equity interest in the Institute on behalf of the community. Equity represents the residual interest in the net assets of the Institute. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity		
Balance at start of period	79,151,615	68,474,931
Contributions by owners		
Capital appropriation	-	92,964
Transfer of net assets from other agencies(DTWD)	-	10,583,721
Total contribution by owners	-	10,676,685
Balance at the end of period	**79,151,615**	**79,151,615**
Reserves		
Asset revaluation surplus		
Balance at start of period	92,368,162	96,445,411
Land	-	4,500,000
Buildings	-	(8,577,250)
Buildings - correction adjustment	(370,300)	-
Balance at end of period	**91,997,862**	**92,368,162**
Accumulated surplus/(deficit)		
Balance at start of period	14,034,552	24,441,246
Result for the period	(3,937,364)	(10,406,694)
Balance at end of period	**10,097,188**	**14,034,552**
Total Equity at end of period	**181,246,665**	**185,554,329**

32 Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	7,236,901	4,367,293
Cash on hand	8,763	8,713
Short term deposits within (3 months)	22,149	2,022,882
	7,267,813	**6,398,888**
Restricted cash and cash equivalents (refer to note 20 'Restricted cash and cash equivalents')	252,661	196,358
	7,520,474	**6,595,246**

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	16,827,551	62,144,286
Non-cash items:		
Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense)	1,444,596	5,877,242
Doubtful debts expense (note 10 'Other expenses')	-	144,586
Resources received free of charge (note 19 'Income from State Government')	412,127	1,901,629
Net (gain)/loss on sale of property, plant and equipment (note 18 'Net gain/(loss) on sale of non-current assets')	14,360	40,360
Buildings correction adjustment (note 17 'Other revenue')	(257,474)	-
Losses and write-offs (excludes cash shortages/thefts of money) (note 10 'Other expenses')	-	(251,044)
(Increase)/decrease in assets:		
Current receivables [(a)]	(2,372,311)	340,232
Current inventories	110,473	23,086
Other current assets	353,495	(164,707)
Increase/(decrease) in liabilities		
Current payables [(a)]	480,914	(487,902)
Current provisions	352,424	(3,074,300)
Other current liabilities	4,939,098	(1,369,920)
Non-current Provisions	(16,370)	591,700
Net GST receipts/(payments) [(b)]	(360,794)	(1,100,727)
Change in GST in receivables/payables [(c)]	305,859	1,119,844
Net cash provided by/(used in) operating activities	**(11,421,153)**	**(58,554,207)**

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
(b) This is the net GST paid/received, i.e. cash transactions
(c) This reverses out the GST in receivables and payables

33 Commitments

Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	852,646	1,159,450
Later than 1 year and not later than 5 years	1,095,566	1,095,566
	1,948,212	**2,255,016**

The commitments below are inclusive of GST.

Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	-
Later than 1 year and not later than 5 years	2,400,000	2,400,000
	2,400,000	**2,400,000**

Other expenditure commitments		
Other expenditure commitments contracted for at the end of the reporting period date but not recognised as liabilities are payable as follows:		
Within 1 year	502,905	385,943
	502,905	**385,943**

34 Contingent liabilities and contingent assets

The Governing Council is not aware of any contingent liabilities, contingent assets or contaminated sites as at balance date.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

35 Events occurring after the reporting period

Challenger Institute of Technology was closed on 10 April 2016 under the Vocational Education and Training (Colleges Closure and Establishment) Order.
The South Metropolitan TAFE was created on 11 April 2016. All the assets, rights and liabilities of Challenger Institute of Technology as at 10 April 2016 were transferred to South Metropolitan TAFE.

36 Explanatory statement

Significant variations between estimates and actual results for 2016 and between actual results for 2015 and 2016 are shown below.
Significant variations are considered to be those that are: for the Statement of Comprehensive Income - greater than 5% and 2% of Total Cost of Services.
For the Statement of Financial Position - greater than 5% and 2% ot Total Assets.

STATEMENT OF COMPREHENSIVE INCOME	Note	2016 1 Jan - 10 Apr	2016 Estimate for 12 months	2015 Year ended 31 Dec	Variance between Estimate and Actual [1]	Variance between Actual 2016 and 2015 [A]
COST OF SERVICES						
Expenses						
Employee benefits expense		16,012,080	60,899,205	62,756,382	(44,887,125)	(46,744,302)
Supplies and services		4,678,109	17,482,220	17,908,376	(12,804,111)	(13,230,267)
Depreciation and amortisation expense		1,444,596	5,715,433	5,877,242	(4,270,837)	(4,432,646)
Grants and subsidies		16,772	-	45,775	16,772	(29,003)
Cost of sales		182,078	872,483	810,635	(690,405)	(628,557)
Loss on disposal of non-current assets		14,360	-	6,108	14,360	8,252
Other expenses		1,595,462	5,525,058	5,532,814	(3,929,596)	(3,937,352)
Total cost of services		**23,943,457**	**90,494,399**	**92,937,333**	**(66,550,942)**	**(68,993,875)**
Income						
Revenue						
Fee for service		3,216,608	16,687,723	14,701,195	(13,471,115)	(11,484,587)
Student fees and charges		2,919,288	15,762,744	12,310,260	(12,843,456)	(9,390,972)
Ancillary trading		114,767	542,416	554,240	(427,649)	(439,473)
Sales		179,547	1,163,546	1,069,737	(983,999)	(890,190)
Commonwealth grants and contributions		2,481	-	9,432	2,481	(6,951)
Interest revenue		86,891	590,297	537,124	(503,406)	(450,233)
Other revenue		596,324	1,560,710	1,611,059	(964,386)	(1,014,735)
Total revenue		**7,115,906**	**36,307,436**	**30,793,048**	**(29,191,530)**	**(23,677,141)**
Total income other than income from State Government		**7,115,906**	**36,307,436**	**30,793,048**	**(29,191,530)**	**(23,677,141)**
NET COST OF SERVICES		**16,827,551**	**54,186,963**	**62,144,286**	**(37,359,412)**	**(45,316,734)**
INCOME FROM STATE GOVERNMENT						
Service appropriation		12,478,060	46,930,005	49,835,963	(34,451,945)	(37,357,903)
Services received free of charge		412,127	1,675,875	1,901,629	(1,263,748)	(1,489,502)
Total income from State Government		**12,890,187**	**48,605,880**	**51,737,592**	**(35,715,693)**	**(38,847,405)**
SURPLUS/(DEFICIT) FOR THE PERIOD		**(3,937,364)**	**(5,581,083)**	**(10,406,694)**	**1,643,719**	**6,469,329**
OTHER COMPREHENSIVE INCOME						
Changes in asset revaluation surplus	B	(370,300)	-	(4,077,250)	-	4,077,250
Total other comprehensive income		**(370,300)**	**-**	**(4,077,250)**	**-**	**4,077,250**
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD		**(4,307,664)**	**(5,581,083)**	**(14,483,944)**	**2,908,693**	**11,811,553**

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

Narrative on variances between 2016 estimate and 2016 actual

1. The variance is due to the estimates being prepared on the basis of a full year of operations whilst the actual results reflect that the college was closed on 10 April 2016.

Narrative on variances between 2016 actual and prior year

A. The variance is due to the prior year actuals being for a full year of operations whilst the actual results reflect that the college was closed on the 10 April 2016.

B. A revaluation of land and buildings was not performed in 2016 compared to a revaluation decrement on land and buildings in 2015. The movement in 2016 represents a correction adjustment.

STATEMENT OF FINANCIAL POSITION	2016 As at 10 Apr 2016	2016 Estimate for 12 months	2015 As at 31 Dec 2015	Variance between Estimate and Actual [2]	Variance between Actual 2016 and 2015 [C]
ASSETS					
Current Assets					
Cash and cash equivalents	7,267,813	9,838,011	6,398,888	(2,570,198)	868,925
Restricted cash and cash equivalents	-	1,250,000	-	(1,250,000)	-
Inventories	91,055	200,000	201,528	(108,945)	(110,473)
Receivables	4,315,797	1,500,000	1,826,074	2,815,797	2,489,723
Other current assets	209,989	450,000	563,484	(240,011)	(353,495)
Total Current Assets	**11,884,654**	**13,238,011**	**8,989,974**	**(1,353,357)**	**2,894,680**
Non-Current Assets					
Restricted cash and cash equivalents	252,661	-	196,358	252,661	56,303
Property, plant and equipment	188,117,983	185,241,883	189,505,704	2,876,100	(1,387,721)
Total Non-Current Assets	**188,370,644**	**185,241,883**	**189,702,062**	**3,128,761**	**(1,331,418)**
TOTAL ASSETS	**200,255,298**	**198,479,894**	**198,692,036**	**1,775,404**	**1,563,262**
LIABILITIES					
Current Liabilities					
Payables	1,703,319	1,600,000	969,503	103,319	733,816
Provisions	8,062,981	9,000,000	7,710,557	(937,019)	352,424
Other current liabilities	5,846,433	1,500,000	1,045,378	4,346,433	4,801,055
Total Current Liabilities	**15,612,733**	**12,100,000**	**9,725,437**	**3,512,733**	**5,887,295**
Non-Current Liabilities					
Provisions	3,395,900	3,800,000	3,412,270	(404,100)	(16,370)
Total Non-Current Liabilities	**3,395,900**	**3,800,000**	**3,412,270**	**(404,100)**	**(16,370)**
TOTAL LIABILITIES	**19,008,633**	**15,900,000**	**13,137,707**	**3,108,633**	**5,870,925**
NET ASSETS	**181,246,665**	**182,579,894**	**185,554,329**	**(1,333,228)**	**(4,307,663)**
EQUITY					
Contributed equity	79,151,615	75,898,652	79,151,615	3,252,963	-
Reserves	91,997,862	96,445,411	92,368,162	(4,447,549)	(370,300)
Accumulated surplus/(deficit)	10,097,188	10,235,831	14,034,552	(138,643)	(3,937,364)
TOTAL EQUITY	**181,246,665**	**182,579,894**	**185,554,329**	**(1,333,229)**	**(4,307,664)**

Narrative on variances between 2016 estimate and 2016 actual

2. The variance is due to the estimates reflecting the financial position of the college after a full year of operations but the actual results reflect that the college was closed on 10 April 2016.

Narrative on variances between 2016 actual and prior year

C. The variance is a result of the balances in 2015 reflecting a full year of operations in comparison to 2016 when the college was closed on 10 April 2016.

Challenger Institute of Technology
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 10 APRIL 2016

STATEMENT OF CASH FLOWS	2016 1 Jan - 10 Apr	2016 Estimate for 12 months	1 JANUARY TO 10 APRIL 2016 $ 2015 Year ended 31 Dec	variance between Estimate and Actual [3]	YEAR ENDED 31 DECEMBER 2015 $ Variance between Actual 2016 and 2015 [D]
CASH FLOWS FROM STATE GOVERNMENT					
Service appropriation - Department of Training and Workforce Development	12,340,017	45,930,005	46,574,005	(33,589,988)	(34,233,988)
Royalties for Regions Fund				-	-
Net cash provided by State Government	**12,340,017**	**45,930,005**	**46,574,005**	**(33,589,988)**	**(34,233,988)**
Utilised as follows:					
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee benefits	(15,451,570)	(61,094,815)	(65,714,145)	45,643,245	50,262,575
Supplies and services	(4,022,796)	(15,813,969)	(16,099,819)	11,791,173	12,077,023
Grants and subsidies	(16,772)	-	(45,775)	(16,772)	29,003
GST payments on purchases	(497,785)	(1,796,423)	(1,812,101)	1,298,638	1,314,316
Other payments	(1,488,930)	(6,248,025)	(6,325,218)	4,759,095	4,836,288
Receipts					
Fee for service	4,178,128	16,695,645	15,625,414	(12,517,517)	(11,447,286)
Student fees and charges	4,487,304	15,396,233	10,167,088	(10,908,929)	(5,679,784)
Ancillary trading	222,710	542,416	554,240	(319,706)	(331,530)
Commonwealth grants and contributions	2,481	-	9,432	2,481	(6,951)
Interest received	93,405	590,297	574,662	(496,892)	(481,257)
GST receipts on sales	136,991	743,949	711,374	(606,958)	(574,383)
GST receipts from taxation authority	305,859	1,220,000	1,119,844	(914,141)	(813,985)
Other receipts	629,822	2,950,833	2,680,797	(2,321,011)	(2,050,975)
Net cash provided by/(used in) operating activities	**(11,421,153)**	**(46,813,859)**	**(58,554,207)**	**35,392,706**	**47,133,054**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Purchase of non-current physical assets	-	(600,000)	(330,828)	600,000	330,828
Receipts					
Proceeds from sale of non-current physical assets	6,364	-	34,252	6,364	(27,888)
Investment in other financial assets	-	-	6,073,200	-	(6,073,200)
Net cash provided by/(used in) investing activities	**6,364**	**(600,000)**	**5,776,624**	**606,364**	**(5,770,260)**
Net increase/(decrease) in cash and cash equivalents	**925,228**	**(1,483,854)**	**(6,203,578)**	**2,409,082**	**7,128,806**
Cash and cash equivalents at the begining of period	**6,595,246**	**12,571,865**	**12,798,825**	**(5,976,619)**	**(6,203,579)**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**7,520,474**	**11,088,011**	**6,595,246**	**(3,567,537)**	**925,227**

Narrative on variances between 2016 estimate and 2016 actual
3. The variance is due to the estimates being prepared on the basis of a full year of operations whilst the actual results reflect that the college was closed on 10 April 2016

Narrative on variances between 2016 actual and prior year
D. The variance is due to the prior year actuals being for a full year of operations whilst the actual results reflect that the college was closed on the 10 April 2016.

	1 JANUARY TO 10 APRIL 2016 $	YEAR ENDED 31 DECEMBER 2015 $

37 Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Institute are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, WATC/Bank borrowings and finance leases. The Institute has limited exposure to financial risks. The Institute's overall risk management program focuses on managing the risk identified below:

Credit risk

Credit risk arises when there is the possibility of the Institute's receivables defaulting on their contractual obligations resulting in financial loss to the Institute.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 37(c) 'Financial instruments disclosures' and note 22 'Receivables'.

Credit risk associated with the Institute's financial assets is minimal because the Institute trades only with recognised, creditworthy third parties. The Institute has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Institute's exposure to bad debt is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Institute is unable to meet its financial obligations as they fall due.

The Institute is exposed to liquidity risk through its trading in the normal course of business.

The Institute has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Institute's income or the value of its holdings of financial instruments. The Institute does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are :

	1 JANUARY TO 10 APRIL 2016 $	YEAR ENDED 31 DECEMBER 2015 $
Financial Assets		
Cash and cash equivalents	7,267,813	6,398,888
Restricted cash and cash equivalents	252,661	196,358
Receivables [(a)]	4,004,779	1,632,468
Financial Liabilities		
Payables	1,640,480	969,503

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

(c) Financial instrument disclosures

Credit risk

The following table discloses the Institute's maximum exposure to credit risk and the ageing analysis of financial assets. The Institute's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Institute.
The Institute does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Ageing analysis of financial assets

			Past due but not impaired					
	Carrying Amount	Not past due and not impaired	Up to 1 month	1-3 months	3 months to 1 year	1-5 Years	More than 5 years	Impaired Financial Assets
	$	$	$	$	$	$	$	$
Financial Assets								
2016								
Cash and cash equivalents	7,267,813	7,267,813	-	-	-	-	-	-
Restricted cash and cash equivalents	252,661	252,661	-	-	-	-	-	-
Receivables [(a)]	4,004,779	3,135,770	438,455	30,759	399,795	-	-	-
	11,525,253	**10,656,244**	**438,455**	**30,759**	**399,795**	**-**	**-**	
2015								
Cash and cash equivalents	6,398,888	6,398,888	-	-	-	-	-	-
Restricted cash and cash equivalents	196,358	196,358	-	-	-	-	-	-
Receivables [(a)]	1,632,468	1,157,838	404,335	70,295			-	-
	8,227,714	**7,753,084**	**404,335**	**70,295**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes the GST receivables from the ATO (statutory receivable).

Liquidity risk and interest rate exposure

The following table details the Institute's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities.
The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

Interest rate exposure and maturity analysis of financial assets and financial liabilities

		Interest rate exposure					Maturity dates				
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	Nominal Amount	Up to 1 month	1-3 months	3 months to 1 year	1-5 Years	More than 5 years
	%	$	$	$	$	$	$	$	$	$	$
2016											
Financial Assets											
Cash and cash equivalents	1.96%	7,267,813		7,267,813	-	7,267,813	7,267,813	-	-	-	-
Restricted cash and cash equivalents	1.96%	252,661		252,661	-	252,661	252,661	-	-	-	-
Receivables [(a)]	Nil	4,004,779		-	4,004,779	4,004,779	4,004,779	-	-	-	-
		11,525,253		**7,520,474**	**4,004,779**	**11,525,253**	**11,525,253**	**-**	**-**	**-**	**-**
Financial Liabilities											
Payables	1.96%	1,640,480	-	-	1,640,480	1,640,480	1,640,480	-	-	-	-
		1,640,480	**-**	**-**	**1,640,480**	**1,640,480**	**1,640,480**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes the GST receivables from the ATO (statutory receivable).

		Interest rate exposure					Maturity dates				
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	Nominal Amount	Up to 1 month	1-3 months	3 months to 1 year	1-5 Years	More than 5 years
	%	$	$	$	$	$	$	$	$	$	$
2015											
Financial Assets											
Cash and cash equivalents	2.24%	6,398,888	-	6,398,888		6,398,888	6,398,888	-	-	-	-
Restricted cash and cash equivalents	2.24%	196,358	-	196,358	-	196,358	196,358	-	-	-	-
Receivables [(a)]	Nil	1,632,468	-	-	1,632,468	1,632,468	1,632,468	-		-	-
		8,227,714	-	6,595,246	1,632,468	8,227,714	8,227,714	-	-	-	-
Financial Liabilities											
Payables	Nil	969,503	-	-	969,503	969,503	969,503	-	-	-	-
		969,503	-	-	969,503	969,503	969,503	-	-	-	-

(a) The amount of receivables excludes the GST receivables from the ATO (statutory receivable).

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Institute's financial assets and liabilities at the end of the reporting period on the surpolus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		- 100 Basis Points		+ 100 Basis Points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2016	$	$	$	$	$
Financial Assets					
Cash and Cash Equivalents	7,267,813	(72,678)	(72,678)	72,678	72,678
Restricted cash and cash equivalents	252,661	(2,527)	(2,527)	2,527	2,527
Total Increase/(Decrease)	**7,520,474**	**(75,205)**	**(75,205)**	**75,205**	**75,205**

		- 100 Basis Points		+ 100 Basis Points	
	Carrying amount	Surplus	Equity	Surplus	Equity
2015	$	$	$	$	$
Financial Assets					
Cash and Cash equivalents	6,398,888	(63,989)	(63,989)	63,989	63,989
Restricted cash and cash equivalents	196,358	(1,964)	(1,964)	1,964	1,964
Total Increase/(Decrease)	**6,595,246**	**(65,953)**	**(65,953)**	**65,953**	**65,953**

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

38 Remuneration of members of the Accountable Authority of Governing Council and senior officers

Remuneration of members of the Institute
The number of members of the Institute whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

$	2016	2015
$0 - $10,000	9	9
$50,001 - $60,000	1	-
$80,001 - $90,000	-	1
$160,001 - $170,000	-	1

	$	$
Base remuneration and superannuation	64,303	265,829
Annual leave and long service leave accruals	3,655	-
Other benefits	1,071	13,026
Total remuneration of the members of the Institute	**69,029**	**278,855**

The total remuneration includes the superannuation expense incurred by the Institute in respect of members of the Institute.

Remuneration of senior officers
The number of senior officers other than senior officers reported as members of the Institute, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

$	2016	2015
$20,001 - $30,000	1	-
$30,001 - $40,000	1	-
$40,001 - $50,000	2	-
$50,001 - $60,000	1	1
$60,001 - $70,000	-	1
$120,001 -$130,000	-	1
$170,001 - $180,000	-	2
$190,001 - $200,000	-	1

	$	$
Base remuneration and superannuation	194,925	760,154
Annual leave and long service leave accruals	1,980	10,482
Other benefits	4,404	13,964
Total remuneration of senior officers	**201,309**	**784,600**

The total remuneration includes the superannuation expense incurred by the Institute in respect of senior officers other than senior officers reported as members of the Institute.

No senior officers are members of the Pension Scheme.

39 Remuneration of auditor
The audit fee for the 10 April audit will be paid by DTWD. Remuneration paid or payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2016	2015
	$	$
Auditing the accounts, financial statements and key performance indicators.	64,000	132,000

40 Related bodies
The Institute has no related bodies.

41 Affiliated bodies
The Institute has no affiliated bodies.

	1 JANUARY TO 10 APRIL 2016	YEAR ENDED 31 DECEMBER 2015
	$	$

42 Supplementary financial information

	2016	2015
	$	$
(a) Write-Offs		
Bad debts	-	271,154
Inventory	-	1,529
	-	**272,683**
(b) Losses through theft, defaults and other causes		
Losses of public money and public and other property through theft or default	-	2,694
	-	2,694

43 Schedule of Income and expenditure by service

The Institute provides only one service (as defined by Treasure's Instruction 1101(9)) and that is Vocational Education and Training Delivery.