

ACSF	Australian Core Skills Framework
AMEP	Adult Migrant English Program
AUSLAN	Australian Sign Language
CAD	Computer Aided Design
COAG	Council of Australian Governments
CRICOS	Register of Institutes and Courses for Overseas Students
ELICOS	English Language Intensive Courses for Overseas Students
LLNP	Language Literacy and Numeracy Program
NCVER	National Centre for Vocational Education Research
NIDA	National Institute of Dramatic Arts
PPP	Public Private Partnership
PwC	PricewaterhouseCoopers
QTAC	Queensland Tertiary Admission Centre
RAP	Reconciliation Action Plan
RPL	Recognition of Prior Learning
SETP	Southbank Education and Training Precinct
SIP	Science in Industry Program
STEP	Southbank Tertiary Entrance Program
TAFE	Technical and Further Education
TESOL	Teachers of English to Speakers of Other Languages
VET	Vocational Education and Training
VGC	Vocational Graduate Certificate
WELL	Workplace English Language and Literacy

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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GENERAL INFORMATION

These financial statements cover the Southbank Institute of Technology.

The Southbank Institute of Technology (the Institute) was established on the 1st April 2008 as a statutory TAFE institute under the *Vocational Education, Training and Employment and Other Legislation Amendment Regulation (No. 1) 2008*.

The Institute is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Institute is:
66 Ernest St
South Brisbane QLD 4101

A description of the nature of the Institute's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Institute's financial statement please visit the Institute's Internet Site www.southbank.edu.au

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
		\$'000	\$'000
Income from Continuing Operations			
Revenue			
User charges	2	58,082	54,132
Grants and other contributions	3	36,840	59,339
Other revenue	4	1,572	1,211
Total Revenue		96,494	114,682
Gains	5	-	482
Total Income from Continuing Operations		96,494	115,164
Expenses from Continuing Operations			
Employee expenses	6, 7	2,462	2,706
Supplies and services	8	89,816	106,487
Grants and subsidies	9	34	23
Depreciation and amortisation	10	1,402	1,131
Impairment losses/(reversals)	11	(94)	181
Other expenses	12	290	325
Total Expenses from Continuing Operations		93,910	110,853
Operating Result from Continuing Operations		2,584	4,311
Total Comprehensive Income		2,584	4,311

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011	2010
		\$'000	\$'000
Current Assets			
Cash and cash equivalents	13	28,986	14,911
Receivables	14	13,481	13,211
Inventories	15	18	22
Other	16	193	113
		42,678	28,257
Total Current Assets		42,678	28,257
Non Current Assets			
Intangible assets	17	470	401
Property, plant and equipment	18	20,560	21,386
Total Non Current Assets		21,030	21,787
Total Assets		63,708	50,044
Current Liabilities			
Payables	19	21,881	10,945
Accrued employee benefits	20	394	411
Provisions	21	23	-
Unearned revenue and other	22	13,786	13,553
Total Current Liabilities		36,084	24,909
Non Current Liabilities			
Provisions	21	120	215
Total Non Current Liabilities		120	215
Total Liabilities		36,204	25,124
Net Assets		27,504	24,920
Equity			
Contributed equity		43,199	43,199
Accumulated surplus/(deficit)		(15,695)	(18,279)
Total Equity		27,504	24,920

The accompanying notes form part of these statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Contributed Equity	Accumulated Surplus/(Deficit)	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2009	43,199	(22,590)	20,609
Operating Result from Continuing Operations	-	4,311	4,311
Balance as at 30 June 2010	43,199	(18,279)	24,920
Balance as at 1 July 2010	43,199	(18,279)	24,920
Operating Result from Continuing Operations	-	2,584	2,584
Balance as at 30 June 2011	43,199	(15,695)	27,504

The accompanying notes form part of these statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
		\$'000	\$'000
Cash flows from operating activities			
Inflows			
User charges		62,129	54,182
Grants and other contributions		32,734	63,766
GST input tax credits from ATO		1,548	2,389
GST collected from customers		1,921	1,809
Interest received		1,053	737
Other		524	450
Outflows			
Employee expenses		(2,545)	(2,607)
Supplies and services		(79,009)	(118,451)
Grants and subsidies		(35)	(23)
GST paid to suppliers		(1,564)	(2,269)
GST remitted to ATO		(1,958)	(1,787)
Other		(246)	(272)
Net cash provided by (used in) operating activities	23	14,552	(2,076)
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment		-	482
Outflows			
Payments for property, plant and equipment		(214)	(989)
Payments for intangibles		(263)	(219)
Net cash provided by (used in) investing activities		(477)	(726)
Net increase (decrease) in cash and cash equivalents		14,075	(2,802)
Cash and cash equivalents at beginning of financial year		14,911	17,713
Cash and cash equivalents at end of financial year	13	28,986	14,911

The accompanying notes form part of these statements.

Objectives and Principal Activities of the Institute

- Note 1: Summary of Significant Accounting Policies
- Note 2: User Charges
- Note 3: Grants and Other Contributions
- Note 4: Other Revenues
- Note 5: Gains
- Note 6: Employee Expenses
- Note 7: Key Executive Management Personnel and Remuneration
- Note 8: Supplies and Services
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- Note 27: Financial Instruments
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OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE INSTITUTE

The Institute was established as a statutory TAFE institute on 1 April 2008 under the *Vocational Education, Training and Employment and Other Legislation Amendment Regulation (No.1) 2008*. The Institute is a not-for-profit entity with a mission to 'empower people for rewarding careers in the global community' as Queensland's leading vocational education and training provider of high-level skills training.

The Institute is located in the Southbank Education and Training Precinct (SETP), Queensland's first Public Private Partnership (PPP).

The Institute offers a range of high-level vocational qualifications, associate degrees, university pathways and articulation arrangements in key industries.

At the end of 2010–11, it is estimated that the Institute will utilise over 631 full-time equivalent Department of Education and Training's staff and 14 full-time equivalent staff directly engaged by the Institute.

The Institute also manages delivery across TAFE Queensland Institutes of two Commonwealth programs – Adult Migrant English Program (AMEP) and Language, Literacy and Numeracy Program (LLNP).

The Institute is an approved FEE-HELP Provider of Higher Education and Vocational Education Training (VET). Due to the Institute's Statutory Authority approval, the Institute will also act as a broker for VET FEE-HELP to all TAFE Institutes in Queensland.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The Institute has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2011 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Institute has applied those requirements applicable to not-for-profit entities, as the Institute is a not-for-profit institute. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Institute.

(c) User Charges

User charges and fees controlled by the Institute are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the Institute where they can be deployed for the achievement of Institute objectives. Revenue is recognised when the following recognition criteria are met:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) User Charges (Cont'd)****(ii) Student fees and sale of services**

Full value of student fees and fees for training services less any fee waivers are recognised as revenue when the Institute has the right to be compensated, it is probable that compensation will be received, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Institute obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents include all cash and cheques receipted but not banked at 30 June.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with adequate allowance made for impairment. All known bad debts were written-off as at 30 June.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

(h) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	\$1
Plant and Equipment	\$5,000

Items with a lesser value are expensed in the year of acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Revaluations of Non-Current Physical and Intangible Assets**

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Asset Policies*.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(k) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Institute. The residual value is zero for all the Institute's intangible assets.

It has been determined that there is not an active market for any of the Institute's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased Software

The purchase cost of software exceeding \$100,000 is capitalised and amortised on a straight-line basis over the period of the each asset's expected benefit to the Institute, namely 5 years.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

All intangible assets of the Institute have finite useful lives and are amortised on a straight-line basis.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Institute.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment (Cont'd)**

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Institute.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate %
Plant and Equipment	
Computer Equipment	20.00
Plant and Machinery	5.00–20.00
Office Equipment	5.00–20.00
Intangible Assets	
Software Purchased	20.00

(m) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Institute determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also to Note 1(j).

(n) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(o) Financial Instruments**Recognition**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Institute becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(o) Financial Instruments (cont'd)**

The Institute does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Institute holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Institute are included in Note 27.

(p) Employee Benefits**(i) Department of Education and Training employees engaged as contractors**

Pursuant to s.218G of the *Vocational Education, Training and Employment Act 2000*, the Institute may enter into, and give effect to, a work performance arrangement with the chief executive of the Department of Education and Training (DET).

The Institute and DET have entered into a work performance arrangement under which employees of DET will perform work for the Institute to enable the Institute to perform functions and exercise powers and to ensure the delivery of its operational plan.

Under this work performance arrangement:

- DET will provide DET employees to perform work for the Institute and DET acknowledges and accepts its obligations as the employer of these DET employees.
- The Institute will be responsible for the day to day management of these DET employees.
- The Institute will reimburse DET for the salaries and on-costs of these DET employees.

As a result of this arrangement, the Institute treats the reimbursements to DET for DET employees in these financial statements as contractors. These reimbursements are shown under Note 8 – Supplies and Services (consultants and contractors).

In addition to the employees contracted from DET, the Institute has engaged employees directly. The information detailed below relates specifically to the directly engaged employees.

(ii) Institute directly engaged employees**Salaries, Performance Bonus, Annual Leave, Long Service Leave and Sick Leave**

Salaries, annual leave and long service leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at time of settlement. Payroll tax and workers' compensation are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Performance bonus, employer superannuation contributions, annual leave and long service leave expenses are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using 'shorthand' measurement techniques. The calculation using 'shorthand' measurement techniques indicates that the Institute's long service leave liability, based on remuneration rates current as at the reporting date for all directly engaged employees with five or more years of service, provides an estimate of long service leave liability that is not materially different from the estimate determined by using the present value method of measurement.

Sick leave taken in this reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(p) Employee Benefits (cont'd)****Superannuation**

The Institute complies with *The Superannuation Guarantee (Administration) Act 1992* (Superannuation Guarantee) which requires the Institute to provide a minimum superannuation cover for all eligible employees. The minimum level of superannuation cover under the Superannuation Guarantee is 9% of each eligible employee's earnings base.

The Institute offers a choice of superannuation funds and pays superannuation contributions into a complying superannuation fund.

Contributions are expensed in the period in which they are paid or payable. The Institute's obligation is limited to its contribution to the superannuation fund.

Therefore, no liability is recognised for accruing superannuation benefits in the Institute's financial statements.

Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 Addendum (issued in May 2011) to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note 7 for disclosures on key executive management personnel and remuneration.

(q) Provisions

Provisions are recorded when the Institute has a present obligation, either legal or constructive as a result of a past event. They are at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(r) Insurance

The Institute's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the Institute pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(s) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(t) Taxation

The Institute is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Institute. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 14).

(u) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of Institute Board, the Institute Director & Chief Executive Officer and Director Corporate Services & CFO at the date of signing the Statement of Certification.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(v) Judgements**

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation of Property, Plant and Equipment – Note 18.

(w) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(x) New and Revised Accounting Standards

The Institute did not voluntarily change any of its accounting policies during 2010–11.

The Institute is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Institute has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Institute applies these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below:

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* becomes effective from reporting periods beginning on or after 1 January 2011. The Institute will then need to make changes to its disclosures about credit risk on financial instruments in Note 27(c). No longer will the Institute need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the institute holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose – by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the Institute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(x) New and Revised Accounting Standards (cont'd)**

AASB 9 *Financial Instruments* (December 2010) and AASB 2009–11 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Institute are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial application of AASB 9, the Institute will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Institute enters into, it is not expected that any of the Institute's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Institute's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in Notes 1(o) and 27). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Institute's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, & 1052] apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, statutory bodies like the Institute may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Institute, the Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require all statutory bodies captured for whole-of-Government reporting purposes to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Institute has not early adopted AASB 1053.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Institute's activities, or have no material impact on the Institute.

2. USER CHARGES

	2011	2010
	\$'000	\$'000
Sale of services	37,162	30,980
Sale of goods	1,193	1,011
Student fees	19,727	22,141
Total	58,082	54,132

3. GRANTS AND OTHER CONTRIBUTIONS

	2011	2010
	\$'000	\$'000
Government grants*	36,163	58,131
Other grant	16	8
Government contributions	447	387
Donations and sponsorships	214	813
Total	36,840	59,339

* There is no grant funding in relation to the Southbank Education and Training Precinct (SETP) Public Private Partnership (PPP) for 2011 (2010: \$15,508m) as a result of change in SETP arrangement in June 2010.

4. OTHER REVENUES

	2011	2010
	\$'000	\$'000
Interest received	1,047	758
Bad debts recovered	6	3
Sale of portable & attractive items	131	-
Student administration fees	219	226
Miscellaneous receipts by faculties	23	87
Commissions and rebate received	62	34
Insurance compensation from loss of property	34	-
Other	50	103
Total	1,572	1,211

5. GAINS

	2011	2010
	\$'000	\$'000
Gain on Sale of Property, Plant and Equipment		
Plant and equipment	-	482
Total	-	482

6. EMPLOYEE EXPENSES

	2011	2010
	\$'000	\$'000
Employee Benefits		
Wages and salaries	1,731	1,472
Annual leave expense *	190	114
Employer superannuation contributions *	193	171
Long service leave expense *	17	(8)
Other employee benefits	38	23
Employee Related Expenses		
Workers' compensation premium **	14	285
Payroll tax **	108	84
Staff training ***	21	305
Other employee related expenses ****	150	260
Total	2,462	2,706

* The annual leave expense, employer superannuation contributions and long service leave expense are regarded as employee benefits.

** Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Cost of workers' compensation in 2010 included those for DET employees who perform work for the Institute under the work performance arrangement. In 2011, worker's compensation of \$0.305 million for DET employees was reclassified to contractor expenses. Refer to Note 1(p)(i) and Note 8.

*** Staff training and development costs are for employees directly engaged by the Institute. Cost of staff training and development in 2010 included those for DET employees. In 2011, staff training and development expense of \$0.347 million for DET employees was reclassified to contractor expenses. Refer to Note 1(p)(i) and Note 8.

**** Other employee related expenses include the costs of fringe benefits tax and recruitment fees employees directly engaged by the Institute. Cost of recruitment fees in 2010 included those for DET employees. In 2011, recruitment expense of \$0.141 million for DET employees was reclassified to contractor expenses. Refer to Note 1(p)(i) and Note 8.

The number of employees measured on a full-time equivalent basis is:

	2011	2010
Number of Employees#	14	9

#Refer to Note 1(p)(ii)

7. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to Position (Date resigned from Position)
Acting Chief Executive Officer	The Acting Chief Executive Officer is responsible for the efficient, effective and economic operation and management of the Institute.	Vocational Education, Training and Employment Act 2000 (Section 220H)	31 January 2011
Former CEO	The former Chief Executive Officer is responsible for the efficient, effective and economic operation and management of the Institute.	Vocational Education, Training and Employment Act 2000 (Section 220D)	18 February 2009 (31 January 2011)
Chief Operating Officer	To identify significant commercial activities and potential key alliances for the Institute.	Contract	21 September 2010 (25 March 2011 on secondment)
Director Strategic Governance & CFO	To provide strategic leadership to ensure the Institute's reputation and direction is maintained and enhanced via risk management, business quality and continuous improvement while establishing, maintaining and developing the Institute's frameworks for strategic and business planning, governance, strategic human resources and corporate finance.	Currently vacant	26 October 2009 (31 March 2011)
Director Market and Business Development	To support the Institute's ongoing viability and success by driving sales with Business Development for local corporate, national and international clients. The Director also ensures Strategic Marketing continues to develop strategies and deliver tools and tactics to increase market awareness and the Institute's profile in the marketplace.	Contract	29 June 2009
Director Corporate Services & CFO	To provide operational and strategic leadership to the Institute in the areas of finance, information and communications technology, facilities management and human resources as well as a broad range of professional and support services.	Contract	25 March 2011
Director – Legal & Commercial	To assist with special commercial and legal projects for the growth and development of the Institute.	Contract	9 May 2011
Faculty Director – Design, Arts & Hospitality	The Faculty Director is responsible for the effective, efficient and economic operation and management of the Faculty of Design, Arts & Hospitality in conjunction with ensuring the Faculty provides quality educational outcomes for its students across a diverse range of programs.	Contract	7 July 2008
Faculty Director – Health Sciences	The Faculty Director is responsible for the effective, efficient and economic operation and management of the Faculty of Health Sciences in conjunction with ensuring the Faculty provides quality educational outcomes for its students across a diverse range of programs.	Contract	24 January 2011
Faculty Director – Business & Community Education	The Faculty Director is responsible for the effective, efficient and economic operation and management of the Faculty of Business and Community Education in conjunction with ensuring the Faculty provides quality educational outcomes for its students across a diverse range of programs.	Contract	13 June 2011

7. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION (CONT'D)

(b) Remuneration

Remuneration policy for the Institute's key executive management personnel is set by direct engagement common law employment contracts. The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts. The contracts provide for the provision of performance-based incentives and other benefits, such as motor vehicle allowance.

Remunerations packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
 - Base – consisting of base salary, allowance and leave entitlements paid and provided for the entire year or for that part of the year during which employee occupied the specified position. Amounts disclosed are included in the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefits.
- Long Term employee benefits include long service leave accrued for the entire year or for that part of the year during which the employee occupied the specified position, regardless of which the employee has become eligible to receive the entitlement.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses may be paid or payable annually based on individual performance.

1 July 2010–30 June 2011

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000				
Acting Chief Executive Officer	184	1	32	21	-	238
Former CEO	119	2	-	23	-	144
Chief Operating Officer (previous role & title: Director Commercial Strategy)	120	1	2	16	-	139
Director Strategic Governance & CFO (resigned 31/03/2011)	66	-	-	15	37	118
Director Market & Business Development	181	-	5	15	-	201
Director Corporate Services & CFO	47	-	1	4	-	52
Director – Legal & Commercial	28	-	1	1	-	30
Faculty Director, Design, Arts & Hospitality	164	-	7	19	-	190
Faculty Director, Health Sciences	76	-	2	8	-	86
Faculty Director, Business & Community Education	21	-	7	1	-	29
Total Remuneration	1,006	4	57	123	37	1,227

1 July 2009–30 June 2010

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000				
Chief Executive Officer	216	6	4	23	-	249
Director Commercial Strategy	180	2	4	22	-	208
Director Strategy & Governance	100	-	9	12	-	121
Director Market & Business Development	170	-	4	15	-	189
Director Corporate Services (resigned 26/02/2010)	100	2	-	13	6	121
Director Product Innovation	145	4	7	18	-	174
Faculty Director, Design, Arts & Hospitality	146	-	3	18	-	167
Faculty Director, Health Sciences (resigned 25/09/2009)	35	2	-	4	5	46
Faculty Director, Business & Community Education (resigned 25/06/2010)	151	1	-	13	5	170
Total Remuneration	1,243	17	31	138	16	1,445

7. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION (CONT'D)**(c) Performance Payments**

The basis for performance bonuses paid or payable in the 2010-11 and the 2009-10 financial year were made pursuant to the Institute's Incentive Payment Scheme, which employees are entitled to under the terms of their contract of employment. The amount of performance bonus was determined by reference to the achievement of agreed targets for the previous financial year.

The performance bonuses paid (relating to the previous financial year's performance) to all key executive management personnel as follows:

Position	Performance Bonus Paid on 27 August 2010 in respect of 2009–10	Performance Bonus Paid on 23 October 2009 in respect of 2008–09
	\$'000	\$'000
Acting Chief Executive Officer	20	-
Former CEO	45	17
Chief Operating Officer (previous role and title: Director Commercial Strategy)	28	9
Director Strategic Governance & CFO (resigned 31/03/2011)	21	-
Director Market & Business Development	22	-
Director Corporate Services	-	4
Director Product Innovation	-	7
Faculty Director, Design, Arts & Hospitality	20	7
Faculty Director, Health Sciences (resigned 25/09/2009)	-	2
Faculty Director, Business and Community Education (resigned 25/06/2010)	22	7
Total Performance Bonuses Paid	178	53

The aggregate performance bonuses accrued in the financial year payable in the next financial year to all key executive management personnel as follows:

	2011	2010
	\$'000	\$'000
Key Executive Management Personnel	107	218

8. SUPPLIES AND SERVICES

	2011	2010
	\$'000	\$'000
Consultants and contractors**	59,433	66,197
Supplies and consumables#	16,548	27,015
Travel	548	475
Agents commissions	3,600	3,703
Advertising and promotions	1,195	1,199
Course supplies	1,482	1,613
Printing and stationery	1,178	1,484
Portable and attractive equipment	1,326	1,089
Subscription, books and publications	773	696
Shared service provider	1,636	1,636
Other **	2,097	1,380
Total	89,816	106,487

Due to change in SETP arrangement in June 2010, the Institute is now only required to pay DET an agreed SETP rental payments instead of the full service payment. The rental amount paid by the Institute to DET in 2011 was \$11.940 million. In 2010, the Institute was required to make payments of \$6.250 million to the contractor under facilities management and \$21.977 million service payment to DET.

* Refer to Note 1(p)(i).

** Includes total fees paid to board members.

The number of board members who received or were due to receive a total fee of:

	2011	2010
\$0–\$9,999	8	7
\$10,000–\$19,999	1	-
Total	9	7

	2011	2010
	\$'000	\$'000
Total fee paid to board members shown above	41	24

9. GRANTS AND SUBSIDIES

	2011	2010
	\$'000	\$'000
Sponsorships	34	23
Total	34	23

10. DEPRECIATION AND AMORTISATION

	2011	2010
	\$'000	\$'000
<i>Depreciation and amortisation were incurred in respect of:</i>		
Plant and equipment	1,208	952
Software purchased	194	179
Total	1,402	1,131

11. IMPAIRMENT LOSSES

	2011	2010
	\$'000	\$'000
Bad debts written off	1	9
Impairment losses/(reversals) on trade receivables**	(95)	172
Total	(94)	181

**Refer to Note 14 for details of the recognised impairment losses and impairment reversals.

12. OTHER EXPENSES

	2011	2010
	\$'000	\$'000
Insurance premiums – QGIF	153	166
External audit fees*	110	93
Losses from disposal of property, plant and equipment	-	63
Loss of property**	16	-
Other	11	3
Total	290	325

* Total external audit fees relating to the 2010-11 financial year are estimated to be \$91,650 (2010: \$103,720). There are no non-audit services included in this amount.

** Included write off of plant and equipment, \$0.015 million damaged in the flooding in January 2011.

13. CASH AND CASH EQUIVALENTS

	2011	2010
	\$'000	\$'000
Imprest accounts	4	4
Cash at bank	18,358	14,907
Queensland Treasury Corporation cash fund account	10,624	-
Total*	28,986	14,911

Interest earned on cash held with the Commonwealth Bank earned between 4.35% and 4.60% in 2011. (2010: between 2.85% and 4.35%).

Interest earned from Queensland Treasury Corporation at an annual effective rate of 5.58%.

* Increase in cash balance due to SETP rental payment for 2010–11 of \$11.940 million has not yet paid to DET. Also refer to Note 19.

14. RECEIVABLES

	2011	2010
	\$'000	\$'000
Trade debtors	11,338	12,165
Less: Allowance for impairment	(121)	(347)
	11,217	11,818
GST net receivable/(payable)	176	122
	176	122
Grants receivable	2,088	1,271
Total	13,481	13,211
<i>Movements in the allowance for impairment</i>		
Balance at beginning of the year	347	348
Amount written off during the year	(131)	(173)
Increase/(Decrease) in allowance recognised in the operating result	(95)	172
Balance at the end of the year	121	347

15. INVENTORIES

	2011	2010
	\$'000	\$'000
Supplies and consumables – at cost	18	22
Total	18	22

16. OTHER CURRENT ASSETS

	2011	2010
	\$'000	\$'000
Prepayments	193	113
Total	193	113

17. INTANGIBLE ASSETS

	2011	2010
	\$'000	\$'000
Software Purchased		
At cost	966	966
Less: Accumulated amortisation	(759)	(565)
Work In Progress		
At cost	263	-
Total	470	401

Intangibles Reconciliation

	Software Purchased	Work In Progress	Total
	2011	2011	2011
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2010	401	-	401
Acquisitions*	-	263	263
Amortisation	(194)	-	(194)
Carrying amount at 30 June 2011	207	263	470
	2010	2010	2010
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2009	361	-	361
Acquisitions	219	-	219
Amortisation	(179)	-	(179)
Carrying amount at 30 June 2010	401	-	401

* Acquisition of contract management system to monitor material contracts engaged by the Institute including the SETP contract arrangement on behalf of SETP Contract Management Project Steering Committee.

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

All intangible assets of the Institute have finite useful lives and are amortised on a straight line basis. Refer to Note 1(l).

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

18. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$'000	\$'000
Land		
At fair value	17,234	17,234
	17,234	17,234
Plant and equipment		
At cost	14,777	16,053
Less: Accumulated depreciation	(11,451)	(11,901)
	3,326	4,152
Total	20,560	21,386

Land at Morningside campus was last comprehensively revalued as at 30 June 2009 by State Valuation Services using 'fair value' principle based on market value. Its carrying value has not been adjusted by interim indexation as there is no material variation in the index at June 2011.

The buildings on the Morningside campus are predominantly idle and have no future economic benefit, and their carrying amounts have been written down to zero in 2009 on the basis that they have no future economic value.

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

The Institute has plant and equipment with an original cost of \$2.981 million (2010: \$4.276 million) and a written down value of zero. \$2.972 million (2010: \$3.717 million) of this plant and equipment is still being used in the provision of services. The remainder has been identified as surplus and it is planned to dispose of this plant and equipment in the next reporting period.

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property, Plant and Equipment Reconciliation

	Land	Plant and Equipment	Work In Progress	Total
	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2010	17,234	4,152	-	21,386
Acquisitions	-	214	-	214
Assets donated	-	183	-	183
Disposals	-	(15)	-	(15)
Depreciation	-	(1,208)	-	(1,208)
Carrying amount at 30 June 2011	17,234	3,326	-	20,560

	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2009	9,145	2,778	604	12,527
Acquisitions	-	623	366	989
Assets donated	-	795	-	795
Disposals	-	(65)	-	(65)
Transfers between classes	8,089	970	(970)	8,089
Post-capitalisation	-	3	-	3
Depreciation	-	(952)	-	(952)
Carrying amount at 30 June 2010	17,234	4,152	-	21,386

19. PAYABLES

	2011	2010
	\$'000	\$'000
Trade creditors*	21,397	10,776
Other	484	169
Total	21,881	10,945

* Included in 2011 an accrued SETP rental payment for 2010-11 of \$11.940 million owed to DET.

20. ACCRUED EMPLOYEE BENEFITS

	2011	2010
Wages outstanding	195	264
Accrued annual leave	199	147
Total	394	411

21. PROVISIONS

<i>Current</i>		
Long service leave provision	23	-
Total	23	-
<i>Non-Current</i>		
Long service leave provision	120	215
Total	120	215
<i>Movement in long service leave provision:</i>		
Balance at beginning of the year	215	230
Long service leave entitlement arising	23	57
Long service entitlement extinguished	(22)	(72)
Long service entitlement paid	(73)	-
Balance at the end of the year	143	215

22. UNEARNED REVENUE AND OTHER LIABILITIES

	2011	2010
Unearned user charges revenue	13,477	13,106
Other	309	447
Total	13,786	13,553

**23. RECONCILIATION OF OPERATING RESULT TO NET CASH FROM
OPERATING ACTIVITIES**

	2011	2010
	\$'000	\$'000
Operating Result from continuing operations	2,584	4,311
Depreciation and amortisation expense	1,402	1,131
Donated assets received	(189)	(795)
Asset donated expensed	10	2
Post capitalised assets	-	(3)
Loss on property	15	-
Loss on sale of property, plant and equipment	-	63
Gain on sale of property, plant and equipment	-	(482)
Impairment losses	(94)	181
Change in assets and liabilities		
(Increase)/decrease in receivables	(126)	10,878
(Increase)/decrease in GST input tax credits receivable	(54)	120
Increase/(decrease) in GST payable	-	23
(Increase)/decrease in inventories	4	(5)
(Increase)/decrease in prepayments	(80)	(10)
Increase/(decrease) in accounts payable	10,936	(16,272)
Increase/(decrease) in accrued employee benefits	(17)	109
Increase/(decrease) in provisions	(72)	(15)
Increase/(decrease) in other liabilities	(138)	430
Increase/(decrease) in unearned revenue	371	(1,742)
Net cash from (used in) operating activities	14,552	(2,076)

24. COMMITMENT FOR EXPENDITURE**(a) Non-capital Expenditure**

The following commitment represents an arrangement with Department of Education and Training for the Institute's use of the facilities at the Southbank Education and Training Precinct.

The commitment disclosed for 2011 excludes variation costs as they are yet to be determined, subject to the outcome of a CBRC submission.

The commitment in 2010 included variation costs of \$45.8 million. If excluding these variation costs, the 2010 commitment would be \$269.8 million.

	2011	2010
	\$'000	\$'000
Not later than one year	14,211	13,607
Later than one year and not later than five years	51,944	56,628
Later than five years	210,611	245,340
Total	276,766	315,575

(b) Capital Expenditure

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	Plant & Equipment	Plant & Equipment
	\$'000	\$'000
Payable		
Not later than one year	73	138
Total	73	138

The Institute does not have any financial lease liabilities or non cancellable operating lease commitments at the date of these financial statements.

25. ECONOMIC DEPENDENCY

The Institute will be dependent on State contributions of \$35.706 million during the 2011–12 financial year.

26. EVENTS OCCURRING AFTER BALANCE DATE

The Institute has re-negotiated the occupation arrangements for the Southbank Education and Training Precinct (SETP) with the Department of Education and Training. An in-principle agreement has been reached with the department in relation to the lease and SETP contributions subsequent to 30 June 2011. The commitment disclosed in Note 24 reflects this new arrangement. Cash at bank in Note 13 and payables disclosed in Note 19 reflect the accrual of SETP payments due to the department, pending the new arrangement.

27. FINANCIAL INSTRUMENTS

(a) Categorisation of Financial Instruments

The Institute has the following categories of financial assets and financial liabilities:

Category	Notes	2011	2010
		\$'000	\$'000
Financial Assets			
Cash and cash equivalents	13	28,986	14,911
Receivables	14	13,481	13,211
Total		42,467	28,122
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	19	21,881	10,945
Total		21,881	10,945

(b) Financial Risk Management

The Institute's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and the Institute's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Institute.

The Institute measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Institute may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment.

The following table represents the Institute's maximum exposure to credit risk based on contractual amounts net of any allowances:

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit Risk Exposure (cont'd)

Maximum Exposure to Credit Risk

Category	Notes	2011	2010
		\$'000	\$'000
Financial Assets			
Cash and cash equivalents	13	28,986	14,911
Receivables	14	13,481	13,211
Total		42,467	28,122

No collateral is held as security and no credit enhancements relate to financial assets held by the Institute.

The Institute manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Institute monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any allowance for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

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

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2011 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30–60 Days	61–90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	4,168	2,364	271	-	6,803
Total	4,168	2,364	271	-	6,803

2010 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30–60 Days	61–90 Days	More than 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Receivables	3,881	240	53	-	4,174
Total	3,881	240	53	-	4,174

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit Risk Exposure (cont'd)

2011 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days	30–60 Days	61–90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	
Financial Assets					
Receivables (gross)	-	-	-	426	426
Allowance for impairment	-	-	-	(121)	(121)
Carrying amount	-	-	-	305	305

2010 Individually Impaired Financial Assets

	Overdue				Total \$'000
	Less than 30 Days	30–60 Days	61–90 Days	More than 90 Days	
	\$'000	\$'000	\$'000	\$'000	
Financial Assets					
Receivables (gross)	-	-	-	502	502
Allowance for impairment	-	-	-	(347)	(347)
Carrying amount	-	-	-	155	155

(d) Liquidity Risk

Liquidity risk refers to the situation where the Institute may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Institute is exposed to liquidity risk in respect of its payables.

The Institute manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Institute has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the bank account so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Institute. It represents the contractual maturity of financial liabilities at reporting date.

27. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk (cont'd)

	Notes	2011 Payable in			Total \$'000
		< 1 year	1–5 years	> 5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	19	21,881	-	-	21,881
Total		21,881	-	-	21,881

	Notes	2010 Payable in			Total \$'000
		< 1 year	1–5 years	> 5 years	
		\$'000	\$'000	\$'000	
Financial Liabilities					
Payables	19	10,945	-	-	10,945
Total		10,945	-	-	10,945

(e) Market Risk

The Institute does not trade in foreign currency and is not materially exposed to commodity price changes. The Institute is exposed to interest rate risk through cash deposited in interest bearing accounts. The Institute does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome on net income if interest rates would change by +/-1% from the year-end rates applicable to the Institute's financial assets and liabilities. With all other variables held constant, the Institute would have a surplus and equity increase/(decrease) of \$290,000 (2010: \$149,000). This is mainly attributable to the Institute's exposure to variable interest rates on its cash deposit with Commonwealth Bank and Queensland Treasury Corporation.

Financial Instruments	Carrying Amount	2011 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Cash	28,986	(290)	(290)	290	290
Potential Impact		(290)	(290)	290	290

Financial Instruments	Carrying Amount	2010 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
Cash	14,911	(149)	(149)	149	149
Potential Impact		(149)	(149)	149	149

27. FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair Value

The Institute does not recognise any financial assets or liabilities at fair value.

The carrying value of trade receivables and payables which is at the value of the original transaction, less any allowance for impairment, is considered to be a reasonable approximation of fair value.

28. CONTINGENCIES

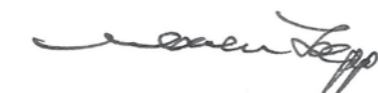
The Institute was not aware of any contingent assets or contingent liabilities as at 30 June 2011.

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Southbank Institute of Technology for the financial year ended 30 June 2011 and of the financial position of the Institute at the end of that year.



Robyn Tyler
Acting Institute Director and CEO
Date: 31 August 2011



Warren Tapp
Chairperson, Institute Board
Date: 31 August 2011



Sue Whidborne
Director Corporate Services and CFO
Date: 31 August 2011

To the Board of Southbank Institute of Technology

REPORT ON THE FINANCIAL REPORT

I have audited the accompanying financial report of Southbank Institute of Technology, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairperson, the Acting Institute Director & Chief Executive Officer, and the Director, Corporate Services.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
 (b) in my opinion –
- (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Southbank Institute of Technology for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Other Matters – Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Southbank Institute of Technology for the year ended 30 June 2011. Where the financial report is included on Southbank Institute of Technology's website the Board is responsible for the integrity of Southbank Institute of Technology's website and I have not been engaged to report on the integrity of Southbank Institute of Technology's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report 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 report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.




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 as Delegate of the Auditor General of Queensland
 Queensland Audit Office
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