



AMES GOVERNANCE AND
FINANCIAL REPORT 2012

Section A

AMES 2012 Governance Report

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Governance

Workforce Data 2012

Division	Category	No of Staff			EFT		
		2010	2011	2012	2010	2011	2012
Employment	Administration	121	138	132	113.4	129.3	122.99
	Other	-	-	30			17.79
Education	Administration	127	156	151	112.7	136.7	132.95
	Teaching	160	159	153	132.7	130.1	123.49
Community & Policy	Administration	28	42	-	24.1	32.8	*
	Other	24	28	-	16.3	17.8	*
Settlement	Administration	71	76	145	60.6	63.4	127.73
Corporate Support	Administration	60	57	63	55.7	54.4	57.14
VET	Administration	-	7	-	-	5.0	**
Service Development	Administration	-	-	13	-	-	9.96
Casual and Sessional Staff	Administration	204	288	254	72.4	88.6	78.6
	Teaching	165	157	150	33.5	36.9	56.9
	Other	0	0	15	0	0	4.5
Totals		960	1108	1106	621.4	695	732.05

2010 and 2011 figures are shown for comparison

*Community and Policy (including Social Enterprises) now in Corporate Support and Employment

**VET - now part of Education Division

Executive Officers

Class	Male	Female
EO	4 (4)	4 (4)
Total	4 (4)	4 (4)

(Bracketed 2011 figures)

Occupational Incident and Injury Reporting

	2010	2011	2012
Total No. Incidents and injuries reported (employees & clients)	97	100	103
No. Incidents and injuries (employees only)	63	49	48
Lost Time Injuries (LTIs) - Days	59	39.5	23
No. Work Cover Claims	4	8	4
LTIs - Days - Work Cover	472.5	704.5	774
Total Work Cover cost (lost time and medical expenses)	\$148,758	\$228,570	\$222,415

Public Employment Information Framework and Directions

AMES policies, procedures and processes comply with the public sector employment principles in the Public Administration Act 2004 and Industrial Relations Victoria Guidelines. AMES employment policies and procedures are based on the principles of relevant employment legislation, merit, relevant award, statutory requirements and best-practice public sector approaches.

Ethical Standards

AMES has adopted the Code of Conduct for Victorian Public sector Employees which sets standards for adherence to the public sector values of the Public Administration Act 2004. These standards have been included in all AMES employment contracts and are binding on all employees.

Disability Action Plan (DAP)

DAP Committee Meetings continued to be conducted on a regular basis throughout 2012. Due to staff changes in 2012 new membership will be sought in 2013 to ensure all Divisions are adequately represented.

AMES continued to develop relationships with organisations such as Vision Australia and Scope with the aim of ensuring that staff and clients of AMES are provided with appropriate support networks.

AMES has a Reasonable Adjustment policy and guidelines to ensure AMES staff have an accessible and inclusive work environment.

During 2012 the DAP training program was developed to raise awareness of staff and will be launched across the organisation in 2013.

The DAP intranet page was finalised in 2012 to provide AMES staff with an information portal which includes contact information for disability providers, information on the DAP Committee (agendas and minutes) and an opportunity for staff to provide feedback to the DAP committee (continuous improvement requests).

The on-line AMES Corporate induction program has been amended to include reference to the DAP intranet page and ensure all new staff are aware of the disability information that AMES provides.

Occupational Health and Safety

Incidents relating to Client issues (non-work related or client personal health issues) and Stress - Aggressive / threatening client behaviour (physical / verbal) were the two most commonly reported incidents/injuries in 2012.

774 Lost days (WorkCover) related to eight claims in 2012. Of these, 626 days (81%) were lost to 3 claims (one psychological stress, one physical stress and one stress strain through repetitive movement).

AMES has 4 active WorkCover claims, 3 of which predated 2012.

There were 5 new WorkCover claims in 2012:

- 2 were rejected by AMES insurer
- 3 were accepted, of which 2 have been closed (1 employee has returned to pre-injury duties (full capacity) and the other has returned to work on graduated pre-injury hours and duties.

AMES was issued with 2 PINS by WorkSafe at one workplace in the area of manual handling. These issues were rectified within the required timeframe and the compliance certificate was issued by WorkSafe.

Employee Health and Wellbeing was a key focus in 2012. AMES received a \$10,000 grant from WorkHealth to expend on various health and wellbeing initiatives AMES offered through an independent health service provider. The activities were based on staff feedback from a wellness survey conducted in late December 2011.

The General Manager Human Resources continued to engage an external RTW Coordinator to assist and support injured and long term sick employees to return to work either on modified or pre-injury duties as effectively as possible.

A comprehensive internal review was undertaken of all OH&S Policies to ensure alignment and consistency with OHS legislation.

AMES's internal auditor reviewed AMES safety management system against AS 4801 to identify gaps and opportunities for improvement. A Management response will be prepared in early 2013.

Awareness-raising information sessions on Bullying and Harassment were conducted by an external training facilitator in early 2012.

Industrial Relations

No time was lost to industrial action in 2012.

A small number of disputes (4) concerning voluntary departure packages, consultative processes arising out of restructuring initiatives and an individual grievance were notified to Fair Work Australia (FWA) and the Fair Work Ombudsman. All but one have either been withdrawn by the applicants or successfully conciliated. A Federal Court matter, carried over from 2011, was also successfully settled in 2012.

Following several reviews commencing in late 2011, a number of restructuring activities occurred in 2012. The largest of these concerned the realignment of the Education Division's core activities of Service Delivery, Support Services and Client and Information Services. Implementation of these restructuring activities was close to completion at end 2012, with new staff inducted and operating from the recently established Education Hubs. This major initiative is intended to improve client service, provide more efficient and cost-effective operations and improved economies of scale. While the review identified a number of positions that were surplus to operational requirements, these were outnumbered by the number of new positions established.

Other smaller reviews aimed at ensuring sustainable service delivery were conducted of the Research, Learning and Innovation Unit (Education Division); Social Enterprises (Employment Division); Finance and Corporate Services (IT);

Communications Unit and the Settlement Division resulting in the identification of a small number of positions as surplus to operational requirements.

Following discussions in the second half of 2012, one of AMES's commercial cleaning social enterprises, Magic Green Clean, amalgamated with Wise Employment's Cleanforce via a transmission of business. All ongoing and fixed-term staff have been offered employment at the new enterprise with no loss of conditions and casual staff will be placed in the new employer's casual pool. The change will provide greater economies of scale and enhance employment opportunities for AMES clients in the form of additional traineeships.

AMES has completed some preparatory work for a new Enterprise Agreement to replace the AMES Teachers Collective Agreement 2009 which will expire in April 2013. The Agreement covers approximately 320 Teaching staff (ongoing, fixed-term and sessional).

The HR Division completed an extensive mid-year review of sessional and casual employee-engagements to ensure compliance with relevant legislation.

The Division has reviewed best-practice classification evaluation methodologies to ensure that the 198 administrative/managerial positions are soundly classified. This work will assist to rationalise the number of positions and to introduce a more flexible approach to job design.

A number of critical HR policies were audited during the year to ensure they represented best practice and to identify any opportunities for improvement including manager-compliance.

Ex-gratia payments

AMES made two ex-gratia payments in 2012, totalling \$16,500.

National Competition Policy

AMES costing models comply with National Competitive Neutrality principles.

Whistleblowers Protection Act 2001

AMES has appointed a Protected Disclosure Coordinator and established procedures in accordance with Part 6 of the Act. Guidelines applicable to all AMES staff were developed. As at 31 December 2012, AMES had not received any disclosures made under the Act nor had the Ombudsman referred any disclosures made under the Act to AMES for investigation.

Freedom of Information

Three requests were received in 2012 under the Freedom of Information Act 1982. AMES has a detailed policy and accompanying procedures on the application of the Freedom of Information Act 1982. Enquiries and requests for information should be addressed to:

Freedom of Information Manager
AMES
GPO Box 4381
Melbourne VIC 3001

Fees and Charges

Fees and charges are levied according to the Ministerial Directions to Adult Education Institutions made pursuant to the Education and Training Reform Act 2006. No additional compulsory non-academic fees, subscriptions or charges are levied on AMES clients within government-funded programs.

Consultancies

During 2012, no consultancy projects were undertaken by AMES.

Overseas Trips

There was no overseas travel funded by AMES during 2012. Trips made to Argentina and Geneva by the General Manager Settlement and Manager Settlement Delivery Support Services were funded by DIAC. A trip to New Zealand by Manager Settlement Delivery Support Services was funded by the National Settlement Unit, Department of Labour, New Zealand.

Major External Review

During 2012, no major external reviews were conducted.

Facilities and Accommodation

AMES conforms to the building and maintenance provisions of the Building Act 1993. All major works requiring building approval have plans certified, works in progress are inspected and permits issued by independent building surveyors engaged on a project basis. AMES requires that all contractors engaged to carry out works on its behalf are qualified and hold all necessary permits and insurances. AMES maintains and also requires its landlords to maintain leased premises in a safe and secure condition. AMES ensures all Essential Safety Services are maintained to regulatory standards and has an ongoing program to ensure that any alterations or improvements to tenancies meet the necessary standards to ensure that they are safe and fit for purpose.

Summary of Environmental Performance

AMES continued its involvement with the Victorian Government's ResourceSmart Program in 2012. The organisation has made a commitment to reducing its environmental impact by adopting an environment policy, setting key objectives and targets, developing an environmental management strategy to achieve goals, and monitoring and reporting achievements.

AMES Environmental Policy

AMES seeks to ensure that its activities are performed in a manner consistent with environmental best practice. AMES is committed to developing policies and objectives to minimise its environmental footprint and to integrating sound environmental values, principles and practices in day to day operations. AMES aims to protect and improve the environment by:

- Adopting environmentally sustainable practices and performance criterion in all purchasing and procurement
- Building environmental sustainability into AMES policies, programs, regulations, investments and budgets
- Reducing resource consumption and waste generation
- Striving for AMES major events to be sustainability friendly

- Improving energy efficiency

The Greening AMES program was also a major focus in 2012, with the introduction of recycling of mobile phones, disposal of shredded paper and ongoing collection of utility data.

AMES Registrations

- Registered Training Organisation (RTO): 0590
- Australian Business Number (ABN): 49 056 993 913

Additional Information

Consistent with the requirements of the Financial Management Act 1994, AMES has prepared material on the following items, where relevant:

- Major promotional, public relations and marketing activities undertaken to develop community awareness

- Declarations of pecuniary interests
- Details of:
 - Changes in prices, fees, charges, rates and levies
 - Overseas visits taken
 - Publications produced by AMES and where such publications can be obtained
- Any major research and development activities undertaken by AMES
- Major committees sponsored by AMES, the purposes of each committee and the extent to which the purposes have been achieved.

Details of the above are available on request from:
AMES Manager Strategic Communications and Stakeholder Relations
AMES GPO Box 4381
Melbourne VIC 3001

Performance against Targets

		2012 Target	2012 Actual	Variance
1	Participation of 15-24 year olds	Not Applicable	2,537	-
2	Participation of 25-64 year olds	Not Applicable	18,294	-
3	Module Load Completion Rate	Not Applicable	69.7%	-
4	Student satisfaction	Not Applicable	75.8%	-
5	Total Cost per Student Contact Hour (SCH)	Not Applicable	Not Applicable	-
6	Working Capital Ratio (liquidity)	1.68:1	1.70:1	0.02
7	Net Operating Result - Profit/(loss)(Excluding capital and proceeds from sale of assets)	-1.60%	1.39%	3.00%
8	Fee for Service Income	\$94,781,711	\$109,693,000	\$14,911,289
9	Income Per EFT Staff (Excluding capital and proceeds from sale of assets)	\$159,895	\$160,585	\$690
10	Student Contact Hours (SCH)	Not Applicable	3,094,729	-
11	Energy Consumption (mega joules)	-	10,175,090.33	-

AMES runs education and training programs funded from a number of sources. These are AMEP (including DL, SPP, SLPET), LLNP, VTG and Private / FFS. Each program is monitored by the relevant funding body for compliance and quality. Data from the various programs have been combined to provide information in the table above.

1. Number of students within the age group for all programs
2. Number of students within the age group for all programs
3. Scheduled hours assessed as passed or satisfactorily completed for all programs
4. AQTF Quality Indicators as reported to VQRA June 30 2012.
5. Total cost per student contact hour - Commercial in Confidence
6. Working capital ratio - current assets/current liabilities
7. Net Operating Result - Profit/(loss)(Excluding capital and proceeds from sale of assets)
8. Fee for Service Income
9. Total income (excl. Capital) / average EFT staff
10. Student Contact Hours all programs
11. See Summary of Environmental Performance

Statement of Performance Management Certificate

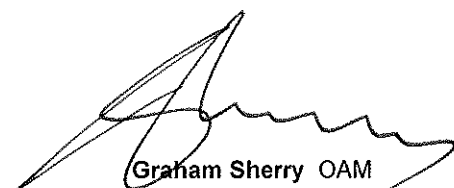
Adult Multicultural Education Services

Performance Statement for 2012

In our opinion, the accompanying Statement of Performance of Adult Multicultural Education Services in respect of the 2012 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets and the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



Graham Sherry OAM

Board Chair

Date: 25/02/2013

Place: Melbourne



Catherine Scarth

Chief Executive Officer

Date: 25/02/2013

Place: Melbourne



Deval Corea

Chief Finance and Accounting Officer

Date: 25/02/2013

Place: Melbourne

Certification as to Risk Management Systems and Processes

I, Graham Sherry, OAM, certify that AMES has risk management processes in place, consistent with the Australian/New Zealand Risk Management standard and an internal control system in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The Audit and Risk Management Committee verifies this assurance and that the risk profile of AMES has been critically reviewed within the last 12 months.



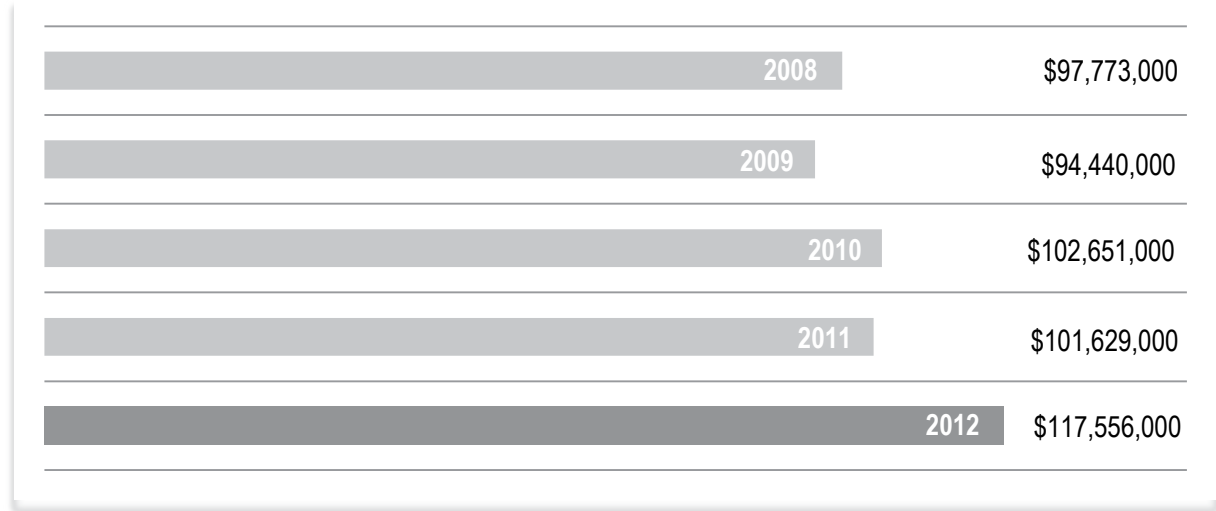
Graham Sherry OAM

Board Chair

Date: 25/02/13

Place: Melbourne

Income chart



Working Capital and Financial Results Table

	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000
Working Capital					
Current assets	31,664	29,087	35,283	32,982	41,179
Less current liabilities	16,708	16,928	18,318	18,549	24,283
Net working capital	15,206	12,159	16,965	14,433	16,896
Financial Results					
Income from transactions	97,773	94,440	102,651	101,629	117,556
Expenses from transactions	103,512	97,537	98,027	104,647	115,921
Net operating result – profit (loss)	(5,739)	(3,097)	4,624	(3,018)	1,635

Locations

AMES Head Office

1 Little Collins Street, Melbourne. In 2012 AMES delivered education, vocational training employment and settlement services to migrants, refugees and asylum seekers. Services were delivered across Melbourne and in rural and regional Victoria under sub-contractual arrangements and in partnership with other providers.

For current locations and contact details visit www.ames.net.au

Compliance Introduction

The AMES Annual Report 2012 has been prepared in accordance with the Financial Management Act 1994 and the Directions of the Minister for Finance.

The following Disclosure Index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

The following abbreviations have been used in this Governance and Financial Report.

Acronyms

ACFE	Adult Community and Further Education
AMEP	Adult Migrant English Program
AQTF	Australian Quality Training Framework
AR	AMES Annual Report of Operations 2012
DEEWR	Department of Education, Employment and Workplace Relations
DIAC	Department of Immigration and Citizenship
DL	Distance Learning
EFT	Equivalent Full Time
FMA	Financial Management Act 1994
FRD	Financial Reporting Directions
GFR	AMES Governance and Financial Report 2012
LLNP	Language, Literacy and Numeracy Program
SCH	Student Contact Hour
SD	Standing Directions of the Minister for Finance issued under the Financial Management Act 1994
SLPET	Settlement Language Pathways to Employment / Training program
SPP	Special Preparatory Program
TAFE	Technical and Further Education
VET	Vocational Education and Training
VQRA	Victorian Registration and Qualifications Authority

Disclosure Index

AR Annual Report 2012 GFR Governance and Financial Report 2012

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
		(A) REPORT OF OPERATIONS	
[1]	SD 4.2(g) FRD 22	The Report of Operations is to include qualitative and quantitative information on operations and be prepared on a basis consistent with the financial statements prepared pursuant to the <i>Financial Management Act 1994</i> . This report is to provide users with information about: <ul style="list-style-type: none"> an institute and its activities; operational highlights for the reporting period; future initiatives; and other relevant information not included in the financial statements. 	AR 2-25
[2]	SD 4.2(h) FRD 22	The Report of Operations must be prepared in accordance with the requirements of the financial reporting directions.	AR 29 GFR viii-x
[3]	SD 4.5.5	Signature of responsible person – Attestation of compliance with the Australian/New Zealand Risk Management Standard (see 2011-12 Model Report at p.61 for new wording).	GFR ix
[4]	SD 4.2(j) FRD 22	Signature of responsible person – The Report of Operations must be signed and dated by the Accountable Officer in the case of a Government Department, or in the case of any other Public Sector Body, a member of the responsible Body.	GFR viii
		STANDARD DISCLOSURES IN THE REPORT OF OPERATIONS	
		GENERAL INFORMATION	
[5]	FRD 22	Manner of Establishment, including the relevant Minister.	AR 26
[6]	FRD 22	The objectives, functions, powers and duties, linked to a summary of its activities, programs and achievements for the reporting period.	AR 2-25
[7]	FRD 22	Nature and range of service provision, including the communities served.	AR 2-25
[8]	FRD 22	Organisational chart(s) detailing members of the governing board and the CEO, and organisational chart(s) detailing occupants of senior officers and their responsibilities.	AR 26-28
		GOVERNANCE <i>Recommendations of the TAFE Governance Review, May 2003</i>	
[9]	TAFE Gov. Review	Outline of the structure of the board including: <ul style="list-style-type: none"> committees of the board; descriptions of their functions; and the names of the members of each committee. 	AR 26-27

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
[10]	TAFE Gov. Review	Outline of the structure of an institute board, including: <ul style="list-style-type: none"> names and qualifications of members of the board, including knowledge, experience and skills; and a summary of the number of meetings attended by each board member. 	AR 26
[11]	TAFE Gov. Review	Summary of training undertaken by board members throughout the year, including the number and type of programs.	AR 27
[12]	TAFE Gov. Review	A summary of performance and activities of a board including a brief description of values of a board and whether there is a code of conduct used to guide board decisions.	AR 27
[13]	FRD 22B	Statement on an institute's workforce data for the current and previous reporting period.	AR 24 GFR ii
[14]	FRD 22B	Statement on the application of employment and conduct principles.	GFR iii-v
[15]	FRD 22B	Statement on occupational health and safety including appropriate performance indicators outlining an institute's performance against such indicators and details of assessments and measures taken to improve the occupational health and safety of employees.	GFR ii-iii
[16]	FRD 22B	A general statement on industrial relations within an institute and details of time lost through industrial accidents and disputes.	GFR iv-v
		DISCLOSURE INDEX	
[17]	FRD 10	The Disclosure Index is to contain a list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements.	GFR xii-xviii
[18]	FRD 10	A short description of the relevant requirement.	GFR xii-xviii
[19]	FRD 10	The page in an annual report where the disclosure in satisfaction of the relevant requirement is made.	GFR xii-xviii
		DISCLOSURES <i>Disclosure of ex-gratia payments</i>	
[20]	FRD 11	Disclosure in aggregate of the nature and amount of any ex gratia payments incurred and written off during the reporting period. This is to be included in the notes to the financial statement.	GFR iv
		<i>Disclosures of responsible persons</i>	
[21]	FRD 21A	The name of each person holding a position that meets the definition of responsible person of	AR 26

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
	(1) (a)	the reporting entity at any time during the reporting period.	GFR 31
		<i>Disclosures of remuneration of executive officers</i>	
[22]	FRD 21A (1) (b)	Where there is more than one responsible person during any reporting period, the total remuneration of all responsible persons received or receivable in connection to their employment.	GFR 31
[23]	FRD 21A (1) (c)	An analysis of remuneration of responsible persons: <ul style="list-style-type: none"> • in bands of \$10,000; and • listing the number of responsible persons and Total Annualised Employee Equivalents (AEE) whose actual remuneration for the period falls within each band, and total amount paid for executives and AEEs. 	GFR 31, 32
[24]	FRD 21A (1) (d)	A table disclosing the aggregate amount of related party transactions at the reporting date, including but not limited to the aggregate amount of repayments, shares and share options and other sources of remuneration that do not come under the definition of any of the above mentioned categories received by the responsible person in addition to base remuneration.	GFR 32
[25]	FRD21(2) (a)	Total remuneration of all executive officers received or receivable in connection to their employment: <ul style="list-style-type: none"> • including the remuneration of executive officers acting in the position of an accountable officer at any time during the reporting period; and • to ensure disclosures are meaningful, additional information may need to be disclosed about the nature of such remuneration. 	GFR 32
[26]	FRD 21 (2) (b)	Base remuneration disclosed separately from actual remuneration. Significant variations between total and base remuneration should be supported by explanatory commentary.	GFR 32
[27]	FRD 21 (2) (c)	Accrual principles that apply in determining remuneration levels. All amounts received or receivable by the individual are to be disclosed.	GFR 31-32
		FINANCIAL INFORMATION	
[28]	FRD 22	Summary of financial results with comparative information for preceding four years.	GFR x
[29]	FRD 22	Summary of significant changes in financial position.	AR 29 GFR vii-viii
[30]	FRD 22	Summary of operational and budgetary objectives, including performance against objectives and significant achievements.	AR 9 GFR vii-viii
[31]	FRD 22	Events subsequent to balance date which may have a significant effect on operations in subsequent years, including a summary of major changes affecting the achievement of operational objectives.	GFR 30
[32]	FRD 22C	For each consultancy valued in <u>excess of \$10,000</u> , set out: <ul style="list-style-type: none"> • a schedule listing the consultants engaged; • a summary of project involved; 	GFR v

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
		<ul style="list-style-type: none"> • total project fees approved (excluding GST); • expenditure for the reporting period (excluding GST); and • future commitments relating to consultant. 	
[33]	FRD 22	Total number of consultancies individually valued <u>at less than \$10,000</u> (excl. of GST).	GFR v
[34]	FRD 22	Total expenditure (exclusive of GST) of these consultancy engagements.	GFR v
[35]	FRD 22	Financial information must be consistent with that included in the financial statements.	AR 29 GFR vii-x
[36]	FRD 22	The Report of Operations should be presented in a format that complements the financial report as a whole: <ul style="list-style-type: none"> • containing any additional information the accountable officer or the governing board considers appropriate; or • any information which has been mandated by other authoritative pronouncements. The Report of Operations must contain general and financial information, including other relevant financial information, outlining and explaining an entity's operations and activities for the reporting period.	AR 2-25
[37]	FRD 27	The Report of Operations must include in its report of operations an audited statement of performance including: <ul style="list-style-type: none"> • the relevant performance targets and indicators as determined by the responsible Minister; • the actual results achieved for that financial year against pre-determined performance targets and indicators; and • an explanation of any significant variance between the actual results and performance targets indicators. 	GFR vii-viii
		OTHER RELEVANT INFORMATION	
[38]	FRD 22	Summary of Application of the <i>Freedom of Information Act 1982</i> (including amendments of 3 August 2007).	GFR v
[39]	FRD 22	Statement on compliance with building and maintenance provisions of the <i>Building Act 1993</i> (including amendments of 1 July 2007).	GFR v-vi
[40]	FRD 22	Summary of the application and operation of the <i>Whistleblowers Protection Act 2001</i> (including amendments of 1 July 2007) and disclosures required by this Act.	GFR v
[41]	FRD 22	Statement on implementation and compliance with <i>National Competition Policy</i> , including statement on compliance with policy statements, especially: <ul style="list-style-type: none"> • “Competitive Neutrality: A Statement of Victorian Government Policy”; 	GFR iv

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
		<ul style="list-style-type: none"> “Victorian Government Timetable for the Review of Legislative Restrictions on Competition”; and any subsequent reforms. 	
[42]	FRD 22	Summary of environmental performance.	GFR v
[43]	FRD 22	Statement (to the extent applicable that the information listed in Appendix 1) is available on request to the relevant Minister, members of Parliament or the public. This includes additional information available on request subject to provision of the <i>Freedom of Information Act 1982</i> (including amendments of 3 August 2007).	GFR vi
[44]	FRD 22	Statement that declarations of pecuniary interests have been duly completed by all relevant officers.	GFR vi
[45]	FRD 22	Details of shares held by senior officers (as nominees or held beneficially in a statutory authority or subsidiary).	N/A
[46]	FRD 22	Details of publications produced by the entity about itself and how they can be obtained).	GFR vi
[47]	FRD 22	Details of major promotional, public relations and marketing activities undertaken to develop community awareness of the institute and its services.	GFR vi
[48]	FRD 22	Details of changes in prices, fees, charges, rates and levies charged by the institute.	GFR vi
[49]	FRD 22	Details of any major external reviews carried out on the institute.	GFR v
[50]	FRD 22	Details of major research and development activities undertaken by the institute.	AR 19 GFR vi
[51]	FRD 22	Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.	GFR v
[52]	FRD 22	List of major committees sponsored by the institute, the purposes of each committee and the extent to which the purposes have been achieved.	GFR vi
		OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES	
[53]	PAEC	Financial and other information on initiatives taken or strategies relating to the institute's international operations.	N/A
		AUDITOR GENERAL <i>Recommendation in relation to Overseas Operations of Victorian TAFE Institutes –</i> <i>3.110 Auditor General, Special Reviews, 30 June 2002.</i>	
[54]	3.110	Information in annual reports of a TAFE institute should include: <ul style="list-style-type: none"> nature of strategic and operational risks; strategies established to manage such risks; performance measures and targets formulated for off shore operations; and 	N/A

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
		<ul style="list-style-type: none"> the extent to which expected outcomes have been achieved. 	
		FINANCIAL REPORTING DIRECTION 27 – PRESENTATION OF REPORTING AND PERFORMANCE INFORMATION Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs.	
[55]	FRD 27A	<p><i>Reporting and performance should be presented using KPIs and a signed Performance Management Certificate should also be completed.</i></p> <p><i>(The following 11 are the mandatory KPIs)</i></p> <ol style="list-style-type: none"> Participation of 15-24 year olds. Participation of 25-64 year olds. Module Load Completion Rate. Student satisfaction. Total Cost per Student Contact Hour (SCH). Working Capital Ratio. Net Operating Margin. Fee for Service Revenue. Revenue per EFT Staff. Student Contact Hours (SCH). Energy Consumption. 	GFR vii - viii
		(B) FINANCIAL STATEMENTS <i>Part 7 of the Financial Management Act 1994 (FMA)</i>	
[56]	FMA 49 (a)	<i>Must contain such information as required by the Minister.</i>	GFR 1-3
[57]	FMA 49 (b)	<i>Must be prepared in a manner and form approved by the Minister.</i>	GFR 1-3
[58]	FMA 49 (c)	<i>Must present fairly the financial transactions of an institute during the financial year to which they relate.</i>	GFR 1-3
[59]	FMA 49 (d)	<i>Must present fairly the financial position of an institute as at the end of the year.</i>	GFR 1-3
[60]	FMA 49 (e)	<i>Must be certified by the Accountable Officer for an institute in the manner approved by the Minister.</i>	GFR 1-3
		<i>The Financial Statements must be prepared in accordance with:</i>	
[61]	SD 4.2 (a)	<i>Australian Accounting Standards (AAS and AASB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).</i>	GFR 3, 9-22, and 40

	Source reference	REPORTING REQUIREMENT	Identify relevant page(s)
[62]	SD 4.2 (a)	<i>Financial Report Directions.</i>	GFR 9 -22
[63]	SDA 4.2 (a)	<i>Business rules.</i>	GFR 9 -22
		<i>The Financial Statements are to comprise the following:</i>	
[64]	SD 4.2 (b)	<i>An operating statement.</i>	GFR 4
[65]	SD 4.2 (b)	<i>A balance sheet.</i>	GFR 5
[66]	SD 4.2 (b)	<i>A statement of recognised income and expenses.</i>	GFR 23 -24
[67]	SD 4.2 (b)	<i>A cash flow statement.</i>	GFR 7
[68]	SD 4.2 (b)	<i>Notes to the financial statements.</i>	GFR 8 -40
		<i>The Financial Statements must, where applicable, be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body stating whether, in their opinion:</i>	
[69]	SD 4.2 (c)	<i>The Financial Statements present fairly the financial transactions during the reporting period and the financial position at the end of the period.</i>	GFR 3
[70]	SD 4.2 (c)	<i>The Financial Statements are prepared in accordance with this direction and applicable Financial Reporting Directions.</i>	GFR 3
[71]	SD 4.2 (c)	<i>The Financial Statements comply with applicable Australian Accounting Standards (AAS and AAB) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts).</i>	GFR 3

Section B

AMES 2012 Annual Financial Report For the year ended 31 December 2012

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Declaration	3
Comprehensive Operating Statement	4
Balance sheet	5
Statement of changes in equity	6
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Notes to the financial statements	8-40

The financial report was authorised for issue by the Board members on 25 February 2013. AMES has the power to amend and reissue the financial report.

INDEPENDENT AUDITOR'S REPORT

To the Members of Adult Multicultural Education Services

The Financial Report

The accompanying financial report for the year ended 31 December 2012 of the Adult Multicultural Education Services which comprises Comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, comprising a summary of significant accounting policies and other explanatory information, and the Board Chair, Chief Executive Officer, and Chief Finance and Accounting Officers' declaration has been audited.

The Boards' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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


Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Adult Multicultural Education Services as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Adult Multicultural Education Services for the year ended 31 December 2012 included both in the Adult Multicultural Education Services's annual report and on the website. The Board Members of the Adult Multicultural Education Services are responsible for the integrity of the Adult Multicultural Education Services's website. I have not been engaged to report on the integrity of the Adult Multicultural Education Services'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. 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 the website version of the financial report.

MELBOURNE
26 February 2013


Dr Peter Frost
Acting Auditor-General

ADULT MULTICULTURAL EDUCATION SERVICES

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2012

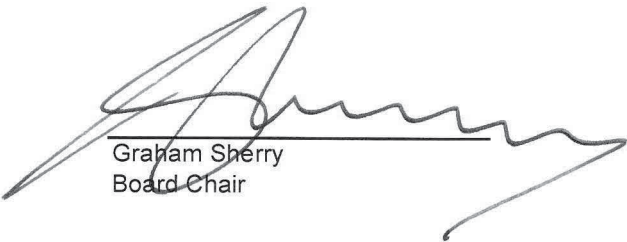
DECLARATION BY BOARD CHAIR, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2012 and financial position of the organisation as at 31 December 2012.

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

The Board Chair and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Adult Multicultural Education Services.


Graham Sherry
Board Chair

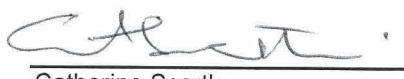
Date : 25/02/13

Place : Melbourne


Deva Corea
Chief Finance and Accounting Officer

Date : 25/02/13

Place : Melbourne


Catherine Scarth
Chief Executive Officer

Date : 25/02/13

Place : Melbourne

ADULT MULTICULTURAL EDUCATION SERVICES

Comprehensive Operating Statement For the year ended 31 December 2012

	Note	2012 \$000	2011 \$000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)(i)	5,123	2,772
Government contributions - capital	2(a)(ii)	-	248
Sale of goods and services	2(b)	110,519	96,176
Interest	2(c)	816	1,076
Other income	2(d)	1,098	1,357
Total income from transactions		117,556	101,629
Expenses from transactions			
Employee expenses	3(a)	49,821	47,100
Depreciation and amortisation	3(b)	1,192	1,182
Interest expense	3(c)	-	9
Supplies and services	3(d)	50,205	42,348
Other operating expenses	3(e)	14,636	13,459
Total expenses from transactions		115,854	104,098
Net result from transactions (net operating balance)		1,702	(2,469)
Other economic flows included in net result			
Net gains/(losses) on non-financial assets	4(a)	17	6
Other gains/(losses) from other economic flows	4(b)	(84)	(555)
Total other economic flows included in net result		(67)	(549)
Net result from continuing operations		1,635	(3,018)
Other economic flows – other non-owner changes in equity			
Changes in physical asset revaluation surplus	10(a),14(c)	817	157
Comprehensive result		2,452	(2,861)

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

ADULT MULTICULTURAL EDUCATION SERVICES

Balance Sheet As at 31 December 2012

	Note	2012 \$000	2011 \$000
Assets			
Financial assets			
Cash and deposits	5, 24	28,130	16,659
Receivables	6, 24	12,316	13,844
Investments and other financial assets	7, 24	0	1,820
Total financial assets		40,446	32,323
Non-financial assets			
Inventories	8	59	64
Property, plant and equipment	10	11,071	10,881
Other non-financial assets	9	674	595
Total non-financial assets		11,804	11,540
Total assets		52,250	43,863
Liabilities			
Payables	11	16,215	10,342
Borrowings	12, 24	9	158
Provisions	13	9,135	8,924
Total liabilities		25,359	19,424
Net assets		26,891	24,439
Equity			
Accumulated surplus/(deficit)	14(b)	1,468	(167)
Reserves	14(c)	2,517	1,700
Contributed capital	14(a)	22,906	22,906
Net worth		26,891	24,439
Commitments for expenditure	16	15,428	18,448
Contingent assets and contingent liabilities	17	-	-

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

ADULT MULTICULTURAL EDUCATION SERVICES

Statement of Changes in Equity For the year ended 31 December 2012

	Note	Equity at 1 January 2012 \$'000	Changes due to Total Comprehensive result \$'000	Transactions with owners in their capacity as owners \$'000	Equity at 31 December 2012 \$'000
Accumulated surplus/(deficit)	14(b)	(167)	1,635	-	1,468
Contributed capital	14(a)	22,906	-	-	22,906
Physical assets revaluation surplus	14(c)	1,700	817	-	2,517
Total equity at the end of the year		24,439	2,452	-	26,891
	Note	Equity at 1 January 2011 \$'000	Changes due to Total Comprehensive result \$'000	Transactions with owners in their capacity as owners \$'000	Equity at 31 December 2011 \$'000
Accumulated surplus/(deficit)	14(b)	2,851	(3,018)	-	(167)
Contributed capital	14(a)	22,906	-	-	22,906
Physical assets revaluation surplus	14(c)	1,543	157	-	1,700
Total equity at the end of the year		27,300	(2,861)	-	24,439

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

ADULT MULTICULTURAL EDUCATION SERVICES

Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 \$000	2011 \$000
Cash flows from operating activities			
Receipts			
Government contributions - operating	2(a)(i)	5,123	2,772
Government contributions - capital	2(a)(ii)	0	248
User fees and charges received		126,304	99,805
Interest received		875	1,159
Dividend received	2(d)	14	146
Total receipts		<u>132,316</u>	<u>104,130</u>
Payments			
Payments to suppliers and employees		(116,713)	(106,766)
Net goods and services tax paid to the ATO		(5,489)	(4,807)
Interest and other costs of finance paid		0	(9)
Total payments		<u>(122,202)</u>	<u>(111,582)</u>
Net cash flows from / (used in) operating activities	15(a)	<u>10,114</u>	<u>(7,452)</u>
Cash flows from investing activities			
Proceeds from sale of investment*		1,927	1,151
Payments for non-financial assets		(771)	(1,059)
Proceeds from sale of non-financial assets	4(a)	223	150
Net cash provided by / (used in) investing activities		<u>1,379</u>	<u>242</u>
Cash flows from financing activities			
Repayment of finance leases		(22)	(87)
Net cash provided by / (used in) financing activities		<u>(22)</u>	<u>(87)</u>
Net increase / (decrease) in cash and cash equivalents		11,471	(7,297)
Cash and cash equivalents at the beginning of the financial year		16,659	23,956
Cash and cash equivalents at the end of the financial year	5	<u>28,130</u>	<u>16,659</u>

* Proceeds from sale of investment represent funds withdrawn from the managed investment scheme to short term deposits with various banks.

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

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements

31 December 2012

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Notes to the financial statements

31 December 2012

1 Statement of significant accounting policies

The annual financial statements represent the audited general purpose financial statements and notes for Adult Multicultural Education Services (AMES).

1.01 Statement of compliance

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

1.02 Basis of accounting preparation and measurement

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

These financial statements are presented in Australian dollars, the functional and presentation currency of AMES.

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

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

These financial statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- the fair value of an asset other than land is generally based on its depreciated replacement value;
- derivative financial instruments, managed investment schemes, certain debt securities, investment properties after initial recognition, which are measured at fair value through profit and loss; and
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.02 Basis of accounting preparation and measurement (cont.)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2012 and the comparative information presented for the year ended 31 December 2011.

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

1.03 Reporting entity

The financial statements cover AMES as an individual reporting entity. AMES is an autonomous Adult Education Institution, accountable to the Victorian Minister for Higher Education and Skills. It is governed by a Board established under the *Education and Training Reform Act 2006*.

Its principal address is:

Adult Multicultural Education Services
Level 4, 1 Little Collins Street
Melbourne VIC 3000

1.04 Events after reporting date

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

1.05 Goods and Services Tax (GST)

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

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

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

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

Notes to the financial statements (cont.)
31 December 2012

1 Statement of significant accounting policies (cont.)

1.06 Income from transactions

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of AMES' major activities as follows:

Government contributions

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

Sale of goods and services

(i) Fee for service

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

(ii) Student fees and charges

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

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by AMES when:

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

Interest

Interest from cash, short-term deposits and investments is brought to account on a time proportional basis taking into account interest rates applicable to the financial assets.

Other income

Dividend revenue

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

Rental revenue

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

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

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

Notes to the financial statements (cont.)
31 December 2012

1 Statement of significant accounting policies (cont.)

1.07 Expenses from transactions

Employee expenses

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

Retirement benefit obligations

(i) Defined contribution plan

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

(ii) Defined benefit plans

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

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

Depreciation and amortisation

Depreciation is provided on property, plant and equipment, including freehold buildings, with a capitalised cost in excess of \$5,000 (2011, \$5,000). Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are amortised over the remaining term of the lease or estimated useful life of the improvements, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

Class of asset	Method	Rate/Rates
Buildings	Straight line	4.0% - 6.25%
Leasehold improvements	Straight line	6.67% - 80.4%
Motor vehicles	Straight line	17.61% - 20.0%
Plant & equipment	Straight line	6.67% - 20.0%
Computer equipment	Straight line	20.0% - 33.3%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. There has been no change in the methodology and no major change in rates for 2012.

Interest expense

Interest expense on finance leases is recognised as expenses in the period in which they are incurred.

Supplies and services

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

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

Resources provided free of charge or for nominal consideration are recognised at their fair value.

Notes to the financial statements (cont.)
31 December 2012

1 Statement of significant accounting policies (cont.)

1.08 Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Impairment of non-financial assets

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with AASs.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

Notes to the financial statements (cont.)
31 December 2012

1 Statement of significant accounting policies (cont.)

1.09 Financial assets

Cash and deposits

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

Receivables

Receivables consist predominantly of contractual debtors in relation to goods and services and accrued investment income. A provision for doubtful debts is made when there is an objective evidence that the debts will not be collected. Bad debts are written off when identified.

Investments and other financial assets

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when AMES becomes a party to the contractual provisions of the instrument. Trade date accounting (the date on which AMES commits to purchase or sell the asset) is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby AMES no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in comprehensive operating statement.

Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Financial assets at fair value through comprehensive operating statement

Financial assets are classified at fair value through the comprehensive operating statement when they are held for trading purposes or where they are derivatives not held for hedging purposes or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in comprehensive operating statement in the period in which they arise.

Fair value is determined in the manner described in Note 24(vi).

(ii) Loans and receivables

AMES has no financial instruments under this category.

(iii) Held-to-maturity investments

AMES has no financial instruments under this category.

(iv) Available-for-sale financial assets

AMES has no financial instruments under this category.

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.10 Leases

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

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

Finance leases

AMES as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Operating leases

AMES as lessee

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

The cost of leasehold improvements is capitalised as an asset and amortised in accordance with the depreciation policy stated in Note 1.07.

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

1.11 Non-financial assets

Inventories

Inventories include goods and other property held for sale and are measured at the lower of cost and net realisable value.

Inventories acquired at no cost, or nominal consideration, are measured at current replacement cost as at the date of acquisition.

Cost is measured on the basis of weighted average cost.

Property, plant and equipment

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

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

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

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.11 Non-financial assets (cont.)

Property, plant and equipment (cont.)

Buildings

Buildings are shown initially at cost, then subsequently at their fair value.

Leasehold improvements

Leasehold improvements are initially measured at cost, then subsequently at their fair value less depreciation (refer to note 1.07).

Plant and equipment

Plant and equipment are initially measured at cost, then subsequently at their fair value less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by AMES to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to AMES and the cost of the item can be measured reliably. The cost of all other repairs and maintenance are charged to the comprehensive operating statement during the financial period in which they are incurred.

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

When revalued assets are sold, it is AMES' policy to transfer the amounts included in other reserves in respect of these assets to accumulated funds.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.12 Liabilities

Payables

Payables consist of:

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

- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement over the period of the borrowing using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Provisions

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

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

Employee benefits

The calculation of employee expenses includes all relevant on-costs and are calculated as follows at reporting date.

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.12 Liabilities (cont.)

Employee benefits (cont.)

(ii) Long service leave

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

Current Liability - unconditional LSL representing 10 or more years service for teaching staff or 7 or more years service for other staff is disclosed as a current liability even when AMES does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value - component that is not expected to be settled within 12 months
- nominal value - component that is expected to be settled within 12 months

Non Current Liability - conditional LSL representing less than 10 years of service for teaching staff or less than 7 years of service for other staff is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow (refer to Note 4(b)).

(iii) Termination benefits

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

Employee expenses on-costs

Employee expenses on-costs (payroll tax, workers compensation and superannuation) are included in the provision for employee benefits.

Performance payments

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

1.13 Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non - cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST payable.

Notes to the financial statements (cont.)

31 December 2012

1 Statement of significant accounting policies (cont.)

1.14 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer note 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.15 Equity

Contributed capital

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

1.16 Foreign currency translations

Functional and presentation currency

The functional currency of AMES is the Australian dollar, which has also been identified as the presentation currency of AMES.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the comprehensive operating statement in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the comprehensive operating statement.

1.17 Materiality

In accordance with Accounting Standard AASB1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions of users taken on the basis of the financial report; and
- (b) affect the discharge of accountability by the management or governing body of AMES.

1.18 Rounding of amounts

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

1.19 Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In 2012, there were no significant adjustments.

Notes to the financial statements (cont.)

31 December 2012

1.20 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2012 reporting period.

As at 31 December 2012, the following standards and interpretations which are applicable to AMES had been issued but were not mandatory for financial year ending 31 December 2012. AMES has not, and does not intend to, adopt these standards early.

Amending Pronouncements and Errata	Standards Affected	Outline of Amendment	Application date of standard	Impact on financial statements
AASB 9 Financial Instruments	AASB 139 Financial Instruments : Recognition and Measurement	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments; Recognition and Measurement.	Reporting periods beginning on 1 January 2013	Amendments unlikely to have any financial impact on AMES.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>		This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Reporting periods beginning on 1 July 2013	The amendments are not expected to have any impact on AMES financial result or position.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements		These amendments introduce reduced disclosure requirements for application by certain types of entities.	Reporting periods beginning on 1 July 2013	The amendments do not affect financial measurement or recognition and are not expected to have any impact on AMES financial result or position.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 & 127	This relates to the introduction of AASB 9 Financial instruments.	Reporting periods beginning on 1 January 2013	The amendments are not expected to have any impact on AMES financial result or position.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	AASB 101 & AASB 1054	The objective of this amendment is to include some additional disclosure from the Trans Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (RDRs).	Reporting periods beginning on 1 January 2013	Amendments unlikely to have any financial impact on AMES.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	AASB 1049	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures. This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.	Reporting periods beginning on 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. There will be no impact on AMES performance measurement.

Notes to the financial statements (cont.)
31 December 2012

AASB 2011-4 Amendments to Australian Accounting Standards to Remove individual Key Management Personnel Disclosure Requirements	AASB 124	This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	Reporting periods beginning on 1 July 2013	Amendments unlikely to have any significant impact on AMES.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, , 12, 13, 14, 17, 19, 131 & 132	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	Reporting periods beginning on 1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	AASB 1, 5, 7, 101, 112 120, 121, 132, 133, 134, 1039 and 1049	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and OCI in two statements, nor change the option to present items of OCI either before tax or net of tax.	Reporting periods beginning on 1 July 2012	This amending Standard could change the current presentation of 'Other economic flows - other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	AASB 1, 8, 101, 124, 134, 1049 and 2011-8 and Interpretation 14	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 Employee Benefits.	Reporting periods beginning on 1 Jan 2013	No significant impact is expected from these consequential amendments on AMES reporting.
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	AASB 119	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	Reporting periods beginning on 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-13 Amendments to Australian Accounting Standard - Improvements to AASB 1049	AASB 1049	This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	Reporting periods beginning on 1 July 2012	No significant impact is expected from these consequential amendments on AMES.

Notes to the financial statements (cont.)
31 December 2012

AASB 13 Fair Value Measurement	AASB 13	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	Reporting periods beginning on 1 Jan 2013	Disclosures for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	AASB 119	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows - other movements in equity') reported on the comprehensive operating statement.	Reporting periods beginning on 1 Jan 2013	Amendments unlikely to have any financial impact on AMES.

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

	Note	2012 \$000	2011 \$000
2 Income from transactions			
(a) Grants and other Government financial assistance			
(i) Government contributions - operating			
Commonwealth/state government recurrent specific funded programs		5,123	2,772
(ii) Government contributions - capital			
Commonwealth capital		0	248
		0	248
Total government financial assistance		5,123	3,020
(b) Sales of goods and services			
Student fees and charges		347	177
Rendering of services			
Fee for service - Government		108,605	93,318
Fee for service - International operations - onshore		0	1,423
Fee for service - Other		1,088	795
Total rendering of services		109,693	95,536
Other non-course fees and charges			
Sale of goods		479	463
Total revenue from sale of goods and services		110,519	96,176
(c) Interest			
Interest on bank deposits		165	189
Interest on deposits-at call with Treasury Corporation Victoria (TCV)		651	887
Total interest income		816	1,076
(d) Other income			
Gains in fair value of financial assets designated as at fair value through comprehensive operating statement - Russell Investments	7, 24	107	0
Dividend revenue		14	146
Rental revenue		317	474
Cleaning income		442	514
Royalty fees		51	76
Other		167	147
Total other income		1,098	1,357

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

	Note	2012 \$000	2011 \$000
3 Expenses from transactions			
(a) Employee expenses			
Salaries, wages, overtime and allowances		42,755	40,457
Superannuation	21	3,796	3,631
Payroll tax		2,076	2,155
Worker's compensation		228	189
Movement in long service leave provision		298	498
Movement in annual leave provision		(171)	55
Movement in performance payments provision		0	(90)
Termination benefits		654	76
Other salary related costs		185	129
Total employee expenses		49,821	47,100
(b) Depreciation and amortisation	10		
Depreciation of non-current assets			
Buildings		321	340
Plant and equipment		338	329
Motor vehicles		174	188
Total depreciation		833	857
Amortisation of non-current physical and intangible assets			
Leasehold improvements		359	325
Total depreciation and amortisation		1,192	1,182
(c) Interest expense			
Finance lease costs		0	9
Total interest expense		0	9
(d) Supplies and services			
Purchases of supplies and consumables		1,188	1,370
Communication expenses		1,146	1,134
Contract and other services		896	908
Building repairs and maintenance		536	438
Minor equipment		804	494
Fees and charges		45,635	38,004
Total supplies and services		50,205	42,348
(e) Other operating expenses			
General expenses			
Marketing and promotional expenses		354	723
Occupancy expenses		770	761
Audit fees and services	20	29	31
Staff development		185	313
Travel and motor vehicle expenses		477	544
Other expenses		423	364
Sub-total general expenses		2,238	2,736
Operating lease expenses			
Minimum lease payments		5,894	5,337
Venue hire and equipment rentals		93	93
Sub-total operating lease expenses		5,987	5,430
Other expenses			
Job network clients related expenses		3,819	4,751
Asylum seeker clients related expenses		2,452	0
Cost of goods sold /distributed (ancillary trading)		140	258
Losses in fair value of financial assets designated as at fair value through comprehensive operating statement - Russell Investments	7, 24	0	284
Sub-total other expenses		6,411	5,293
Total other operating expenses		14,636	13,459

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

	Note	2012 \$000	2011 \$000
4 Other economic flows included in net result			
(a) Net gain/(loss) on non-financial assets			
Proceeds from sale of physical assets		223	150
Less written down value		(206)	(144)
Net gains/(losses) on non-financial assets		17	6
(b) Other gains/(losses) from other economic flows			
Net gain/(loss) arising from revaluation of long service leave liability		(84)	(555)
Total from other economic flows		(67)	(549)
5 Cash and deposits	1.09, 24		
Cash at bank and on hand		8,130	2,659
Deposits - at call with TCV		20,000	14,000
Total cash and deposits		28,130	16,659
6 Receivables	1.09, 24		
Current receivables			
Contractual			
Trade receivables		7,174	7,136
Provision for doubtful debts		(2)	(2)
Revenue receivable		5,062	6,622
Other receivables		82	88
Total current receivables		12,316	13,844
7 Investments and other financial assets	1.09, 24		
Current investments and other financial assets			
Managed investment :			
Russell investments-Australian and international share funds at fair value		0	1,820
Total current investments and other financial assets		0	1,820
Changes in fair value of the managed investment are recorded in the comprehensive operating statement (Note 3(e)).			
These investments were redeemed on 27 January 2012 with realised value of \$1,927,000.			
8 Inventories	1.11		
Current			
Publications held for sale		59	64
Total current inventories		59	64
9 Other non-financial assets			
Current other non-financial assets			
Prepayments		674	595
Total current other non-financial assets		674	595

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

10 Property, plant and equipment	Note						
	1.11						
		Buildings \$000	Leasehold Improve- ments \$000	Plant & Equipment \$000	Motor Vehicles \$000	Motor Vehicles under finance leases \$000	Total \$000
At 1 January 2011							
Fair value		7,217	2,982	1,854	463	684	13,200
Accumulated depreciation		(333)	(761)	(695)	(93)	(326)	(2,208)
Net book amount		6,884	2,221	1,159	370	358	10,992
Year ended 31 December 2011							
Opening net book amount		6,884	2,221	1,159	370	358	10,992
Additions		-	488	288	282	-	1,058
Disposals		-	-	-	(25)	(119)	(144)
Net revaluation increments/decrements		157	-	-	-	-	157
Depreciation expense		(340)	(325)	(329)	(108)	(80)	(1,182)
Closing net book amount		6,701	2,384	1,118	519	159	10,881
At 31 December 2011							
Fair value		7,374	3,470	2,142	704	336	14,026
Accumulated depreciation		(674)	(1,086)	(1,024)	(184)	(177)	(3,145)
Net book amount		6,700	2,384	1,118	520	159	10,881
Year ended 31 December 2012							
Opening net book amount		6,700	2,384	1,118	520	159	10,881
Additions		-	112	383	276	-	771
Disposals		-	-	(4)	(72)	(130)	(206)
Net revaluation increments/decrements		817	-	-	-	-	817
Depreciation expense		(321)	(359)	(338)	(155)	(19)	(1,192)
Closing net book amount		7,196	2,137	1,159	569	10	11,071
At 31 December 2012							
Fair value		7,196	3,496	2,221	827	26	13,766
Accumulated depreciation		0	(1,359)	(1,062)	(258)	(16)	(2,695)
Net book amount		7,196	2,137	1,159	569	10	11,071

(a) Building valuation

An independent valuation of AMES' buildings was performed by URBIS VALUATIONS Pty Ltd on behalf of Valuer General Victoria (VGV). The fair value was determined on the basis of an active and liquid market and on a depreciated replacement cost. The effective date of the valuation was 31 December 2012. The fair value of the buildings were increased by 12.81% at 31 December 2012 based on this valuation (2% in 2011 based on gross building indices provided by the VGV to the Department of Treasury and Finance).

(b) Other assets valuation

In accordance with Victorian Government Financial Reporting Direction 103D 'Non-Current Physical Assets', AMES measures plant, equipment, motor vehicles, and leasehold improvement assets at fair value from 1 January 2009.

(c) Depreciation expense

The useful lives of assets as stated in Note 1.07 are used in the calculation of depreciation expense as shown in Note 3(b).

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

	Note	2012 \$000	2011 \$000
11 Payables	1.12		
Current			
Contractual			
Supplies and services		11,384	9,096
Other employee entitlements payable within 12 months		585	470
Sub-total	24(iii), 24(iv)	11,969	9,566
Statutory			
Taxes payable		1,549	410
Revenue in advance		2,697	366
Total current payables		16,215	10,342
12 Borrowings	1.12, 16, 24		
Secured			
Current			
Lease liabilities		9	158
Total secured borrowings		9	158
Assets pledged as security			
The carrying amounts of assets pledged as security are:			
Motor vehicles under finance lease		9	159
Total assets pledged as security		9	159
13 Provisions	1.12		
Current provisions expected to be settled within 12 months			
Employee benefits			
Annual leave		2,668	2,839
Long service leave		5,291	5,110
Performance payments		100	100
Total current provisions expected to be settled within 12 months		8,059	8,049
Non-current			
Employee benefits			
Long service leave		1,076	875
Total non-current provisions		1,076	875
Total provisions		9,135	8,924
Movements in Provisions			
Carrying amount at start of year		8,924	7,906
Additional provisions recognised		3,691	3,621
Amounts used		(3,480)	(2,603)
Carrying amount at end of year		9,135	8,924

ADULT MULTICULTURAL EDUCATION SERVICES

Notes to the financial statements (cont.) 31 December 2012

	Note	2012 \$000	2011 \$000
14 Equity			
(a) Contributed capital			
Balance at 1 January		22,906	22,906
Balance at 31 December		22,906	22,906
(b) Accumulated surplus/(deficit)			
Balance at 1 January		(167)	2,851
Net result for the year		1,635	(3,018)
Balance at 31 December		1,468	(167)
(c) Reserves			
Asset Revaluation Reserve - Buildings	1.11		
Balance at 1 January		1,700	1,543
Revaluation increment on non-current assets		817	157
Balance at 31 December		2,517	1,700
Total equity		26,891	24,439
15 Cash flow information			
(a) Reconciliation of net result to net cash flows from operating activities			
Net result for the year		1,635	(3,018)
Non-cash flows in operating result			
Depreciation and amortisation of non-current assets	3(b), 10	1,192	1,182
Net (gain) / loss on sale of non-current assets	4(a)	(17)	(6)
Fair value (gain) / loss on other financial assets at fair value through comprehensive operating statement - Russell Investments	2(d), 3(e)	(107)	284
Total non-cash flows in operating result		1,068	1,460
Movements in operating assets and liabilities			
Decrease / (increase) in trade receivables		3,723	(7,094)
Decrease / (increase) in inventories		5	4
Decrease / (increase) in other assets		(148)	126
Increase / (decrease) in payables		3,620	52
Increase / (decrease) in employee benefits		211	1,018
Total movement in operating assets and liabilities		7,411	(5,894)
Net cash flows provided by/(used in) operating activities		10,114	(7,452)
(b) Non-cash financing and investing activities			
There was no plant and equipment acquired by means of finance lease as at the reporting date.		-	-
(c) Credit card facility with bank (unsecured)			
Amount utilised		185	216
Balance available		215	184
Total credit card facility with bank		400	400

Notes to the financial statements (cont.)
31 December 2012

	<i>Note</i>	2012 \$000	2011 \$000
16 Commitments for expenditures			
(a) Capital commitments			
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:			
Property, Plant and Equipment			
Payable:			
Within one year		-	66
(b) Lease commitments			
(i) Operating leases			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		4,663	4,140
Later than one year but not later than five years		10,590	13,112
Later than five years		0	1,017
		<u>15,253</u>	<u>18,269</u>
(ii) Finance leases			
AMES has a finance lease agreement with VicFleet (Department of Treasury and Finance) for the acquisition of new motor vehicles.	24		
Commitments in relation to finance leases are payable as follows:			
Within one year		9	158
Minimum future lease payment		<u>9</u>	<u>158</u>
Less Future finance charges		-	-
Present value of minimum lease payments		<u>9</u>	<u>158</u>
Included in the financial statements as:			
Current borrowings		9	158
Total lease liabilities		<u>9</u>	<u>158</u>
The weighted average interest rate implicit in the leases is 7.62% (2011: 7.62%).			
(c) Other expenditure commitments			
Operating expenses commitments for goods or services in existence at the reporting date but not recognised as liabilities, payable:			
Within one year		166	21
Total commitments for expenditure		<u>15,428</u>	<u>18,448</u>

17 Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities at the reporting date (2011 nil).

18 Economic dependency

AMES derives a significant amount of its revenue from two sources which are subject to tender. The two sources are the Department of Immigration and Citizenship (DIAC) and the Department of Education, Employment and Workplace Relations (DEEWR).

Notes to the financial statements (cont.)
31 December 2012

19 Subsequent events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of AMES and the result of those operations.

	2012 \$000	2011 \$000
20 Remuneration of auditors		
Victorian Auditor-General's Office		
Audit of the financial statements	29	31
Total remuneration of Auditors	<u>29</u>	<u>31</u>

21 Superannuation

Employees of AMES are entitled to receive superannuation benefits and AMES contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee expenses in the comprehensive operating statement of AMES.

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

	2012 \$000	2011 \$000
Paid Contribution for the Year		
Defined benefit plans:		
State Superannuation Fund- revised and new	429	446
Defined contribution plans:		
VicSuper	2,281	2,035
Other	758	680
Total paid contribution for the year	<u>3,468</u>	<u>3,161</u>
Contribution Outstanding at Year End (paid in January)	<u>328</u>	<u>470</u>
Total superannuation expense recognised in the comprehensive operating statement	<u>3,796</u>	<u>3,631</u>

The bases for contributions are determined by the various schemes.

The above amounts were measured as at 31 December of each year, or in the case of employer contributions they relate to the years ended 31 December.

Notes to the financial statements (cont.)

31 December 2012

22 Key management personnel disclosures

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made for the responsible Minister and responsible Members of the Board.

(i) Minister

The relevant Minister is The Hon Peter Hall MP, Minister for Higher Education and Skills. Remuneration of the Minister is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

(ii) Members of the Board of Adult Multicultural Education Services

The following persons were responsible persons and executive officers of AMES during the year:

G Sherry, OAM (Chair of the Board)	D Howes (Member)
C Lane (Deputy Chair of the Board)	K Laster (Member)
B Ahmed (Member)	J Lee (Member and Chair of Finance Committee)
M Boston (Member and Chair of ARM Committee)	Catherine Scarth (Chief Executive Officer)
A Dickinson (Member)	L Walker (Member)
J Gibson (Member - resigned June 2012)	

(iii) Other key management personnel

Susan Chou-Allender (Acting General Manager Education - January 2012 to June 2012, General Manager Vocational Education and Training)
 Belinda McLennan (General Manager Education - appointed June 2012)
 Ramesh Kumar (General Manager Settlement Services)
 Ary Laufer (General Manager Employment)
 Deva Corea (Chief Financial Officer/General Manager Finance & Corporate Services)
 Peter Thomas (General Manager Risk & Corporate Governance)
 Robin Allen (General Manager Human Resources)

All of the above persons were also key management persons during the year ended 31 December 2012.

Key management personnel disclosures

Remuneration of Board members

Remuneration received, or due and receivable from AMES in connection with the management of AMES includes termination payments and bonuses paid during the contracts.

	2012	2011
	\$000	\$000

	233	279
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There was no remuneration received, or due and receivable from AMES in connection with the management of any related party entity.

Income range

The number of Board members whose remuneration from AMES was within the specified bands are as follows:

	No.	No.
\$0	3	3
Less than \$10,000	7	8
\$60,001 - \$70,000	-	1
\$170,001 - \$180,000	-	1
\$190,001 - \$200,000	1	-
Total number of Board members	11	13

Notes to the financial statements (cont.)

31 December 2012

22 Key management personnel disclosures (cont.)

Remuneration of Board members (cont.)

Retirement benefits of Board members

There were no retirement benefits paid by AMES in connection with the retirement of Board members of AMES during the financial year.

Executive Officers' remuneration

The number of executive officers, other than Board members included under "Remuneration of Board members" above whose total remuneration exceeded \$100,000 during the financial year are shown in their relevant income bands. The base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	2012	2011
	\$000	\$000
Base remuneration of executive officers	888	1,139
Total remuneration of executive officers	888	1,214

	Total remuneration	Base remuneration		
	2012	2011	2012	2011
	No.	No.	No.	No.
Income range				
The number of executive officers whose remuneration from AMES was within the specified bands are as follows:				
\$100,001 - \$110,000	-	-	-	1
\$110,001 - \$120,000	-	1	-	-
\$130,001 - \$140,000	1	-	1	2
\$140,001 - \$150,000	4	2	4	2
\$150,001 - \$160,000	-	2	-	2
\$160,001 - \$170,000	1	2	1	1
\$170,001 - \$180,000	-	1	-	-
Total number of Executive Officers	6	8	6	8

Loans to key management personnel

No loans were given to or outstanding from any key management personnel or parties related to them.

23 Related parties

Transactions with related parties

No transactions occurred between AMES and organisations connected to AMES' Responsible Persons / Key Management Personnel during the financial year.

Outstanding balances

There are no outstanding balances at the reporting date in relation to transactions with related parties.

Loans to responsible persons and key management personnel

There were no loans in existence by AMES to responsible persons and other key management personnel, including their personally related parties at the date of this report.

Notes to the financial statements (cont.)

31 December 2012

24 Financial instruments

Financial risk management

(i) Financial risk management objectives

AMES' activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), funding risk, credit risk and liquidity risk. AMES' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of AMES by adhering to principles on interest rate risk, credit risk and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. AMES does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. As a part of this risk management strategy, AMES holds over 69.5% (2011:51.5%) of its financial assets in cash and term deposits. AMES uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

AMES' corporate finance provides services to its business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market (including fair value interest rate risk) credit risk and liquidity risk.

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

(ii) Financial risk exposures and management

AMES' financial instruments consist mainly of deposits with Treasury Corporation of Victoria, managed investment schemes (in 2011), accounts receivables and payables and leases.

The main risks AMES is exposed to through its financial instruments are market risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

(iii) Categorisation of financial instruments

Carrying amount of financial instruments by category:

			2012	2011
			\$000	\$000
Financial Assets	Note	Category		
Cash and Deposits	5	Cash	28,130	16,659
Receivables ^(a)	6	Trade and other receivables	12,316	13,844
Investments and other financial assets	7	Managed investment	0	1,820
Financial liabilities				
Payables ^(a)	11	Financial liabilities	11,969	9,566
Borrowings	12	Financial liabilities	9	158

Net holding gain/(loss) on financial instruments by category:

			2012	2011
			\$000	\$000
Financial Assets		Category		
Investments and other financial assets	2(d), 3(e)	Managed investment	107	(284)

Note:

(a) Receivables and payables disclosed here exclude statutory receivables and statutory payables.

Notes to the financial statements (cont.)

31 December 2012

24 Financial instruments (cont.)

Market risk

AMES in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices may change and that this could have an adverse effect on the operating result and /or net worth of AMES.

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

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

Price risk

As at 31 December 2012, AMES does not hold any other financial investments that are subject to changes in market prices.

Interest rate risk

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

The objective is to manage the rate risk to achieve stable and sustainable net interest earnings in the long term. This is managed predominately through a mixture of short term and longer term investments.

Funding risk

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

AMES manages funding risk by continuing to ensure that it is well positioned to successfully tender for and deliver government contracts. In addition AMES continuously looks for opportunities to diversify and increase funding from other domestic commercial activities and funding sources within its core competencies.

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

Concentrations of credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 31 December 2012.

Credit risk which arises from exposures to customers as well as through deposits with financial institutions is monitored and reviewed regularly by the Finance Committee.

Management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only Westpac Banking Corp. (current account) and Treasury Corporation of Victoria are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the strict credit policies may only purchase in cash or using recognised credit cards.

Notes to the financial statements (cont.)

31 December 2012

24 Financial instruments (cont.)

Details of the Finance Committee are provided below :

Member	Occupation
J Lee (Chair)	Chartered Accountant and Consultant
C Lane	Executive Director, Support for Change Ltd
A Dickinson	Commander - Operations Coordination, Victoria Police
M Boston	Chartered Accountant

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

The trade receivables balance at 31 December 2012 and 31 December 2011 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with AMES' governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. AMES manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Notes to the financial statements (cont.)

31 December 2012

24 Financial instruments (cont.)

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of AMES' financial assets and financial liabilities to interest rate risk and other price risk.

31-Dec-12	Carrying amount \$000	Interest rate risk				Other price risk			
		-2% (200 basis points)		+2% (200 basis points)		-10%		+10%	
		Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000
Financial Assets									
Cash and deposits	28,130	(563)	(563)	563	563	-	-	-	-
Receivables	12,316	-	-	-	-	-	-	-	-
Investments and other financial assets	-	-	-	-	-	-	-	-	-
Total increase/(decrease) in financial assets		(563)	(563)	563	563	-	-	-	-
Financial Liabilities									
Payables	11,969	-	-	-	-	-	-	-	-
Borrowings	9	-	-	-	-	-	-	-	-
Total increase/(decrease) in financial liabilities		-	-	-	-	-	-	-	-
Total increase/(decrease)		(563)	(563)	563	563	-	-	-	-

31-Dec-11	Carrying amount \$000	Interest rate risk				Other price risk			
		-2% (200 basis points)		+2% (200 basis points)		-10%		+10%	
		Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000
Financial Assets									
Cash and deposits	16,659	(333)	(333)	333	333	-	-	-	-
Receivables	13,844	-	-	-	-	-	-	-	-
Investments and other financial assets	1,820	-	-	-	-	(182)	(182)	182	182
Total increase/(decrease) in financial assets		(333)	(333)	333	333	(182)	(182)	182	182
Financial Liabilities									
Payables	9,566	-	-	-	-	-	-	-	-
Borrowings	158	3	3	(3)	(3)	-	-	-	-
Total increase/(decrease) in financial liabilities		3	3	(3)	(3)	-	-	-	-
Total increase/(decrease)		(330)	(330)	330	330	(182)	(182)	182	182

Note

Receivables and payables disclosed here as financial instruments exclude statutory receivable and statutory payables.

Notes to the financial statements (cont.)

31 December 2012

24 Financial instruments (cont.)

(iv) Financial Instrument Composition and interest rate exposure

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Exposure to interest rate risk is insignificant and may arise primarily through AMES' cash and deposits and borrowings. Minimisation of risk is achieved by mainly undertaking fixed rate or non interest bearing financial instruments. For financial liabilities, AMES mainly undertakes financial liabilities with relatively even maturity profiles. AMES' cash and deposits and borrowings are reviewed and monitored by the Finance Committee and any movements in interest rates are monitored on a monthly basis. The organisation's exposure to interest rate risk is set out below.

2012	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating Interest rate	Fixed Interest rate	Non-Interest Bearing
	%	\$000	\$000	\$000	\$000
Financial assets					
Cash and deposits					
Cash at bank and on hand	3.74%	8,130	8,116	-	14
Deposits at call	3.79%	20,000	-	20,000	
Contractual receivables					
Trade receivables		7,172	-	-	7,172
Revenue receivables		5,062	-	-	5,062
Other receivables		82	-	-	82
Investments and other financial assets					
Managed investment		-	-	-	-
Total financial assets		40,446	8,116	20,000	12,330
Financial liabilities					
Trade and other payables		11,969	-	-	11,969
Borrowings					
Finance leases	7.62%	9	-	9	-
Total financial liabilities		11,978	-	9	11,969
2011	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating Interest rate	Fixed Interest rate	Non-Interest Bearing
	%	\$000	\$000	\$000	\$000
Financial assets					
Cash and deposits					
Cash at bank and on hand	4.36%	2,659	2,645	-	14
Deposits at call	5.02%	14,000	-	14,000	-
Contractual receivables					
Trade receivables		7,134	-	-	7,134
Revenue receivables		6,622	-	-	6,622
Other receivables		88	-	-	88
Investments and other financial assets					
Managed investment		1,820	-	-	1,820
Total financial assets		32,323	2,645	14,000	15,678
Financial liabilities					
Trade and other payables		9,566	-	-	9,566
Borrowings					
Finance leases	7.62%	158	-	158	-
Total financial liabilities		9,724	-	158	9,566

Notes to the financial statements (cont.)

31 December 2012

Note : Other receivables does not include statutory receivables.

24 Financial instruments (cont.)

(v) Ageing analysis of financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the contractual maturity analysis for the AMES' financial assets and financial liabilities.

	Carrying Amount	Not past due and not impaired	Maturity dates				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012 Financial Assets							
Contractual receivables							
Trade receivables	7,172	7,125	41	6	-	-	-
Revenue receivables	5,062	5,062	-	-	-	-	-
Other receivables	82	57	-	-	25	-	-
Investments and other financial assets							
Managed investment	-	-	-	-	-	-	-
Total 2012 financial assets	12,316	12,244	41	6	25	-	-
2012 Financial liabilities							
Trade and other payables	11,969	10,661	1,277	31	-	-	-
Borrowings							
Finance leases	9	-	-	9	-	-	-
Total 2012 financial liabilities	11,978	10,661	1,277	40	-	-	-

	Carrying Amount	Not past due and not impaired	Maturity dates				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011 Financial Assets							
Contractual receivables							
Trade receivables	7,134	7,026	53	55	-	-	-
Revenue receivables	6,622	6,622	-	-	-	-	-
Other receivables	88	54	-	-	34	-	-
Investments and other financial assets							
Managed investment	1,820	1,820	-	-	-	-	-
Total 2011 financial assets	15,664	15,522	53	55	34	-	-
2011 Financial liabilities							
Trade and other payables	9,566	8,534	1,001	31	-	-	-
Borrowings							
Finance leases	158	-	-	-	158	-	-
Total 2011 financial liabilities	9,724	8,534	1,001	31	158	-	-

Notes to the financial statements (cont.)
31 December 2012

24 Financial instruments (cont.)

(vi) Fair value estimation

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

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature. It is expected that the receivables that are neither past due nor impaired will be received when due. For other assets and other liabilities, the fair value approximates their carrying value. Other financial assets have been reflected at fair value by a charge to the comprehensive operating statement.

The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the balance sheet are categorised into the following levels:

		Level 1	Level 2	Level 3
	2012 \$'000	Quoted Prices \$'000	Observable Price Inputs \$'000	Un- observable Inputs \$'000
Financial assets				
Investments and other financial assets				
Managed investment	-	-	-	-
Total financial assets	-	-	-	-

		Level 1	Level 2	Level 3
	2011 \$'000	Quoted Prices \$'000	Observable Price Inputs \$'000	Un- observable Inputs \$'000
Financial assets				
Investments and other financial assets				
Managed investment	1,820	1,820	-	-
Total financial assets	1,820	1,820	-	-

Notes to the financial statements (cont.)
31 December 2012

24 Financial instruments (cont.)

(vii) Terms, conditions and accounting policies

AMES' accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
FINANCIAL ASSETS			
Cash and deposits - cash at bank and on hand	5	Cash at bank is carried at the nominal amount. Interest revenue is recognised in the comprehensive operating statement when it is earned.	Cash is invested as funds permit at varying interest rates between 3.00% and 4.20% (2011 - 4.20% and 4.68%).
Cash and deposits - deposits at call	5	Deposits at call are carried at their nominal amounts. Interest revenue is recognised in the comprehensive operating statement when it is earned.	Deposits at call have an average maturity of 76 days (2011 - 112 days) and effective interest rates of 3.10% to 4.53% (2011 - 4.49% to 5.17%).
Receivables	6	Trade debtors are carried at cost less any allowance for doubtful debts. An allowance for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 7 day terms (except contracts with specific terms).
Investments and other financial assets - Managed investment	7	Financial assets are reflected at fair value. Any resultant gains or losses arising from changes in fair value are included in the comprehensive operating statement in the period in which it arise.	Australian and international share funds performance are monitored through regular reports from the investment manager. The funds were redeemed in January 2012.
FINANCIAL LIABILITIES			
Payables - Trade and other payables	11	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to AMES.	Trade liabilities are settled as per trading terms.
Borrowings- finance lease liabilities	12	Finance lease liabilities are accounted for in accordance with AASB 117.	

Notes



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