Financial statements for the financial year ended 30 June 2010

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### Comprehensive operating statement for the financial year ended 30 June 2010

<table>
<thead>
<tr>
<th>Continuing Operations</th>
<th>Notes</th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating appropriations</td>
<td>2</td>
<td>42,650,400</td>
<td>37,971,200</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>2</td>
<td>170,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Commonwealth grants</td>
<td>2</td>
<td>0</td>
<td>5,157,353</td>
</tr>
<tr>
<td>Other grants</td>
<td>2</td>
<td>3,388,649</td>
<td>1,222,901</td>
</tr>
<tr>
<td>User charges</td>
<td>2</td>
<td>3,281,567</td>
<td>2,302,405</td>
</tr>
<tr>
<td>Interest</td>
<td>2</td>
<td>172,482</td>
<td>408,388</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>2</td>
<td>1,675,112</td>
<td>1,672,752</td>
</tr>
<tr>
<td><strong>Total income from transactions</strong></td>
<td></td>
<td>51,338,210</td>
<td>49,334,999</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses from transactions</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee expenses</td>
<td>3</td>
<td>30,132,714</td>
<td>28,535,060</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>3</td>
<td>1,446,040</td>
<td>1,116,342</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>3</td>
<td>17,935,380</td>
<td>17,829,196</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>3</td>
<td>1,675,112</td>
<td>1,672,752</td>
</tr>
<tr>
<td><strong>Total expenses from transactions</strong></td>
<td></td>
<td>51,189,246</td>
<td>49,153,350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net result from transactions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>148,964</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other economic flows included in net result</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain/(loss) on non-financial assets</td>
<td>4</td>
<td>13,678</td>
<td>(5,226)</td>
</tr>
<tr>
<td>Net gain/(loss) on financial instruments</td>
<td>4</td>
<td>(4,910)</td>
<td>(7,584)</td>
</tr>
<tr>
<td><strong>Total other economic flows included in net result</strong></td>
<td></td>
<td>8,768</td>
<td>(12,810)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comprehensive result</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>157,732</td>
</tr>
</tbody>
</table>

The above comprehensive operating statement should be read in conjunction with the accompanying notes.
## Balance sheet as at 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>6,532,923</td>
<td>7,930,140</td>
</tr>
<tr>
<td>Receivables</td>
<td>6</td>
<td>4,348,061</td>
<td>2,589,023</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>10,880,984</td>
<td>10,519,163</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>7</td>
<td>522,921</td>
<td>542,221</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>8</td>
<td>765,928</td>
<td>674,473</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>8</td>
<td>256,749</td>
<td>462,647</td>
</tr>
<tr>
<td>Leased assets</td>
<td>8</td>
<td>111,104</td>
<td>121,273</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9</td>
<td>2,882,199</td>
<td>3,735,482</td>
</tr>
<tr>
<td>Work in progress</td>
<td>10</td>
<td>34,417</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td></td>
<td>4,573,318</td>
<td>5,536,096</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>15,454,302</td>
<td>16,055,259</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>5,336,683</td>
<td>6,083,133</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>13</td>
<td>110,443</td>
<td>122,682</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>5,447,126</td>
<td>6,205,815</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>10,007,176</td>
<td>9,849,444</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td>14</td>
<td>4,698,492</td>
<td>4,698,492</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>15</td>
<td>5,308,684</td>
<td>5,150,952</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td></td>
<td>10,007,176</td>
<td>9,849,444</td>
</tr>
<tr>
<td>Commitments for expenditure</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent liabilities and contingent assets</td>
<td>25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above balance sheet should be read in conjunction with the accompanying notes.
## Statement of changes in equity for the financial year ended 30 June 2010

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

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>Equity at 1 July 2009</th>
<th>Total comprehensive result</th>
<th>Transactions with owner in its capacity as owner</th>
<th>Equity at 30 June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>5,150,952</td>
<td>157,732</td>
<td>0</td>
<td>5,308,684</td>
</tr>
<tr>
<td>Contribution by owners</td>
<td></td>
<td>4,698,492</td>
<td>0</td>
<td>0</td>
<td>4,698,492</td>
</tr>
<tr>
<td><strong>Total equity at the end of financial year</strong></td>
<td></td>
<td>9,849,444</td>
<td>157,732</td>
<td>0</td>
<td>10,007,176</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>4,982,113</td>
<td>168,839</td>
<td>0</td>
<td>5,150,952</td>
</tr>
<tr>
<td>Contribution by owners</td>
<td></td>
<td>4,698,492</td>
<td>0</td>
<td>0</td>
<td>4,698,492</td>
</tr>
<tr>
<td><strong>Total equity at the end of financial year</strong></td>
<td></td>
<td>9,680,605</td>
<td>168,839</td>
<td>0</td>
<td>9,849,444</td>
</tr>
</tbody>
</table>
Cash flow statement for the financial year ended 30 June 2010

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Notes</th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Government</td>
<td></td>
<td>44,267,800</td>
<td>51,862,066</td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>172,482</td>
<td>408,388</td>
</tr>
<tr>
<td>Goods and Services Tax received from ATO</td>
<td></td>
<td>1,753,298</td>
<td>1,951,547</td>
</tr>
<tr>
<td>Other receipts</td>
<td></td>
<td>3,538,525</td>
<td>2,423,420</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td></td>
<td>49,732,105</td>
<td>56,645,421</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to employees</td>
<td></td>
<td>(30,141,823)</td>
<td>(28,115,108)</td>
</tr>
<tr>
<td>Goods and Services Tax paid to ATO</td>
<td></td>
<td>(217,260)</td>
<td>(77,342)</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td></td>
<td>(20,269,117)</td>
<td>(22,093,677)</td>
</tr>
<tr>
<td><strong>Total payments</strong></td>
<td></td>
<td>(50,628,200)</td>
<td>(50,286,127)</td>
</tr>
</tbody>
</table>

Net cash flows from/(used in) operating activities 20 (896,095) 6,359,294

Cash flows from investing activities

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment for non-financial assets</td>
<td></td>
<td>(436,398)</td>
<td>(66,417)</td>
</tr>
<tr>
<td>Proceeds from sale of non-financial assets</td>
<td></td>
<td>45,455</td>
<td>13,545</td>
</tr>
<tr>
<td>Payment for work in progress</td>
<td></td>
<td>(34,417)</td>
<td>(1,886,018)</td>
</tr>
<tr>
<td><strong>Net cash flows from/(used in) investing activities</strong></td>
<td></td>
<td>(425,360)</td>
<td>(1,938,890)</td>
</tr>
</tbody>
</table>

Cash flows from financing activities

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of finance leases</td>
<td></td>
<td>(75,762)</td>
<td>(57,670)</td>
</tr>
<tr>
<td><strong>Net cash flows from/(used in) financing activities</strong></td>
<td></td>
<td>(75,762)</td>
<td>(57,670)</td>
</tr>
</tbody>
</table>

Net increase/(decrease) in cash and cash equivalents

| Net increase/(decrease) in cash and cash equivalents |       | 1,397,217 | 4,362,734 |

Cash and cash equivalents at beginning of the financial year

| Cash and cash equivalents at beginning of the financial year |       | 7,930,140 | 3,567,406 |

Cash and cash equivalents at end of the financial year 21

| Cash and cash equivalents at end of the financial year |       | 6,532,923 | 7,930,140 |

The above cash flow statement should be read in conjunction with the accompanying notes.
Note 1 Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Curriculum and Assessment Authority.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards including Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

In complying with AASs, Victorian Curriculum and Assessment Authority (VCAA) has, where relevant, applied those paragraphs applicable to not-for-profit entities.

The annual financial statements were authorised for issue by the Chief Executive Officer of the Victorian Curriculum and Assessment Authority on 28 July 2010.

(b) 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.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision if the revision affects both current and future periods.

The report has been prepared in accordance with the historical cost convention except for:

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

Historical cost is based on the fair values of the consideration given in exchange for assets.

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 substances of the underlying transactions or other events are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented in these financial statements for the year ended 30 June 2009.
(c) Reporting entity
The financial statements cover the Victorian Curriculum and Assessment Authority (VCAA) as an individual reporting entity, established under the Education and Training Reform Act 2006. The principal address is:

Victorian Curriculum and Assessment Authority
41 St Andrews Place
East Melbourne VIC 3002

The VCAA is headed by the Chief Executive Officer (CEO), whose powers and functions are set out in Part 2.5 of the Act. The CEO is responsible for the VCAA policy and operational matters and to the Secretary of the Department of Education and Early Childhood Development (DEECD) for budgetary, personnel and other administrative matters.

(d) Objectives and funding
The VCAA's objectives are to create a school curriculum and assessment framework that supports high-quality education and the recognition of student achievements which engages students and helps them to move on to work and further study.

The VCAA is predominantly funded by accrual-based appropriations (excluding depreciation funding) from DEECD for the provision of outputs. As a statutory authority, the VCAA also derives revenue from a number of external sources, including Commonwealth Government, overseas student fees, publication sales, student services, royalties and other administrative fees.

DEECD has provided letters of comfort in past years to support their request that the VCAA draw on accumulated reserves to fund operating activities. The current letter of comfort documents the agreement by DEECD to fund any operational shortfall for the 2010/11 financial year activities, should it occur, to enable the VCAA to meet its financial commitments as and when they fall due, subject to the shortfall arising as a result of costs being incurred by the VCAA in its good-faith endeavours to achieve the outcomes agreed between the VCAA and DEECD.

(e) Scope and presentation of financial statements

Comprehensive operating statement
Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from ‘transactions’ or ‘other economic flows’. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

‘Transactions’ and ‘other economic flows’ are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

‘Transactions’ are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.
Note 1 Summary of significant accounting policies (continued)

‘Other economic flows’ are changes arising from market re-measurements. They include gains and losses from disposals, revaluations, impairments of non-current physical and intangible assets and fair value changes of financial instruments.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of cash flows.

(f) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. All income received by the VCAA is required to be paid into the VCAA Fund.

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

Grants

Grants are recognised as income when the VCAA gains control of the underlying assets. Where grants are reciprocal, income is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Royalties

VCAA intellectual property is captured and maintained in a register, with royalties recognised as income when the VCAA gains control of the underlying asset.

Fees, publications and other

Fees from overseas students are recognised in the period that the service is provided. Where student fees of a reciprocal nature have been received in respect of services to be delivered in the following financial year, such amounts are deferred and disclosed as fees in advance.

Publication and other miscellaneous revenue received are recognised as revenue on provision of service.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.
Fair value of resources provided and received free of charge
Contributions of resources provided free of charge are recognised at their fair value when the VCAA obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In which case, such transfer will be recognised at its carrying value. 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.

The value of the VCAA accommodation costs from DEECD, is recognised in the comprehensive operating statement as an expense offset by an increase to revenue as resources received free of charge.

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

Grants and other payments
Grants and other payments to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and other transfer payments.

Employee benefits
Employee benefits expenses include all costs related to employment including salaries, leave entitlements and superannuation contributions. These are recognised when incurred.

Superannuation
Defined benefit plans
The VCAA does not recognise any defined benefit liability in respect of these superannuation plans because the VCAA 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 centrally recognises the defined benefit liability or surplus of most Victorian government employees in such funds.

Resources provided free of charge
Resources provided free of charge are recognised at their fair value.

Supplies and services
Supplies and services generally represent cost of goods sold and the day-to-day running costs, including school requisites and maintenance costs, incurred in the normal operations of the VCAA. These items are recognised as an expense in the reporting period in which they are incurred. Inventories are expensed when purchased.

Depreciation and amortisation
Plant and equipment, leasehold improvements, leased assets and other non-current physical assets that have a limited useful life are depreciated. 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 depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Amortisation is provided on computer software and other intangible assets. Amortisation 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.
Note 1 Summary of significant accounting policies (continued)

The expected useful lives for the financial years ended 30 June 2010 and 30 June 2009 and depreciation rates are as follows:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Useful life (in years)</th>
<th>Useful life (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Plant and equipment (including computer equipment)</td>
<td>3–5</td>
<td>3–5</td>
</tr>
<tr>
<td>Leased assets (motor vehicles)</td>
<td>5–10</td>
<td>5–10</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>3–5</td>
<td>3–5</td>
</tr>
<tr>
<td>Intangible assets (including computer software)</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

(h) Bad and doubtful debts

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. Those written off unilaterally and the allowance for doubtful receivables, are classified as other economic flows.

(i) Other economic flows included in net result

Impairment of non financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write-downs) and whether there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for financial assets.

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

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. 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 inflows 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.

Disposal of non-financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and investments, mainly deposits at call, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

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

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

(k) Non financial assets

Plant & equipment, leasehold improvements and leased assets (motor vehicles)

Plant & equipment, leasehold improvements and leased assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The fair value of non financial assets is normally determined by reference to the asset’s depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Intangible assets

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

Intangible assets with finite useful lives are amortised on a systematic (typically straight-line) basis over the asset’s useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

(l) Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-financial assets constructed by the VCAA

The cost of non-current assets constructed by the VCAA represents the construction of a generator at the Assessment Centre in Coburg and computer hardware that was not operational as at 30 June 2010. Upon completion the cost will be fully depreciated over the useful life of the asset.
Note 1 Summary of significant accounting policies (continued)

(m) Liabilities

Payables
Payables consist predominantly of accounts payable and other sundry liabilities. Payables represent liabilities for goods and services provided to VCAA that are unpaid at the end of the financial year. Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Employee benefits

Long service leave and annual leave
The liabilities for long service leave and annual leave are recognised by the Department of Education and Early Childhood Development (DEECD).

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 are classified as finance 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.

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. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

(n) Equity

Contributions by owners
Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions have also been designated as contributions by owners.

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

(o) Cash flow statement
For the purpose of the cash flow statement, cash comprises cash on hand, cash at bank, bank overdrafts and deposits at call, and highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(p) Functional and presentation currency
The functional currency of the VCAA is the Australian dollar, which has also been identified as the presentation currency of the VCAA.
(q) Rounding of amounts
Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

(r) Commitments
Commitments are disclosed at their nominal value and inclusive of the GST payable.

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

(t) Events after reporting date
Assets, liabilities, income and expenses arise from past transactions or other past events. Where the transactions result from an agreement between the VCAA 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 balance 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.

(u) Goods and Services Tax
Income, expenses, assets and liabilities are recognised net of the amount of associated *Goods and Services Tax (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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.
### Note 1 Summary of significant accounting policies (continued)

**(v) AASs issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2010 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2010. VCAA has not, and does not intend to, adopt these standards early.

<table>
<thead>
<tr>
<th>Standard/Interpretation</th>
<th>Summary</th>
<th>Applicable for annual reporting periods beginning or ending on</th>
<th>Impact on VCAA financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9 Financial instruments</td>
<td>This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial instruments: recognition and measurement).</td>
<td>Beginning 1 Jan 2013</td>
<td>Impact is being evaluated.</td>
</tr>
<tr>
<td>AASB 124 Related party disclosures (Dec 2009)</td>
<td>Government related entities have been granted partial exemption with certain disclosure requirements.</td>
<td>Beginning 1 Jan 2011</td>
<td>Impact not expected to be significant.</td>
</tr>
<tr>
<td>AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]</td>
<td>Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes</td>
<td>Beginning 1 Jan 2010</td>
<td>Impact not expected to be significant.</td>
</tr>
<tr>
<td>AASB 2009-8 Amendments to Australian Accounting Standards – group cash-settled share-based payment transactions [AASB 2]</td>
<td>The amendments clarify the scope of AASB 2.</td>
<td>Beginning 1 Jan 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 2009-9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]</td>
<td>Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.</td>
<td>Beginning 1 Jan 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 2009-10 Amendments to Australian Accounting Standards – classification of rights issues [AASB 132]</td>
<td>The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.</td>
<td>Beginning 1 Feb 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>Standard/Interpretation</td>
<td>Summary</td>
<td>Applicable for annual reporting periods beginning or ending on</td>
<td>Impact on VCAA financial statements</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]</td>
<td>This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.</td>
<td>Beginning 1 Jan 2011</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 2009-13 Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1]</td>
<td>Consequential amendment to AASB 1 arising from publication of Interpretation 19.</td>
<td>Beginning 1 Jul 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]</td>
<td>Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement</td>
<td>Beginning 1 Jan 2011</td>
<td>Impact not expected to be significant.</td>
</tr>
<tr>
<td>AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 &amp; AASB 7]</td>
<td>This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009–2.</td>
<td>Beginning 1 July 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>Erratum General Terminology changes</td>
<td>Editorial amendments to a range of Australian Accounting Standards and Interpretations</td>
<td>Beginning 1 Jan 2010</td>
<td>Impact not expected to be significant.</td>
</tr>
<tr>
<td>Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments</td>
<td>Guidance to assist entity in accounting for transactions that involves extinguishing a liability fully or partially by issuing equity instruments to the creditor.</td>
<td>Beginning 1 July 2010</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 1053 Application of Different Tiers of Australian Accounting Standards</td>
<td>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</td>
<td>Beginning 1 July 2013</td>
<td>Not applicable to the VCAA.</td>
</tr>
<tr>
<td>AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</td>
<td>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.</td>
<td>Beginning 1 July 2013</td>
<td>Not applicable to the VCAA.</td>
</tr>
</tbody>
</table>
Note 2 Income from transactions

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating appropriations</td>
<td>42,650,400</td>
<td>37,971,200</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>170,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Commonwealth grant</td>
<td>0</td>
<td>5,157,353</td>
</tr>
<tr>
<td>Other grants</td>
<td>3,388,649</td>
<td>1,222,901</td>
</tr>
<tr>
<td>User charges</td>
<td>1,958,016</td>
<td>1,803,791</td>
</tr>
<tr>
<td>Royalties</td>
<td>458,539</td>
<td>473,928</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>865,012</td>
<td>24,686</td>
</tr>
<tr>
<td>Interest</td>
<td>172,482</td>
<td>408,388</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>1,675,112</td>
<td>1,672,752</td>
</tr>
<tr>
<td>Property rentals and outgoings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>51,338,210</td>
<td>49,334,999</td>
</tr>
</tbody>
</table>

VCAA receives an operating appropriation of which the employee costs are met.

(i) Free of charge relates to two separate building occupancy arrangements:
• Occupancy of 41 St Andrews Place, East Melbourne.
• Occupancy of the VCAA’s Assessment Centre at Coburg.

Property rentals and outgoings were paid on the VCAA’s behalf by the DEECD. These amounts have been recognised in the comprehensive operating statement as expenditure offset by an increase to revenue as resources received free of charge.
**Note 3 Expenses**

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>17,120,781</td>
<td>16,569,924</td>
</tr>
<tr>
<td>Fees for setting, vetting and assessing examinations</td>
<td>8,533,377</td>
<td>7,978,145</td>
</tr>
<tr>
<td>Salary on-costs</td>
<td>4,414,921</td>
<td>3,913,446</td>
</tr>
<tr>
<td>Other</td>
<td>63,635</td>
<td>73,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,132,714</td>
<td>28,535,060</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of leasehold improvements</td>
<td>205,898</td>
<td>290,030</td>
</tr>
<tr>
<td>Amortisation of leased assets</td>
<td>41,916</td>
<td>37,775</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>853,283</td>
<td>530,932</td>
</tr>
<tr>
<td>Depreciation of plant and equipment</td>
<td>344,943</td>
<td>257,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,446,040</td>
<td>1,116,342</td>
</tr>
<tr>
<td><strong>Supplies and services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>684,253</td>
<td>836,670</td>
</tr>
<tr>
<td>Victorian Auditor-General fees</td>
<td>28,246</td>
<td>31,636</td>
</tr>
<tr>
<td>Internal audit fees</td>
<td>6,744</td>
<td>4,035</td>
</tr>
<tr>
<td>Computer and internet expenses</td>
<td>1,433,129</td>
<td>1,534,848</td>
</tr>
<tr>
<td>Contractors</td>
<td>7,454,767</td>
<td>6,744,852</td>
</tr>
<tr>
<td>Consultants</td>
<td>190,185</td>
<td>598,131</td>
</tr>
<tr>
<td>Doubtful debts</td>
<td>7,378</td>
<td>20,000</td>
</tr>
<tr>
<td>Examination centre supervisor grants</td>
<td>2,907,003</td>
<td>2,778,002</td>
</tr>
<tr>
<td>Freight and cartage</td>
<td>615,085</td>
<td>634,965</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>61,919</td>
<td>67,248</td>
</tr>
<tr>
<td>Hire and leasing of venues</td>
<td>462,469</td>
<td>480,627</td>
</tr>
<tr>
<td>Motor vehicles expenses</td>
<td>51,040</td>
<td>22,508</td>
</tr>
<tr>
<td>Office supplies</td>
<td>189,768</td>
<td>214,544</td>
</tr>
<tr>
<td>Printing and production</td>
<td>1,356,643</td>
<td>1,502,353</td>
</tr>
<tr>
<td>Staff training</td>
<td>125,018</td>
<td>174,664</td>
</tr>
<tr>
<td>Teacher release and development grants</td>
<td>667,342</td>
<td>649,553</td>
</tr>
<tr>
<td>Travelling and personal expenses</td>
<td>476,108</td>
<td>467,185</td>
</tr>
<tr>
<td>Utilities</td>
<td>965,695</td>
<td>849,814</td>
</tr>
<tr>
<td>Warehouse rental and outgoings</td>
<td>252,588</td>
<td>217,561</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,935,380</td>
<td>17,829,196</td>
</tr>
<tr>
<td><strong>Resources received free of charge</strong></td>
<td>1,675,112</td>
<td>1,672,752</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>51,189,246</td>
<td>49,153,350</td>
</tr>
</tbody>
</table>
Note 4 Other economic flows included in net result

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain/(loss) on non financial assets</td>
<td>13,678</td>
<td>(5,226)</td>
</tr>
<tr>
<td>Net gain/(loss) on financial instruments and contractual receivables</td>
<td>(4,910)</td>
<td>(7,584)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,768</td>
<td>(12,810)</td>
</tr>
</tbody>
</table>

Note 5 Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>6,532,523</td>
<td>7,929,740</td>
</tr>
<tr>
<td></td>
<td>6,532,923</td>
<td>7,930,140</td>
</tr>
</tbody>
</table>

Note 6 Receivables

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee-paying overseas students</td>
<td>572,366</td>
<td>755,163</td>
</tr>
<tr>
<td>Other receivables</td>
<td>356,772</td>
<td>509,187</td>
</tr>
<tr>
<td>Provision for doubtful contractual receivables</td>
<td>(10,000)</td>
<td>(20,000)</td>
</tr>
<tr>
<td></td>
<td>919,138</td>
<td>1,244,350</td>
</tr>
<tr>
<td><strong>Statutory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating appropriation receivable(^\text{a})</td>
<td>2,756,444</td>
<td>815,194</td>
</tr>
<tr>
<td>GST input tax credit recoverable</td>
<td>672,479</td>
<td>529,479</td>
</tr>
<tr>
<td></td>
<td>3,428,923</td>
<td>1,344,673</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>4,348,061</td>
<td>2,589,023</td>
</tr>
</tbody>
</table>

\(^\text{a}\) Monies owed by DEECD for the balance of 2009/10 operating appropriations as at 30 June 2010.
### Note 7 Prepayments

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>503,954</td>
<td>542,221</td>
</tr>
<tr>
<td>Non current</td>
<td>18,967</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total prepayments</strong></td>
<td><strong>522,921</strong></td>
<td><strong>542,221</strong></td>
</tr>
</tbody>
</table>

### Note 8 Plant and equipment, Leasehold improvements and Leased assets

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plant and Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>1,502,889</td>
<td>1,066,492</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>736,961</td>
<td>392,019</td>
</tr>
<tr>
<td><strong>Total Plant and Equipment</strong></td>
<td>765,928</td>
<td>674,473</td>
</tr>
<tr>
<td><strong>Leasehold improvements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>1,140,129</td>
<td>1,140,129</td>
</tr>
<tr>
<td>Less accumulated amortisation</td>
<td>883,380</td>
<td>677,482</td>
</tr>
<tr>
<td><strong>Total Leasehold improvements</strong></td>
<td><strong>256,749</strong></td>
<td><strong>462,647</strong></td>
</tr>
<tr>
<td><strong>Leased assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor vehicles at fair value</td>
<td>202,400</td>
<td>205,454</td>
</tr>
<tr>
<td>Less accumulated amortisation</td>
<td>91,296</td>
<td>84,181</td>
</tr>
<tr>
<td><strong>Total Leased assets</strong></td>
<td><strong>111,104</strong></td>
<td><strong>121,273</strong></td>
</tr>
<tr>
<td><strong>Total Plant and equipment, Leasehold improvements and Leased Assets</strong></td>
<td><strong>1,133,781</strong></td>
<td><strong>1,258,393</strong></td>
</tr>
</tbody>
</table>
Reconciliation

Reconciliations of the carrying amounts of each asset class at the beginning and end of the financial year are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Plant and Equipment $</th>
<th>Leasehold Improvements $</th>
<th>Leased Assets $</th>
<th>Total Assets $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>674,473</td>
<td>462,647</td>
<td>121,273</td>
<td>1,258,393</td>
</tr>
<tr>
<td>Additions</td>
<td>436,397</td>
<td>0</td>
<td>63,525</td>
<td>499,922</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>0</td>
<td>(31,778)</td>
<td>(31,778)</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>(344,942)</td>
<td>(205,898)</td>
<td>(41,916)</td>
<td>(592,756)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>765,928</td>
<td>256,749</td>
<td>111,104</td>
<td>1,133,781</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>188,790</td>
<td>752,677</td>
<td>82,629</td>
<td>1,024,096</td>
</tr>
<tr>
<td>Additions</td>
<td>743,288</td>
<td>0</td>
<td>95,189</td>
<td>838,477</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>0</td>
<td>(18,770)</td>
<td>(18,770)</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>(257,605)</td>
<td>(290,030)</td>
<td>(37,775)</td>
<td>(585,410)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>674,473</td>
<td>462,647</td>
<td>121,273</td>
<td>1,258,393</td>
</tr>
</tbody>
</table>
Note 9 Intangible assets

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>At fair value</td>
<td>4,266,414</td>
<td>4,266,414</td>
</tr>
<tr>
<td>Less accumulated amortisation</td>
<td>1,384,215</td>
<td>530,932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,882,199</td>
<td>3,735,482</td>
</tr>
</tbody>
</table>

Reconciliation
Reconciliations of the carrying amounts at the beginning and end of the financial year are set out below:

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>2010 $</th>
<th>Total Intangible assets $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening balance</strong></td>
<td>3,735,482</td>
<td>3,735,482</td>
</tr>
<tr>
<td>Additions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>(853,283)</td>
<td>(853,283)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>2,882,199</td>
<td>2,882,199</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intangible assets</th>
<th>2009 $</th>
<th>Total Intangible assets $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening balance</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Additions</td>
<td>4,266,414</td>
<td>4,266,414</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>(530,932)</td>
<td>(530,932)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>3,735,482</td>
<td>3,735,482</td>
</tr>
</tbody>
</table>
### Note 10 Work in progress

<table>
<thead>
<tr>
<th>Work in progress</th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34,417</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34,417</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Reconciliation

Reconciliation of the carrying amount for work in progress at the beginning and end of the financial year is set out below:

<table>
<thead>
<tr>
<th></th>
<th>Work in Progress $</th>
<th>Total Work in Progress $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Additions</td>
<td>34,417</td>
<td>34,417</td>
</tr>
<tr>
<td>Transferred to fixed and intangible assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>34,417</td>
<td>34,417</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Work in Progress $</th>
<th>Total Work in Progress $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>4,020,917</td>
<td>4,020,917</td>
</tr>
<tr>
<td>Additions</td>
<td>965,715</td>
<td>965,715</td>
</tr>
<tr>
<td>Transferred to fixed and intangible assets</td>
<td>(4,986,632)</td>
<td>(4,986,632)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### Note 11 Payables

<table>
<thead>
<tr>
<th>Current Contractual Payables</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued employee benefits</td>
<td>2,272,180</td>
<td>2,290,646</td>
</tr>
<tr>
<td>Fees in advance</td>
<td>501,131</td>
<td>517,546</td>
</tr>
<tr>
<td>Amounts payable to government departments</td>
<td>264,232</td>
<td>244,636</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,171,507</td>
<td>2,926,510</td>
</tr>
<tr>
<td>Other payables</td>
<td>61,451</td>
<td>67,329</td>
</tr>
<tr>
<td><strong>Total Current Contractual Payables</strong></td>
<td><strong>5,270,501</strong></td>
<td><strong>6,046,667</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Statutory Payables</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GST payable</td>
<td>55,470</td>
<td>36,466</td>
</tr>
<tr>
<td>Group tax payable</td>
<td>10,712</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Current Statutory Payables</strong></td>
<td><strong>66,182</strong></td>
<td><strong>36,466</strong></td>
</tr>
</tbody>
</table>

| **Total Current Payables**                     | **5,336,683** | **6,083,133** |
Note 12 Employee benefits

(a) Provision for employee benefits

Under the *Education and Training Reform Act 2006*, VCAA staff are recognised as DEECD employees.

(b) Government employees' superannuation fund

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the comprehensive operating statement of the VCAA.

VCAA paid contributions on behalf of eligible casual and sessional employees into 72 different funds. Contributions are calculated at a rate of 9 per cent pursuant to the provisions of the *Superannuation Guarantee Act 1992*. The name, details and amounts of the major employee superannuation funds and contributions made by the VCAA are as follows:

<table>
<thead>
<tr>
<th>Defined contribution plans</th>
<th>Paid contribution for the year</th>
<th>Contribution outstanding at year end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td>Vic Super</td>
<td>552,309</td>
<td>525,147</td>
</tr>
<tr>
<td>Catholic Super Fund</td>
<td>15,977</td>
<td>13,188</td>
</tr>
<tr>
<td>Tertiary Education Super Scheme</td>
<td>9,091</td>
<td>7,744</td>
</tr>
<tr>
<td>Other</td>
<td>39,686</td>
<td>26,124</td>
</tr>
<tr>
<td>Total</td>
<td>617,063</td>
<td>572,203</td>
</tr>
</tbody>
</table>

The VCAA has no loans from the employee superannuation funds.

No liability is recognised in the balance sheet for the VCAA's share of the state's unfunded superannuation liability. The state's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.
**Note 13 Other liabilities**

<table>
<thead>
<tr>
<th></th>
<th>Minimum future lease payments a</th>
<th>Present value of minimum future lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
<td>2009 $</td>
</tr>
<tr>
<td><strong>Other financial lease liabilities payable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not longer than one year</td>
<td>68,283</td>
<td>91,610</td>
</tr>
<tr>
<td>Longer than one year and not longer than five years</td>
<td>54,700</td>
<td>41,824</td>
</tr>
<tr>
<td>Longer than five years</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Minimum future lease payments
Less future finance charges
Present value of minimum lease payments

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

**Note 14 Contributed capital**

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance 1 July</strong></td>
<td>4,698,492</td>
<td>4,698,492</td>
</tr>
<tr>
<td>Contributions of equity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Balance 30 June</strong></td>
<td>4,698,492</td>
<td>4,698,492</td>
</tr>
</tbody>
</table>

**Note 15 Accumulated surplus**

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated surplus/(deficit) at the beginning of the financial year</td>
<td>5,150,952</td>
<td>4,982,113</td>
</tr>
<tr>
<td>Comprehensive result for the reporting period</td>
<td>157,732</td>
<td>168,839</td>
</tr>
<tr>
<td>Accumulated surplus at the end of the financial year</td>
<td>5,308,684</td>
<td>5,150,952</td>
</tr>
</tbody>
</table>
Note 16 Financial instruments

Financial risk management objectives and policies

VCAA’s principal financial instruments comprise of:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables

Significant accounting policies

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

a) Interest rate exposure of financial instruments

The VCAA’s exposure to interest rate risks and the weighted interest rate by maturity periods is set out in the table below. Interest rates of financial assets and financial liabilities, recognised at balance date, are as follows:

<table>
<thead>
<tr>
<th>Interest rate exposure</th>
<th>Weighted average interest rate %</th>
<th>Carrying amount $</th>
<th>Fixed interest rate $</th>
<th>Variable interest rate $</th>
<th>Non-interest bearing $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3.15</td>
<td>6,532,923</td>
<td>0</td>
<td>6,532,923</td>
<td>0</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,348,061</td>
<td>0</td>
<td>0</td>
<td>4,348,061</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,880,984</td>
<td>0</td>
<td>6,532,923</td>
<td>4,348,061</td>
<td></td>
</tr>
<tr>
<td><strong>Financial liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>4,835,552</td>
<td>0</td>
<td>0</td>
<td>4,835,552</td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>6.98</td>
<td>110,443</td>
<td>110,443</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,945,995</td>
<td>110,443</td>
<td>0</td>
<td>4,835,552</td>
<td></td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5.76</td>
<td>7,930,140</td>
<td>0</td>
<td>7,930,140</td>
<td>0</td>
</tr>
<tr>
<td>Receivables</td>
<td>2,589,023</td>
<td>0</td>
<td>0</td>
<td>2,589,023</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,519,163</td>
<td>0</td>
<td>7,930,140</td>
<td>2,589,023</td>
<td></td>
</tr>
<tr>
<td><strong>Financial liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>5,565,587</td>
<td>0</td>
<td>0</td>
<td>5,565,587</td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>7.28</td>
<td>122,682</td>
<td>122,682</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,688,269</td>
<td>122,682</td>
<td>0</td>
<td>5,565,587</td>
<td></td>
</tr>
</tbody>
</table>
(b) Fair values

The aggregate fair value of financial assets and financial liabilities, recognised at balance date, are as follows:

<table>
<thead>
<tr>
<th>(i) Financial assets</th>
<th>Total carrying amount and aggregate net fair value as per Balance Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 $</td>
</tr>
<tr>
<td>Cash assets</td>
<td>6,532,923</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,348,061</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>10,880,984</td>
</tr>
</tbody>
</table>

(ii) Financial liabilities

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>4,835,552</td>
<td>5,565,587</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>110,443</td>
<td>122,682</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>4,945,995</td>
<td>5,688,269</td>
</tr>
</tbody>
</table>

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities:

**Recognised financial instruments**

**Cash and other financial assets:** The carrying amount approximates fair value because of their short-term maturity.

**Receivables and payables:** The carrying amount approximates fair value.

**Financial liabilities:** The carrying amount approximates fair value.
Note 16 Financial instruments (continued)

(c) Credit risk

Credit risk arises when there is the possibility of the VCAA’s debtors defaulting on their contractual obligations resulting in financial loss to the VCAA. The VCAA measures credit risk on a fair value basis and monitors risk on a regular basis. Credit risk to the VCAA’s financial assets is minimal because the main debtor is DEECD.

| Past due but not impaired | 2010 |  |  |  |  |  |  |  |
|-------------------------|------|---|---|---|---|---|---|
|                        | Carrying amount $ | Not past due and not impaired $ | Less than 1 month $ | 1 – 3 months $ | 3 months – 1 year $ | 1 – 5 years $ | Impaired financial assets $ |
| Receivables            |  |  |  |  |  |  |  |
| Fee paying overseas students | 572,366 | 0 | 564,167 | 0 | 8,199 | 0 | 0 |
| Other receivables      | 356,772 | 96,016 | 122,683 | 129,484 | 8,589 | 0 | 0 |
| Total                  | 929,138 | 96,016 | 686,850 | 129,484 | 16,788 | 0 | 0 |
| Receivables            |  |  |  |  |  |  |  |
| Fee paying overseas students | 755,163 | 0 | 755,163 | 0 | 0 | 0 | 0 |
| Other receivables      | 509,187 | 27,355 | 298,264 | 107,731 | 75,837 | 0 | 0 |
| Total                  | 1,264,350 | 27,355 | 1,053,427 | 107,731 | 75,837 | 0 | 0 |

Note: The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable)

(d) Liquidity risk

Liquidity risk arises when the VCAA is unable to meet its financial obligations as they fall due. The VCAA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payment within 30 days from the date of resolution. In addition, to support DEECD’s request that the VCAA draw on accumulated reserves to fund operating activities the DEECD Secretary has signed a letter of comfort.

(e) Market risk

The VCAA’s exposure to market risk is primarily through interest rate risk with no exposure to foreign currency and other price risks.
(f) Sensitivity disclosure analysis and assumptions

VCAA’s sensitivity to market risk is determined based on the observed range of actual historical data for the proceeding five year period, with all variables other than the primary risk variable held constant. The following movements are ‘reasonably possible’ over the next 12 months:

• a movement of 200 basis points up and down (2009: 100 points up and down) in market interest rates (AUD)

The VCAA has performed a sensitivity analysis relating to its exposure to interest risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2010, the effect on the profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

<table>
<thead>
<tr>
<th>Carrying amount $</th>
<th>Interest rate</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–200 basis points</td>
<td>+200 basis points</td>
</tr>
<tr>
<td></td>
<td>Net result $</td>
<td>Available-for-sale revaluation surplus $</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010 Contractual financial assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>6,532,923</td>
<td>(130,658)</td>
</tr>
<tr>
<td>Other contractual financial assets</td>
<td>919,138</td>
<td>0</td>
</tr>
<tr>
<td>Total impact</td>
<td>(130,658)</td>
<td>130,658</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2009 Contractual financial assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>7,930,140</td>
<td>(79,301)</td>
</tr>
<tr>
<td>Other contractual financial assets</td>
<td>1,244,350</td>
<td>0</td>
</tr>
<tr>
<td>Total impact</td>
<td>(79,301)</td>
<td>79,301</td>
</tr>
</tbody>
</table>

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Only cash and cash equivalents would be affected by a movement in interest rates as other financial instruments are either interest free or subject to fixed interest rates.

No sensitivity analysis has been performed on foreign exchange risk, as the VCAA is not exposed to foreign currency fluctuations.
Note 17 Responsible persons

Responsible persons and executive officers

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

Names

The persons who held the positions of Ministers and accountable officers in the VCAA at any time during the financial period are as follows:

**Responsible Minister**

Minister for Education

The Hon Bronwyn Pike, MP 1 July 2009 – 30 June 2010

**Acting Minister for Education**

The Hon Maxine Morand, MP 29 September 2009 – 04 October 2009

27 March 2010 – 10 April 2010

28 May 2010 – 07 June 2010

The Hon Peter Bachelor, MP 04 July 2009 – 10 July 2009

The Hon Jacinta Allan, MP 28 December 2009 – 10 January 2010

The Hon John Brumby, MP 11 January 2010 – 17 January 2010

**Accountable Officer**

Mr John Firth

**VCAA Board members**

Professor Peter McPhee, Chair Term concluded 22 August 2009

Professor Adam Shoemaker, Chair Appointed 15 December 2009

Ms Esmerelda Bamblett

Mr Tony Coppola

Professor Peter Dawkins

Ms Polly Flanagan Term concluded 01 May 2010

Mr Tony Larkin Term concluded 30 June 2010

Mr John Maddock

Ms Vicki Miles

Mr Glen Pearsall

Ms Debra Punton

Ms Helen Staindl

Professor Collette Tayler

Professor Sue Willis
Related party transactions

Professor Peter Dawkins is the Secretary of the Department of Education and Early Childhood Development (DEECD). According to the Education and Training Reform Act 2006, membership of the authority must include the Secretary of the Department; accordingly the following values of transactions between the VCAA and DEECD were as follows;

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue received</td>
<td>2,023,970</td>
<td>478,351</td>
</tr>
<tr>
<td>Expenditure incurred</td>
<td>213,686</td>
<td>447,267</td>
</tr>
</tbody>
</table>

There were no other transactions between the VCAA or a related party with responsible persons of the VCAA or related party of those responsible persons during the reporting period.

Remuneration of responsible persons

Remuneration received or receivable by the accountable officer and VCAA Board members (responsible persons) in connection with the management of the VCAA during the reporting period is shown below in relevant income bands.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>$1–$9,999</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>$10,000–$19,999</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$20,000–$29,999</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>$30,000–$39,999</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>$280,000–$289,999</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total remuneration received, or due and receivable by responsible persons:</strong></td>
<td><strong>$344,117</strong></td>
<td><strong>$306,754</strong></td>
</tr>
</tbody>
</table>

Amounts relating to the Ministers are reported in the financial statements of the Department of Premier and Cabinet.
Note 17 Responsible persons (continued)

Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year, including contract renegotiation, new appointments, retirements and bonus payments. These bonus payments depend on the terms of the individual employment contracts. This has had an impact on total remuneration due to the inclusion of annual leave, long service leave payments and retirement benefits.

The executive officers receiving total remuneration exceeding $100,000 during the reporting period are shown in the table below in their relevant income bands.

<table>
<thead>
<tr>
<th>Income band</th>
<th>Total remuneration</th>
<th>Base remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>$130,000–139,999</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$160,000–169,999</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$170,000–179,999</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>$180,000–189,999</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total numbers</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total amount $</td>
<td>$537,893</td>
<td>$562,226</td>
</tr>
</tbody>
</table>

Note 18 Economic dependency

The VCAA is dependant on the State Government, through the DEECD for a significant volume of its operating revenue, provision of human and employment resources, information system support, financial facilities and ongoing financial support as reported in note 1. A letter of comfort is negotiated annually with DEECD.

Note 19 Segmental reporting

The VCAA operates predominately in the education sector and its primary responsibility is the development of curriculum and assessment for all Victorian schools.
Note 20 Reconciliation of net result for the period to net cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net result for the period</td>
<td>157,732</td>
<td>168,839</td>
</tr>
</tbody>
</table>

Non-cash movements

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of plant and equipment</td>
<td>344,943</td>
<td>257,605</td>
</tr>
<tr>
<td>Amortisation of leasehold improvements</td>
<td>205,898</td>
<td>290,029</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>853,283</td>
<td>530,932</td>
</tr>
<tr>
<td>Amortisation of leased assets (motor vehicles)</td>
<td>41,916</td>
<td>37,775</td>
</tr>
<tr>
<td>Bad debts</td>
<td>7,378</td>
<td>27,584</td>
</tr>
</tbody>
</table>

Movements included in investing and financing activities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss/(Profit) on sale of assets</td>
<td>(13,676)</td>
<td>5,225</td>
</tr>
</tbody>
</table>

Movements in assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase/decrease in receivables</td>
<td>(1,766,419)</td>
<td>6,909,239</td>
</tr>
<tr>
<td>Increase/decrease in prepayments</td>
<td>19,300</td>
<td>(244,822)</td>
</tr>
<tr>
<td>Increase/decrease in accounts payable</td>
<td>(746,450)</td>
<td>(1,623,112)</td>
</tr>
</tbody>
</table>

Net cash flows from/(used in) operating activities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(896,095)</td>
<td>6,359,294</td>
</tr>
</tbody>
</table>

Note 21 Reconciliation of cash

For the purposes of the statement of cash flows, the VCAA considers cash to include amounts on hand and amounts held in the bank and investment accounts. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 2010 $</th>
<th>As at 2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>6,532,523</td>
<td>7,929,740</td>
</tr>
<tr>
<td>Total cash at end of period</td>
<td>6,532,923</td>
<td>7,930,140</td>
</tr>
</tbody>
</table>

Note 22 Remuneration of auditors

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victorian Auditor-General Fees</td>
<td>28,246</td>
<td>31,636</td>
</tr>
<tr>
<td>Internal Audit Fees</td>
<td>6,744</td>
<td>4,935</td>
</tr>
<tr>
<td></td>
<td>34,990</td>
<td>35,571</td>
</tr>
</tbody>
</table>
### Note 23 Operating leases

<table>
<thead>
<tr>
<th>Payable</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non cancellable operating leases payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not longer than one year</td>
<td>229,602</td>
<td>176,105</td>
</tr>
<tr>
<td>Longer than one year and not longer than five years</td>
<td>144,337</td>
<td>193,135</td>
</tr>
<tr>
<td>Longer than five years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total non cancellable operating leases payable</td>
<td>373,939</td>
<td>369,240</td>
</tr>
</tbody>
</table>

### Note 24 Commitments for expenditure

(a) Capital expenditure commitments

<table>
<thead>
<tr>
<th>Payable</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not more than one year</td>
<td>0</td>
<td>1,958,371</td>
</tr>
<tr>
<td>Plant &amp; Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not more than one year</td>
<td>177,689</td>
<td>0</td>
</tr>
<tr>
<td>Total capital expenditure commitments</td>
<td>177,689</td>
<td>1,958,371</td>
</tr>
</tbody>
</table>

(b) Operating expenditure commitments

<table>
<thead>
<tr>
<th>Payable</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not more than one year</td>
<td>4,352,542</td>
<td>294,319</td>
</tr>
<tr>
<td>Longer than one year and not longer than five years</td>
<td>1,191,463</td>
<td>0</td>
</tr>
<tr>
<td>Total operating expenditure commitments</td>
<td>5,544,005</td>
<td>294,319</td>
</tr>
</tbody>
</table>

### Note 25 Contingent liabilities and contingent assets

<table>
<thead>
<tr>
<th>Payable</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent liabilities//assets</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Note 26 Subsequent events

There are no significant events that have occurred subsequent to 30 June 2010.
ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for the Victorian Curriculum and Assessment Authority (VCAA) have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1984, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, 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 forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of the VCAA as at 30 June 2010.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 28 July 2010.

[Signature]

Prof. Adam Shoemaker
Chair
23 July 2010, Melbourne

[Signature]

John Firth
Chief Executive Officer
23 July 2010, Melbourne

[Signature]

Scott Moore
Chief Finance and Accounting Officer
23 July 2010, Melbourne
INDEPENDENT AUDITOR’S REPORT

To the Board Members, Victorian Curriculum and Assessment Authority

The Financial Report
The accompanying financial report for the year ended 30 June 2010 of the Victorian Curriculum and Assessment Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer’s and chief finance officer’s declaration has been audited.

The Board Members’ Responsibility for the Financial Report
The Board Members of the Victorian Curriculum and Assessment Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994. This responsibility includes:

• establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error;
• selecting and applying appropriate accounting policies;
• making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility
As required by the Audit Act 1984, 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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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)

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor’s report relates to the financial report published in both the annual report and on the website of the Victorian Curriculum and Assessment Authority for the year ended 30 June 2010. The Board Members of the Victorian Curriculum and Assessment Authority are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor’s report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Curriculum and Assessment Authority website.

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.

Auditor’s Opinion
In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Curriculum and Assessment Authority as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the Financial Management Act 1994.

MELBOURNE
12 August 2010

D D R Pearson
Auditor-General