



Special Purpose Financial Report

Centre of Vocational Education Pty Ltd

ABN 75 106 434 011

30 June 2014

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Directors' Report

Your Directors present their report on the Company for the financial year ended 30 June 2014.

The names of the Directors in office at any time during or since the end of the year are:

Mr W J Vowell (resigned 5 September 2014)

Mr I Brown (appointed 5 September 2014)

Review of operations and financial results

The loss of the Company for the financial year after providing for income tax amounted to \$200,141 (2013 profit: \$2,381,690).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Group during the financial year were the provision of employment, education and training services.

There have been no significant changes in the nature of these activities during the year.

Events arising since the end of the reporting period

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

Future development, prospects and business strategies

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnifying Officers or Auditors

No indemnities have been given, during or since the end of the financial period, for any person who is or has been an officer or auditor of Centre of Vocational Education Pty Ltd.

The company has paid premiums to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the company, other than conduct involving a wilful breach of duty in relation to the company.

Directors' Report

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:



Ivan Brown
Director

Dated this 11th day of September 2014

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$ Restated *
Revenue	2	8,710,704	13,409,846
Other income	2	87,464	85,490
Employee benefit expense		(26,688)	(80,174)
Motor Vehicle Expense		(76,503)	(83,254)
Advertising costs		(107,430)	(165,097)
Equipment Leasing Costs		(116,554)	(954,152)
Training Expense		(1,090,715)	(1,645,885)
Repairs and Maintenance Expense		(169,647)	(122,911)
Selling, General and Administrative Expense		(1,282,300)	(551,043)
Directors Fees		-	(206,275)
Depreciation and amortisation expense		(240,809)	(189,024)
Management Fees		(5,111,645)	(5,556,195)
Occupancy expense		(861,792)	(575,330)
Profit / (loss) from continuing operations before income tax		(285,915)	3,365,996
Income tax (expense) / benefit	3	85,774	(984,306)
Profit / (loss) from continuing operations after income tax		(200,141)	2,381,690
Total comprehensive income / (expense) for the year		(200,141)	2,381,690

*Refer Note 1 for details about restatements resulting from a prior period error.

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2014

	Notes	2014 \$	2013 \$ Restated *
Assets			
Current			
Cash and cash equivalents	4	4,934	494,505
Trade and other receivables	5	287,980	1,062,025
Work in progress		125,940	1,000,121
Other Assets	6	518,366	1,331,423
Total Current Assets		937,220	3,888,074
Non-Current			
Property, plant and equipment	7	1,960,116	956,233
Total Non-Current Assets		1,960,116	956,233
Total Assets		2,897,336	4,844,307
Liabilities			
Current			
Trade and other payables	8	14,260	123,510
Finance lease liabilities		130,315	-
Income tax payable		422,359	494,902
Total Current Liabilities		566,934	618,412
Non-Current			
Deferred tax liability		-	300,036
Finance lease liabilities		752,531	-
Total Non-Current Liabilities		752,531	300,036
Total Liabilities		1,319,465	918,448
Net Assets		1,577,871	3,925,859
Equity			
Issued capital	9	2	2
Retained earnings		1,577,869	3,925,857
Total Equity		1,577,871	3,925,859

*Refer Note 1 for details about restatements resulting from a prior period error.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

as at 30 June 2014

	Share Capital \$	Retained Earnings / (Losses) \$	Total \$
Balance at 1 July 2012	2	1,544,167	1,544,169
Total comprehensive (expense) for the year	-	2,381,690	2,381,690
Transactions with owners in their capacity as owners:			
Contributions of equity	-	-	-
Balance at 30 June 2013	2	3,925,857	3,925,859
Balance at 1 July 2013	2	3,925,857	3,925,859
Total comprehensive income for the year	-	(200,141)	(200,141)
Transactions with owners in their capacity as owners:			
Dividends Paid	-	(2,147,847)	(2,147,847)
Balance at 30 June 2014	2	1,577,869	1,577,871

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash Flow from Operating Activities			
Receipts from customers		11,259,451	10,913,347
Payment to suppliers and employees		(9,252,560)	(9,768,157)
Income Tax received		13,231	(879,988)
Net cash provided by (used in) operating activities	11 (b)	2,020,122	265,202
Cash Flow from Investing Activities			
Payment for property, plant and equipment		(1,244,692)	(576,700)
Net cash provided by (used in) investing activities		(1,244,692)	(576,700)
Cash Flow from Financing Activities			
Proceeds from / (Repayment of) finance lease principle		882,846	-
Payment of dividend		(2,147,847)	-
Net cash provided by (used in) financing activities		(1,265,001)	-
Net increase/(decrease) in cash held		(489,571)	(311,498)
Cash at beginning of year		494,505	806,003
Cash at end of year	11 (a)	4,934	494,505

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the directors and members of the company. The Directors have determined that the Company is not a reporting entity because there are no users dependent on a general purpose financial report.

Centre of Vocational Education Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations.

Basis of preparation

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Cost is based on the fair value of the consideration given in exchange for the assets.

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

Adoption of new and revised accounting standards

Centre of Vocational Education Pty Ltd has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not have not been early adopted.

Accounting policies

Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the costs of assets, over their estimated useful lives, using the straight line method, on the following basis:

Class of Fixed Asset	Depreciation Rate
Office Equipment	30% Reducing balance method
Computer Equipment	30% Reducing balance method
Leasehold Improvements	30% Reducing balance method

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amounts of an asset and is recognised in the income statement.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits incidental to the ownership of the asset remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Employee benefits

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 current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Work in progress

Work in progress represents supply of services which have not been invoiced to clients with reference to the stage of completion of the services at balance date.

Revenue

Service revenue is revenue relating to the provision of services which is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the work can be reliably estimated. Stage of completion is determined with reference to the services performed to date.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the income has been established. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the entity has complied with all attached conditions.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparatives

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

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Changes in accounting policies and corrections

(a) correction of prior period error

A review of the Company's revenue recognition policies was undertaken during the year and it was identified that revenue had been recognised on a cash basis in the prior year. Per the Company's accounting policy revenue is recognised with reference to the stage of completion.

The error has been rectified by restating each of the affected financial statement items for prior periods as follows:

Notes to the Financial Statements

for the year ended 30 June 2014

1. Statement of significant accounting policies (continued)

Statement of Profit or Loss and Other Comprehensive Income (Extract)	Previous amount	30 June 2013	
		Adjustment	Restated amount
Revenue	12,409,725	1,000,121	13,409,846
Profit before tax	2,301,807	1,000,121	3,301,928
Income tax (expense)	(684,270)	(300,036)	(984,306)
Profit from continuing operations after income tax	1,681,605	700,085	2,381,690
Total comprehensive income for the year	1,681,605	700,085	2,381,690
Statement of Financial Position (Extract)			
Work in progress	-	1,000,121	1,000,121
Total current assets	2,887,953	1,000,121	3,888,074
Total assets	3,844,186	1,000,121	4,844,307
Deferred tax liability	-	300,036	300,036
Total non-current liabilities	-	300,036	300,036
Retained earnings	3,225,772	700,085	3,925,857
Total equity	3,225,774	700,085	3,925,859

2. Revenue

	2014	2013
	\$	\$
Sales revenue:		
- Service revenue	8,710,704	13,409,846
Total Revenue	8,710,704	13,409,846
Other income:		
- Rent received	-	18,500
- Interest received	87,464	64,068
- Other	-	2,922
Other Income	87,464	85,490

Notes to the Financial Statements

for the year ended 30 June 2014

3. Income tax expense

	2014	2013
	\$	\$
The components of tax expense comprise:		
- Current tax	214,262	684,270
- Deferred tax	(300,036)	300,036
Income tax expense/(benefit) attributable to profit	(85,774)	984,306

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense is as follows:

Prima facie tax payable on profit /(loss) from ordinary activities before income tax at 30% (2011 : 30%)	(85,774)	1,009,799
Add tax effect of:		
- Non-allowable items	-	(25,493)
Income tax expense / (benefit) attributable to profit	(85,774)	984,306

4. Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and in hand	4,934	494,505
	4,934	494,505

5. Trade and other receivables

	2014	2013
	\$	\$
Current		
Other receivables	287,980	1,062,025
	287,980	1,062,025

6. Other Assets Current

	2014	2013
	\$	\$
Amounts Due From Related Parties - Current	518,366	1,331,423
	518,366	1,331,423

Notes to the Financial Statements

for the year ended 30 June 2014

7. Property, plant and equipment

	2014 \$	2013 \$
Plant and Equipment - at cost	2,018,121	961,892
Less: Accumulated depreciation	(435,395)	(294,524)
	<u>1,582,726</u>	<u>667,368</u>
Motor Vehicles - at cost	472,343	322,792
Less: Accumulated depreciation	(134,109)	(70,835)
	<u>338,234</u>	<u>251,957</u>
Office Furniture and Equipment - at cost	98,505	85,816
Less: Accumulated depreciation	(59,349)	(48,908)
	<u>39,156</u>	<u>36,908</u>
	<u>1,960,116</u>	<u>956,233</u>

8. Trade and other payables

	2014 \$	2013 \$
Current		
Trade payables	14,260	123,510
	<u>14,260</u>	<u>123,510</u>

9. Issued capital

	2014 \$	2013 \$
Paid up capital:		
374,003 (2013: 374,003) fully paid ordinary shares	2	2
(a) Ordinary shares		
At the beginning of the reporting period	2	2
Shares issued during the year:		
- Equity contribution	-	-
At reporting date	<u>2</u>	<u>2</u>

Fully paid ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

10. Contingent liabilities

There are no outstanding contingent liabilities.

Notes to the Financial Statements

for the year ended 30 June 2014

11. Cash flow information

	2014 \$	2013 \$
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	4,934	494,505
b) Reconciliation of Cash Flow from Operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	(200,141)	2,381,690
Non-cash flows in profit from ordinary activities:		
- Depreciation and amortisation	240,809	189,024
Changes in assets and liabilities, net of the effects of purchase of businesses:		
- Decrease in receivables	2,461,283	(2,581,989)
- Increase/ (decrease) in creditors and accruals	(109,250)	(127,877)
- Increase in deferred tax asset	(72,543)	300,036
- Increase in income tax payables	(300,036)	104,318
Cash flows from operations	2,020,122	265,202

12. Subsequent events

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

13. Company details

The registered office and principal place of business of the Company is:

Registered office:

Centre of Vocational Education Pty Ltd

56 Bardia Avenue

Seaford, VIC 3198

Directors' Declaration

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statement:

1. The financial statements and notes:

- (a) Comply with Accounting Standards as described in Note 1 to the financial statements; and
- (b) Give a true and fair view of the Company's financial position and changes in equity as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ivan Brown
Director

Dated this 11 day of September 2014

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525 Collins St
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Independent Auditor's Report

To the Members of Centre of Vocational Education Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Centre of Vocational Education Pty Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

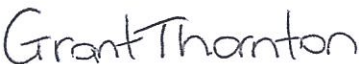
Auditor's Opinion

In our opinion,

- a the financial report of Centre of Vocational Education Pty Ltd
 - i presents fairly, in all material respects, the Company's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1

Basis of accounting

Without modifying our opinion, we draw attention to 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of reporting to the members. As a result, the financial report may not be suitable for another purpose.



GRANT THORNTON AUDIT PTY LTD

Chartered Accountants



Adam Pitts

Partner - Audit & Assurance

Melbourne, 11 September 2014