AUSTRALIAN INTERNATIONAL HOTEL SCHOOL

Objectives

The objective of the Australian International Hotel School (AIHS) is to provide education and training that develops knowledge and skills in hotel management and related fields. The School also operates the Hotel Kurrajong on a commercial basis to provide practical experience for students of the School.

The operational objective of the AIHS is to graduate students with academic and professional competencies required for success in the global hospitality industry by offering an integrated management curriculum and practical professional experiences. The major qualification currently awarded by the AIHS is a Bachelor of Business in Hotel Management.

The School operates in affiliation with RMIT University. RMIT jointly accredits the degree and provides a quality monitor and joint marketing services.

2002-03 Highlights

Strategic and operational issues to be pursued in 2002-03, subject to the finalisation of the strategic review of the AIHS, include:

- making recommendations arising from the strategic review of the AIHS to be considered by Government and address issues relating to the future operation of the AIHS;
- implementing agreed outcomes of the strategic review, including determining any financial arrangements to be put in place beyond 2002-03;
- maintaining the high placement record for graduating students and high quality education standards;
- reviewing the operational plan for the Hotel Kurrajong;
- continuing development of partnerships with industry, government bodies and other educational institutions to broaden the activities and products of the AIHS; and
- increasing international student recruitment in relation to the bachelor program and study abroad options through international programs to further increase economic benefit to the ACT.

Australian International Hotel School
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
5 471	User Charges - Non ACT Government	5 300	5 527	4	5 582	5 638	5 779
2 000	User Charges - ACT Government	2 000	1 500	-25	1 500	1 500	1 500
7 328	Other Revenue	7 328	18	-100	18	18	18
14 799	**Total Ordinary Revenue**	**14 628**	**7 045**	**-52**	**7 100**	**7 156**	**7 297**
	Expenses						
3 271	Employee Expenses	3 271	3 402	4	3 539	3 680	3 728
281	Superannuation Expenses	281	293	4	304	316	320
2 226	Administrative Expenses	2 226	2 448	10	2 503	2 559	2 623
335	Depreciation and Amortisation	335	185	-45	173	0	0
515	Cost of Goods Sold	515	526	2	538	550	564
3	Other Expenses	3	3	-	3	3	3
6 631	**Total Ordinary Expenses**	**6 631**	**6 857**	**3**	**7 060**	**7 108**	**7 238**
8 168	**Operating Result**	**7 997**	**188**	**-98**	**40**	**48**	**59**
-8 579	**Total Equity From Start of Period**	**-8 760**	**-763**	**91**	**-575**	**-535**	**-487**
-411	**Total Equity At The End of Period**	**-763**	**-575**	**25**	**-535**	**-487**	**-428**

Australian International Hotel School
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
35	Cash	494	520	5	581	471	372
687	Receivables	310	312	1	315	316	317
380	Other	152	156	3	161	169	177
1 102	**Total Current Assets**	**956**	**988**	**3**	**1 057**	**956**	**866**
	Non Current Assets						
358	Property, Plant and Equipment	361	176	-51	3	3	3
358	**Total Non Current Assets**	**361**	**176**	**-51**	**3**	**3**	**3**
1 460	**TOTAL ASSETS**	**1 317**	**1 164**	**-12**	**1 060**	**959**	**869**
	Current Liabilities						
797	Payables	492	393	-20	407	414	421
198	Employee Entitlements	172	180	5	188	197	206
253	Other	622	536	-14	536	536	536
1 248	**Total Current Liabilities**	**1 286**	**1 109**	**-14**	**1 131**	**1 147**	**1 163**
	Non Current Liabilities						
40	Employee Entitlements	68	70	3	71	73	75
583	Other	726	560	-23	393	226	59
623	**Total Non Current Liabilities**	**794**	**630**	**-21**	**464**	**299**	**134**
1 871	**TOTAL LIABILITIES**	**2 080**	**1 739**	**-16**	**1 595**	**1 446**	**1 297**
-411	**NET ASSETS**	**-763**	**-575**	**25**	**-535**	**-487**	**-428**
	REPRESENTED BY FUNDS EMPLOYED						
-411	Accumulated Funds	-763	-575	25	-535	-487	-428
-411	**TOTAL FUNDS EMPLOYED**	**-763**	**-575**	**25**	**-535**	**-487**	**-428**

Australian International Hotel School
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
6 936	User Charges	6 936	6 936	-	7 080	7 136	7 277
581	Other Revenue	581	581	-	581	580	580
7 517	**Operating Receipts**	**7 517**	**7 517**	**-**	**7 661**	**7 716**	**7 857**
	Payments						
3 438	Related to Employees	3 438	3 686	7	3 833	3 986	4 038
2 859	Related to Administration	2 859	2 544	-11	2 495	2 555	2 619
1 203	Other	1 203	1 261	5	1 272	1 285	1 299
7 500	**Operating Payments**	**7 500**	**7 491**	**..**	**7 600**	**7 826**	**7 956**
17	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**17**	**26**	**53**	**61**	**-110**	**-99**
17	**NET INCREASE/(DECREASE) IN CASH HELD**	**17**	**26**	**53**	**61**	**-110**	**-99**
18	**CASH AT BEGINNING OF REPORTING PERIOD**	**477**	**494**	**4**	**520**	**581**	**471**
35	**CASH AT THE END OF THE REPORTING PERIOD**	**494**	**520**	**5**	**581**	**471**	**372**

Notes to the Budget Statements

Significant variations are as follows:

Statement of Financial Performance

- user charges – non ACT Government: the decrease of $0.171m in 2001-02 from the original budget is due to a reduction in student numbers and Hotel receipts. The increase of $0.227m in 2002-03 from the 2001-02 estimated outcome reflects the projected increase in fee revenue consistent with the expected increase in student numbers;
- user charges – ACT Government: the decrease of $0.5m in the 2002-03 Budget from the 2001-02 estimated outcome represents a reduction in the subsidy level consistent with the level of Government support agreed in the 2001-02 Budget;
- other revenue: the decrease of $7.310m in the 2002-03 Budget from the 2001-02 estimated outcome represents the write off of loans undertaken in the 2001-02 financial year;
- employee expenses: the increase of $0.131m in the 2002-03 Budget from the 2001-02 estimated outcome is due to an increase in employment costs due to general estimated wage increases;
- administrative expenses: the increase of $0.222m in the 2002-03 Budget from the 2001-02 estimated outcome represents the likely increase in costs due to minor maintenance and further investment in marketing; and
- depreciation and amortisation: the decrease of $0.150m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the final amortisation of the value of the Cornell University affiliation.

Statement of Financial Position

- cash: the increase of $0.459m in 2001-02 from the original budget is due to the expected rise in student fees paid in advance;
- receivables: the decrease of $0.377m in 2001-02 from the original budget reflects continued tight management of student and hotel debtors;
- other current assets; the decrease of $0.228m in 2001-02 from the original budget is due to revised estimates of prepayments at year end and a slight reduction in stock on hand figures;
- property, plant and equipment: the decrease of $0.185m in the 2002-03 Budget from the estimated outcome is due to the revaluation of the original furniture and fittings provided in the original set up of the AIHS;
- payables: the decrease of $0.305m in 2001-02 from the original budget, and the decrease of $0.099m in the 2002-03 Budget from the 2001-02 estimated outcome, represents improved cash flows which allows for improved payment of creditors; and
- other current and non current liabilities: the increase of $0.512m in 2001-02 from the original budget reflects an increase in revenue in advance from student fees. The decrease of $0.252m in the 2002-03 Budget from the 2001-02 estimated outcome is due to the reduction in payments made during the year to the outstanding establishment fee payments to Cornell University.