

# AUSTRALIAN INTERNATIONAL HOTEL SCHOOL

---

## Objectives

The objective of the AIHS is to provide education and training that develops knowledge and skills in hotel management and related fields. The School also operates the Hotel Kurralong to enable the AIHS to provide practical experience for students undertaking the Bachelor of Business in Hotel Management.

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 product of the School is the Bachelor of Business in Hotel Management.

The School operates in affiliation with the School of Hotel Administration at Cornell University and RMIT University. Cornell continues to monitor the quality and development of the AIHS degree. RMIT University jointly accredits the degree and provides international marketing services for the AIHS.

## 2001-02 Highlights

Strategic and operational issues to be pursued in 2001-02 include:

- completing and implementing a strategic review to determine action necessary to achieve financial independence and an appropriate return to the Government;
- maintaining the high level placement record for graduating students and the quality of the faculty;
- managing hotel operations to maintain performance against local industry benchmarks;
- developing joint and integrated products in hospitality management with RMIT University;
- increasing international student recruitment through specific target markets in India, United Arab Emirates and Scandinavia; and
- developing partnerships with industry, government bodies and other educational institutions to broaden the activities and products of the AIHS.

## Australian International Hotel School Statement Of Financial Performance

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
<b>Revenue</b>							
6 421	User Charges - Non ACT Government	5 418	5 471	1	5 527	5 582	5 638
0	User Charges - ACT Government	0	2 000	#	1 500	1 500	1 500
0	Interest	3	0	-100	0	0	0
0	Other Revenue	45	7 328	#	18	18	18
<b>6 421</b>	<b>Total Ordinary Revenue</b>	<b>5 466</b>	<b>14 799</b>	<b>171</b>	<b>7 045</b>	<b>7 100</b>	<b>7 156</b>
<b>Expenses</b>							
3 905	Employee Expenses	3 046	3 271	7	3 402	3 539	3 680
224	Superannuation Expenses	370	281	-24	293	304	316
1 769	Administrative Expenses	2 343	2 226	-5	2 448	2 503	2 559
607	Depreciation and Amortisation	510	335	-34	185	173	0
687	Borrowing Costs	152	0	-100	0	0	0
491	Cost of Goods Sold	503	515	2	526	538	550
9	Other Expenses	3	3	-	3	3	3
<b>7 692</b>	<b>Total Ordinary Expenses</b>	<b>6 927</b>	<b>6 631</b>	<b>-4</b>	<b>6 857</b>	<b>7 060</b>	<b>7 108</b>
<b>-1 271</b>	<b>Operating Result</b>	<b>-1 461</b>	<b>8 168</b>	<b>659</b>	<b>188</b>	<b>40</b>	<b>48</b>
<b>-6 525</b>	<b>Total Equity From Start of Period</b>	<b>-7 118</b>	<b>-8 579</b>	<b>-21</b>	<b>-411</b>	<b>-223</b>	<b>-183</b>
<b>-7 796</b>	<b>Total Equity At The End of Period</b>	<b>-8 579</b>	<b>-411</b>	<b>95</b>	<b>-223</b>	<b>-183</b>	<b>-135</b>

## Australian International Hotel School Statement Of Financial Position

Budget as at 30/6/01 \$'000		Est.Outcome as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Var %	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000
<b>Current Assets</b>							
726	Cash	18	35	94	61	122	12
331	Receivables	361	687	90	689	692	693
356	Other	517	380	-26	384	389	397
<b>1 413</b>	<b>Total Current Assets</b>	<b>896</b>	<b>1 102</b>	<b>23</b>	<b>1 134</b>	<b>1 203</b>	<b>1 102</b>
<b>Non Current Assets</b>							
863	Property, Plant and Equipment	518	358	-31	173	0	0
<b>863</b>	<b>Total Non Current Assets</b>	<b>518</b>	<b>358</b>	<b>-31</b>	<b>173</b>	<b>0</b>	<b>0</b>
<b>2 276</b>	<b>TOTAL ASSETS</b>	<b>1 414</b>	<b>1 460</b>	<b>3</b>	<b>1 307</b>	<b>1 203</b>	<b>1 102</b>
<b>Current Liabilities</b>							
966	Creditors	867	797	-8	698	712	719
204	Employee Entitlements	87	198	128	206	214	223
0	Other Provisions	3	0	-100	0	0	0
931	Other	940	253	-73	167	167	167
<b>2 101</b>	<b>Total Current Liabilities</b>	<b>1 897</b>	<b>1 248</b>	<b>-34</b>	<b>1 071</b>	<b>1 093</b>	<b>1 109</b>
<b>Non Current Liabilities</b>							
7 310	Interest Bearing Liabilities	7 310	0	-100	0	0	0
18	Employee Entitlements	36	40	11	42	43	45
643	Other	750	583	-22	417	250	83
<b>7 971</b>	<b>Total Non Current Liabilities</b>	<b>8 096</b>	<b>623</b>	<b>-92</b>	<b>459</b>	<b>293</b>	<b>128</b>
<b>10 072</b>	<b>TOTAL LIABILITIES</b>	<b>9 993</b>	<b>1 871</b>	<b>-81</b>	<b>1 530</b>	<b>1 386</b>	<b>1 237</b>
<b>-7 796</b>	<b>NET ASSETS</b>	<b>-8 579</b>	<b>-411</b>	<b>95</b>	<b>-223</b>	<b>-183</b>	<b>-135</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
<b>-7 796</b>	Accumulated Funds	<b>-8 579</b>	<b>-411</b>	<b>95</b>	<b>-223</b>	<b>-183</b>	<b>-135</b>
<b>-7 796</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>-8 579</b>	<b>-411</b>	<b>95</b>	<b>-223</b>	<b>-183</b>	<b>-135</b>

## Australian International Hotel School Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
<b>805</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>592</b>	<b>18</b>	<b>-97</b>	<b>35</b>	<b>61</b>	<b>122</b>
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
6 286	User Charges	5 086	6 936	36	6 936	7 080	7 136
0	Interest Received	3	0	-100	0	0	0
480	Other Revenue	557	581	4	581	581	580
<b>6 766</b>	<b>Operating Receipts</b>	<b>5 646</b>	<b>7 517</b>	<b>33</b>	<b>7 517</b>	<b>7 661</b>	<b>7 716</b>
	<b>Payments</b>						
4 120	Related to Employees	3 369	3 438	2	3 686	3 833	3 986
2 102	Related to Administration	2 393	2 859	19	2 544	2 495	2 555
687	Borrowing Costs	294	0	-100	0	0	0
636	Other	1 160	1 203	4	1 261	1 272	1 285
<b>7 545</b>	<b>Operating Payments</b>	<b>7 216</b>	<b>7 500</b>	<b>4</b>	<b>7 491</b>	<b>7 600</b>	<b>7 826</b>
<b>-779</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-1 570</b>	<b>17</b>	<b>101</b>	<b>26</b>	<b>61</b>	<b>-110</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Payments</b>						
300	Purchase of Property, Plant and Equipment	4	0	-100	0	0	0
<b>300</b>	<b>Investing Payments</b>	<b>4</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-300</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-4</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
1 000	Borrowings Received	1 000	0	-100	0	0	0
<b>1 000</b>	<b>Financing Receipts</b>	<b>1 000</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1 000</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>1 000</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-79</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>-574</b>	<b>17</b>	<b>103</b>	<b>26</b>	<b>61</b>	<b>-110</b>
<b>726</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>18</b>	<b>35</b>	<b>94</b>	<b>61</b>	<b>122</b>	<b>12</b>

## Notes to the Budget Statements

Significant variations are as follows:

### *Statement of Financial Performance*

- user charges – non ACT Government: the decrease of \$1.003m in 2000-01 from the original budget is related to the fall in student numbers coupled with lower than expected hotel patronage;
- user charges – ACT Government: the increase in 2001-02 of \$2m reflects the subsidy to be provided to the AIHS to assist in meeting operational costs. This Government support is subject to the outcome of the strategic review currently being conducted in the AIHS;
- other revenue: the increase in 2001-02 of \$7.283m compared to the 2000-01 estimated outcome is due to the waiver of \$7.3m in accumulated borrowings provided to the AIHS by the Government;
- administration expenses: the increase of \$0.574m in 2000-01 from the original budget is mainly due to the fall in the value of the Australian dollar, which has increased the cost of the US dollar payments to Cornell University. The decrease in 2001-02 of \$0.117m compared to the 2000-01 estimated outcome is due to the constant monitoring of costs and revision of suppliers to reduce operational costs. There has also been a reclassification of a number of contract staff positions as administrative expenses;
- employee expenses: the decrease in 2000-01 of \$0.859m from the original budget relates to a revision of staff positions as staff leave, rather than immediate replacement. The decrease in student numbers has also affected employee costs;
- depreciation and amortisation: the decrease of \$0.175m in 2001-02 compared to the 2000-01 estimated outcome is due to the completion, in December 2000, of the amortisation of the Establishment Fee determined under the Affiliation Agreement with Cornell University coupled with a decrease in the purchase of property, plant and equipment; and
- borrowing costs: the decrease of \$0.152m in 2001-02 from the 2000-01 estimated outcome due to the waiver of borrowings provided to the AIHS by the Government.

### *Statement of Financial Position*

- total liabilities: the decrease of \$8.122m in 2001-02 from the 2000-01 estimated outcome is due to the waiver of borrowings provided to the AIHS by the Government.

