

1. Purpose and Objectives

The purpose of these procedures are:

- To outline the process of revenue recognition of RGIT
- To ensure that RGIT conducts its financial affairs in a manner that is acceptable to the Board, our external auditors and is in accordance with generally acceptable good financial governance.

2. Scope

This Policy should be consistently applied in recording income from the following transactions and events:

- Government grants and assistance;
- Student fees and charges;
- Rendering of services;
- Sale of books and other goods;
- Interest, royalties and dividends; and
- Other revenue.

3. Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable, where in most cases, the consideration is in the form of cash or cash equivalents.

4. Recognition of Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the RGIT and specific criteria have been met for the following activities as described below.

5. Government Grants and Assistance

RGIT may receive recurrent and non-recurrent revenue from Commonwealth, State and local government sources. The following are examples of Government funding that the RGIT may receive:

- Skills Victoria funding
- VET Fee Help
- Scholarships

Financial assistance provided by the Australian Government is recognised in the year it was received or when the entitlement for the revenue is established.

The RGIT may receive contribution from the Government. A contribution occurs when the RGIT receives an asset without having to give equal value to the other party / parties of the transfer.

If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all of the following conditions have been satisfied:

- The RGIT obtains control of the contribution or the right to receive the contribution;
- It is probable that the contribution will flow to the RGIT; and
- The amount of the contribution can be reliably measured.

Income is therefore, only recognised when the RGIT has control over the contribution, which is usually achieved through receipt or when entitlement for the revenue is established.

If the government contributions are received with conditions attached, and contributions have to be refunded if the conditions are not met, then revenue should not be recognised until all of those conditions are met and treated as income in advance or monies held from the government.

The following table illustrates how the income is to be recognized with regard to the Government's fees help:

Income type	When to recognize income?
Government funded course-Direct (including VET FEEE HELP and SKILLS VIC)	After the census date on a prorata basis.
Government funded course-through partners (Including VET FEES HELP and SKILLS VIC)	After the census date on a prorata basis.

6. Student Fees and Charges

Student fees and charges are recognised as revenue in the period in which the service is provided to students. Student fees and charges received that relate to the service to be rendered in the future period are treated as income in advance. The table below illustrates how the RGIT recognizes its income by applying the aforesaid principle:

Income type	When to recognize income?
Short Course	The income is recognized after the census date if the course duration is less than a month.
International student	Immediately after the census date on a prorata basis.

7. Sale of Goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the supply of goods or products to entities outside the RGIT.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The RGIT has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The RGIT retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the RGIT ; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

8. Interest, Royalties and Dividends

Interest income shall be recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the carrying amount shall be reduced to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Fees and royalties paid for the use of the RGIT's assets are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income is recognised when the dividend is declared by the controlled entity or investee.

9. Other Revenue

Other revenue represents miscellaneous income and other grant income not derived from core business and is recognised when it is earned.

Other revenue are recognized in the period it relates to. The following are examples of other revenue that RGIT may earn:

- Administration fees
- Rental income from the lease and sublease of the property