Financial Statements

Index of Financial Statements

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2015

The accompanying financial statements of the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2015 and the financial position as at 30 June 2015.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Mary White
Chief Finance Officer

30 July 2015

Chris Field
Accountable Authority

30 July 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 $	2014 $
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	7,511,626	7,595,856
Supplies and services	7.	1,050,440	1,224,528
Depreciation and amortisation expense	8.	309,089	275,299
Accommodation expenses	9.	1,431,465	1,427,151
Other expenses	10.	28,150	28,500
Total cost of services		**10,330,770**	**10,551,334**
Income			
Revenue			
Other revenue	11.	2,463,316	2,506,130
Total Revenue		**2,463,316**	**2,506,130**
Gains			
Net gain on disposal of non-current assets	12.	64	-
Total Gains		**64**	**-**
Total income other than income from State Government		**2,463,380**	**2,506,130**
NET COST OF SERVICES		**7,867,390**	**8,045,204**
Income from State Government	13.		
Service appropriation		8,204,000	7,334,000
Services received free of charge		434,884	459,162
Total income from State Government		**8,638,884**	**7,793,162**
SURPLUS/(DEFICIT) FOR THE PERIOD		**771,494**	**(252,042)**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**771,494**	**(252,042)**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Statement of Financial Position

As at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	23.	1,647,443	836,469
Restricted cash and cash equivalents	14. 23.	299,940	2,103
Prepayments	33.	102,798	93,669
Receivables	15.	62,784	15,760
Amounts receivable for services	16.	208,000	196,000
Total Current Assets		**2,320,965**	**1,144,001**
Non-Current Assets			
Restricted cash and cash equivalents	14. 23.	-	235,352
Amounts receivable for services	16.	1,917,000	1,827,000
Plant and equipment	17.	116,521	116,888
Intangible assets	18.	165,003	307,279
Total Non-Current Assets		**2,198,524**	**2,486,519**
TOTAL ASSETS		**4,519,489**	**3,630,520**
LIABILITIES			
Current Liabilities			
Payables	20.	340,653	267,894
Provisions	21.	1,487,431	1,347,618
Other current liabilities	34.	925	45,951
Total Current Liabilities		**1,829,010**	**1,661,463**
Non-Current Liabilities			
Provisions	21.	387,592	437,664
Total Non-Current Liabilities		**387,592**	**437,664**
TOTAL LIABILITIES		**2,216,602**	**2,099,127**
NET ASSETS		**2,302,887**	**1,531,393**
EQUITY	22.		
Contributed equity		1,206,000	1,206,000
Accumulated surplus/(deficit)		1,096,887	325,393
TOTAL EQUITY		**2,302,887**	**1,531,393**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Contributed equity $	Reserves $	Accumulated surplus/(deficit) $	Total equity $
Balance at 1 July 2013	22.	**1,206,000**	**-**	**577,435**	**1,783,435**
Surplus/(deficit)		-	-	(252,042)	(252,042)
Total comprehensive income for the year		-	-	(252,042)	(252,042)
Balance at 30 June 2014		**1,206,000**	**-**	**325,393**	**1,531,393**
Balance at 1 July 2014		**1,206,000**	**-**	**325,393**	**1,531,393**
Surplus/(deficit)		-	-	771,494	771,494
Total comprehensive income for the year		-	-	771,494	771,494
Balance at 30 June 2015		**1,206,000**	**-**	**1,096,887**	**2,302,887**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 $	2014 $
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		7,906,000	7,202,000
Capital appropriations		-	-
Holding account drawdown		196,000	157,000
Net cash provided by State Government		**8,102,000**	**7,359,000**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(7,439,375)	(7,503,237)
Supplies and services		(914,624)	(1,178,953)
Accommodation		(1,084,166)	(1,086,451)
GST payments on purchases		(221,374)	(256,589)
GST payments to taxation authority		(28,844)	(25,148)
Other payments		(24,000)	(23,000)
Receipts			
User charges and fees		2,455,024	2,494,362
GST receipts on sales		238,562	252,859
GST receipts from taxation authority		1,664	90,893
Net cash provided by/(used in) operating activities	23.	**(7,017,133)**	**(7,235,264)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(211,172)	(189,035)
Payment for disposal of non-current assets		(236)	-
Net cash provided by/(used in) investing activities		**(211,408)**	**(189,035)**
Net increase/(decrease) in cash and cash equivalents		873,459	(65,299)
Cash and cash equivalents at the beginning of the period		1,073,924	1,139,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	23.	**1,947,383**	**1,073,924**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2015

	2015 Estimate $	2015 Actual $	Variance $	2015 Actual $	2014 Actual $	Variance $
Delivery Services						
Item 4 Net amount appropriated to deliver services	7,570,000	7,556,000	(14,000)	7,556,000	6,686,000	870,000
Amount Authorised by Other Statutes						
- *Parliamentary Commissioner Act 1971*	648,000	648,000	-	648,000	648,000	-
Total appropriations provided to deliver services	**8,218,000**	**8,204,000**	**(14,000)**	**8,204,000**	**7,334,000**	**870,000**
Capital						
Item 118 Capital appropriations	-	-	-	-	-	-
GRAND TOTAL	**8,218,000**	**8,204,000**	**(14,000)**	**8,204,000**	**7,334,000**	**870,000**
Details of Expenses by Service						
Resolving complaints about decision making of public authorities and improving the standard of public administration	11,218,000	10,330,770	(887,230)	10,330,770	10,551,334	(220,564)
Total Cost of Services	**11,218,000**	**10,330,770**	**(887,230)**	**10,330,770**	**10,551,334**	**(220,564)**
Less Total Income	(2,560,000)	(2,463,316)	96,684	(2,463,316)	(2,506,130)	42,814
Net Cost of Services	**8,658,000**	**7,867,454**	**(790,546)**	**7,867,454**	**8,045,204**	**(177,750)**
Adjustment [(a)]	(440,000)	336,546	776,546	336,546	(711,204)	1,047,750
Total appropriations provided to deliver services	**8,218,000**	**8,204,000**	**(14,000)**	**8,204,000**	**7,334,000**	**870,000**
Capital Expenditure						
Purchase of non-current physical assets	196,000	211,172	15,172	211,172	189,035	22,137
Adjustments for other funding sources	(196,000)	(211,172)	(15,172)	(211,172)	(189,035)	(22,137)
Capital appropriations	**-**	**-**	**-**	**-**	**-**	**-**

(a) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 27 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2015 and between the actual results for 2015 and 2014.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1. Australian Accounting Standards

General

The Office's financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**).

The Office has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by *TI 1101 Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Office for the annual reporting period ended 30 June 2015.

Note 2. Summary of significant accounting policies

(a) General statement

The Office is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Office's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Office of the Parliamentary Commissioner for Administrative Investigations, generally known as the Ombudsman Western Australia (**the Office**).

Mission

The mission of the Ombudsman Western Australia is to serve Parliament and Western Australians by:

- Resolving complaints about decision making of public authorities; and
- Improving the standard of public administration.

The Office is predominantly funded by Parliamentary appropriation. The Ombudsman Western Australia also performs the functions of the Energy and Water Ombudsman Western Australia (**EWOWA)** under a services agreement with the Board of Energy and Water Industry Ombudsman (Western Australia) Limited, the governing body of EWOWA. The Office recoups the costs for EWOWA from the Board. The financial statements encompass all funds through which the Office controls resources to carry on its functions.

Services

The Office provides the following service:

Service 1: Resolving complaints about decision making of public authorities and improving the standard of public administration

Investigating and resolving complaints from members of the public about Western Australian public authorities and improving the standard of public administration by identifying and investigating concerns that affect the broader community, making recommendations for improvement and identifying and promoting good decision making and practices.

The Office does not administer assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the Office.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955

Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed equity.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2014-2015 Budget Statements, the Office retained **$2,463,380** in 2015 (**$2,506,130** in 2014) from the following:

- GST Input Credits;
- Proceeds from fees and charges; and
- Other Office receipts.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition of an asset, the cost model is used for plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Furniture and fittings	10 years
Plant and machinery	10 years
Computer hardware	3 years
Office equipment	5 years

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Office have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software (a)	3 years

(a) Software that is not integral to the operation of any related hardware.

Computer software

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

(h) Impairment of assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit and loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Office holds operating leases for its Office buildings and motor vehicles. Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

(j) Financial instruments

In addition to cash, the Office has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- Financial Liabilities
  - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued salaries

Accrued salaries (see Note 20 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 14 'Restricted cash & cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (**GESB**) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (**GSS**), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Office makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Office's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the agency's obligations to the related superannuation liability.

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

<u>Provisions - other</u>

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(r) Asset and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost, that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of financial Position.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Office evaluates these judgements regularly.

Operating lease commitments

The Office has entered into a lease for a building used for office accommodation. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

Note 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Office's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on the Office.

AASB 1031	*Materiality* This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
AASB 1055	*Budgetary Reporting* This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Office will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.
AASB 2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* This Standard introduces editorial and disclosure changes. There is no financial impact.
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.

AASB 2014-1	*Amendments to Australian Accounting Standards* Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Office. Part B of this Standard has no financial impact as the Office contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans. Part C of this Standard has no financial impact as it removes references to AASB 1031 Materiality from a number of Accounting Standards.

Future impact of Australian Accounting Standards not yet operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Office has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Office. Where applicable, the Office plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	*Financial Instruments* This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 *Amendments to Australian Accounting Standards*. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	*Revenue from Contracts with Customers* This Standard establishes the principles that the Office shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2017

		Operative for reporting periods beginning on/after
AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]* This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2013-9	*Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.* Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Office has not yet determined the application or the potential impact of AASB 9.	1 Jan 2015
AASB 2014-1	*Amendments to Australian Accounting Standards* Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Office to determine the application or potential impact of the Standard.	1 Jan 2018
AASB 2014-4	*Amendments to Australian Accounting Standards–Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]* The adoption of this Standard has no financial impact for the Office as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2017
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-8	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]* This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]* This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]* These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2016
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]* This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	1 Jan 2016
AASB 2015-3	*Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.	1 Jul 2015

Note 6. Employee benefits expense

	2015 $	2014 $
Wages and salaries[(a)]	6,631,081	6,800,652
Superannuation - defined contribution plans[(b)]	671,333	642,693
Other related expenses	209,212	152,511
	7,511,626	**7,595,856**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component and leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB Super Scheme and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance are included at Note 10 'Other expenses'.

Employment on-costs liability is included in Note 21 'Provisions'.

Note 7. Supplies and services

	2015 $	2014 $
Communications	82,353	77,852
Consumables	152,272	152,388
Other	246,629	213,228
Services and contracts	453,984	611,300
Services received free of charge	88,246	118,695
Travel	26,956	51,065
	1,050,440	**1,224,528**

Note 8. Depreciation and amortisation expense

	2015 $	2014 $
Depreciation		
Furniture fixtures and fittings	681	681
Computer hardware	31,016	18,618
Communications	32,245	37,702
Office equipment	10,575	10,340
Total depreciation	**74,517**	**67,341**
Amortisation		
Intangible assets	234,572	207,958
Total amortisation	**234,572**	**207,958**
Total depreciation and amortisation	**309,089**	**275,299**

Note 9. Accommodation expenses

	2015 $	2014 $
Lease rentals	1,082,498	1,085,049
Repairs and maintenance	2,329	1,635
Services received free of charge[a]	346,638	340,467
	1,431,465	**1,427,151**

(a) Relates to the notional value of the depreciation of the fit-out of office accommodation provided through Building Management and Works.

Note 10. Other expenses

	2015 $	2014 $
Employment on-costs[a]	50	-
Audit fee	24,600	25,000
Other miscellaneous expenses	3,500	3,500
	28,150	**28,500**

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 21 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 11. Other revenue

	2015 $	2014 $
Other revenue - general	78,779	43,906
Other recoup	2,384,537	2,462,224
	2,463,316	**2,506,130**

Note 12. Net gain/(loss) on disposal of non-current assets

	2015 $	2014 $
Proceeds from disposal of non-current assets		
Plant and equipment	300	-
Carrying amount of non-current assets disposed		
Plant and equipment	-	-
Costs of disposal of non-current assets		
Plant and equipment	(236)	-
Net gain/(loss)	**64**	**-**

Note 13. Income from State Government

	2015 $	2014 $
Appropriation received during the period: Service appropriations[(a)]		
- Recurrent	7,556,000	6,686,000
- Special Acts	648,000	648,000
	8,204,000	**7,334,000**

Services received free of charge from other State Government Agencies during the period:[(b)]		
State Solicitor's Office	2,449	5,206
Department of the Premier and Cabinet	85,797	113,489
Department of Finance	346,638	340,467
	434,884	**459,162**
	8,638,884	**7,793,162**

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Financial Statements

Note 14. Restricted cash and cash equivalents

	2015 $	2014 $
Current		
Accrued salaries suspense account[(a)]	258,551	-
Indian Ocean Territories[(b)]	41,389	2,103
	299,940	**2,103**
Non-Current		
Accrued salaries suspense account[(a)]	-	235,352
	-	**235,352**

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

(b) Funds held in restricted cash for the purpose of providing services to the Indian Ocean Terrirories. See Note 31 'Indian Ocean Territories'.

Note 15. Receivables

	2015 $	2014 $
Current		
Receivables	31,517	14,097
GST receivable	22,752	1,663
Purchased leave receivable	8,515	-
Total current	**62,784**	**15,760**

There were no allowances made in the current year for the impairment of receivables (2013/14: nil).

The Office does not hold any collateral or other credit enhancements as security for receivables.

Note 16. Amounts receivable for services (Holding Accounts)

	2015 $	2014 $
Current	208,000	196,000
Non-Current	1,917,000	1,827,000
	2,125,000	**2,023,000**

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability. See Note 2(m) 'Amounts receivable for services (Holding Account)'.

Note 17. Plant and equipment

	2015 $	2014 $
Furniture fixtures and fittings		
At cost	6,814	6,814
Accumulated depreciation	(2,213)	(1,532)
Accumulated impairment losses	-	-
	4,601	**5,282**
Computer Hardware		
At cost	257,561	211,677
Accumulated depreciation	(191,123)	(165,130)
Accumulated impairment losses	-	-
	66,438	**46,547**
Office equipment		
At cost	55,487	75,993
Accumulated depreciation	(16,493)	(39,839)
Accumulated impairment losses	-	-
	38,994	**36,154**

	2015 $	2014 $
Communications		
At cost	213,050	203,222
Accumulated depreciation	(206,562)	(174,317)
Accumulated impairment losses	-	-
	6,488	**28,905**
	116,521	**116,888**

Reconciliation

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below:

2015	Furniture and Fittings $	Computer Hardware $	Office Equipment $	Communications $	Total $
Carrying amount at start of period	5,282	46,547	36,154	28,905	116,888
Additions	-	50,908	13,415	9,828	74,150
Transfers	-	-	-	-	-
Retirements	-	-	-	-	-
Correction prior period error	-	-	-	-	-
Depreciation	(681)	(31,016)	(10,575)	(32,245)	(74,517)
Carrying amount at end of period	**4,601**	**66,438**	**38,994**	**6,488**	**116,521**

2014	$	$	$	$	$
Carrying amount at start of period	5,963	39,564	34,555	57,055	137,137
Additions	-	25,601	11,939	9,552	47,092
Transfers	-	-	-	-	-
Retirements	-	-	-	-	-
Correction prior period error	-	-	-	-	-
Depreciation	(681)	(18,618)	(10,340)	(37,702)	(67,341)
Carrying amount at end of period	**5,282**	**46,547**	**36,154**	**28,905**	**116,888**

Note 18. Intangible assets

	2015 $	2014 $
Computer Software		
At cost	1,116,417	1,024,121
Accumulated amortisation	(951,414)	(716,842)
Accumulated impairment losses	-	-
Total intangible assets	**165,003**	**307,279**

Reconciliation:

	2015 $	2014 $
Computer Software		
Carrying amount at start of period	307,279	420,254
Additions	92,296	94,983
Transfers	-	-
Amortisation expense	(234,572)	(207,958)
Carrying amount at end of period	**165,003**	**307,279**

Note 19. Impairment of assets

There were no indications of impairment to plant and equipment or intangible assets as at 30 June 2015.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets as at 30 June 2015 have either been classified as assets held for sale or written-off.

Note 20. Payables

	2015 $	2014 $
Current		
Trade payables	60,069	-
Accrued expenses	58,356	82,315
Accrued salaries	197,982	169,283
Accrued superannuation	20,355	16,286
Other payables	3,891	10
Total current	**340,653**	**267,894**

Note 21. Provisions

	2015 $	2014 $
Current		
Employee benefits provision		
Annual leave[(a)]	531,357	540,596
Long service leave[(b)]	948,250	787,908
Purchased leave scheme[(c)]	7,150	18,509
	1,486,756	**1,347,013**
Other provisions		
Employment on-costs[(d)]	675	605
	675	**605**
	1,487,431	**1,347,618**

	2015 $	2014 $
Non-current		
Employee benefits provision		
Long service leave[(b)]	387,415	437,467
	387,415	**437,467**
Other provisions		
Employment on-costs[(d)]	177	197
	177	**197**
	387,592	**437,664**

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015 $	2014 $
Within 12 months of the end of the reporting period	347,634	337,526
More than 12 months after the end of the reporting period	183,723	203,070
	531,357	**540,596**

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015 $	2014 $
Within 12 months of the end of the reporting period	297,307	261,795
More than 12 months after the end of the reporting period	1,038,358	963,580
	1,335,665	**1,225,375**

(c) Purchased leave liabilities have been classified as current as they must be cleared or paid out within 12 months.

(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 10 'Other Expenses'.

Movement in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2015 $	2014 $
Employment on-cost provision		
Carrying amount at start of period	802	802
Additional provisions recognised	50	-
Carrying amount at end of period	**852**	**802**

Note 22. Equity

The Western Australian Government holds the equity interest in the Office on behalf of the community. Equity represents the residual interest in the net assets of the Office.

Contributed equity

	2015 $	2014 $
Balance at start of period	1,206,000	1,206,000
Contributions by owners		
Capital appropriation	-	-
Total contributions by owners	**-**	**-**
Balance at end of period	**1,206,000**	**1,206,000**

Accumulated surplus/(deficit)

	2015 $	2014 $
Balance at start of period	325,393	577,435
Result for the period	771,494	(252,042)
Balance at end of period	**1,096,887**	**325,393**
Total Equity at the end of period	**2,302,887**	**1,531,393**

Note 23. Notes to the Statement of Cash Flows

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:

	2015 $	2014 $
Cash and cash equivalents	1,647,443	836,469
Restricted cash and cash equivalents (Note 14 'Restricted cash and cash equivalents')	299,940	237,455
	1,947,383	**1,073,924**

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2015 $	2014 $
Net cost of services	(7,867,390)	(8,045,204)
Non-cash items:		
Depreciation and amortisation expense	309,089	275,299
Services received free of charge	434,884	459,162
Net (gain)/loss on disposal of non-current assets	(64)	-
(Increase)/decrease in assets:		
Current receivables[(a)]	(25,433)	38,786
Other current assets	(9,129)	747
Increase/(decrease) in liabilities:		
Accrued salaries	28,699	14,139
Accrued superannuation	4,069	884
Accrued expenses	(23,959)	37,129
Current payables[(a)]	63,950	(91,847)
Current provisions	139,813	(47,849)
Non-current provisions	(50,072)	52,500
Net GST (payments)/receipts[(b)]	(21,089)	70,830
Change in GST in receivables/payables[(c)]	(502)	160
Net cash (used in) operating activities	**(7,017,133)**	**(7,235,264)**

(a) Note that the Australian Taxation Office (**ATO**) receivable/payable in respect of Good and Services Tax (**GST**) and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

Note 24. Commitments

The commitments below are inclusive of GST where relevant.

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Non-cancellable operating leases commitments

	2015 $	2014 $
Commitments for minimum leases payments are payable as follows:		
Within 1 year	977,584	964,124
Later than 1 year and not later than 5 years	1,915,993	28,179
	2,893,576	**992,303**

The Office has entered into a memorandum of understanding with the Department of Finance’s Building Management and Works division for leasing floor space at Albert Facey House. The memorandum of understanding is not a legally binding agreement, however, it has been agreed that all parties will comply with the terms and conditions as if they were legally enforceable obligations. The memorandum of understanding covers a three year occupancy period from 2011-12 with an option to renew occupancy for an additional three years. Rent is payable monthly in arrears. In 2014-15 the Office renewed its occupancy for an additional three years to 30 June 2018. Contingent rent provisions within the memorandum of understanding require that the lease payments shall be subject to market indices each financial year.

The motor vehicle lease is a non-cancellable lease with a three year term, with lease payments payable monthly. New vehicle leases are negotiated at the end of this period, the number of vehicle leases being subject to the Office's operational needs.

Note 25. Contingent liabilities and contingent assets

The Office is not aware of any contingent liabilities or contingent assets at the end of the reporting period.

Note 26. Events occurring after the end of the reporting period

The Office is not aware of any events after the end of the reporting period that may have an impact on the financial statements.

Note 27. Explanatory statement

Significant variations between estimates and actual results and between actual and prior year actual results for line items as presented in the financial statements are shown below. Major variances are considered to be those greater than 10% or $10 million.

	Variance Note	Original Budget 2015	Actual 2015	Actual 2014	Variance between estimate and actual	Variance between actual results for 2015 and 2014
		$	$	$	$	$
Statement of Comprehensive Income (Controlled Operations)						
Employee benefits expense		7,733,000	7,511,626	7,595,856	(221,374)	(84,230)
Supplies and services	1, A	1,292,000	1,050,440	1,224,528	(241,560)	(174,088)
Depreciation and amortisation expense	2, B	235,000	309,089	275,299	74,089	33,790
Accommodation expenses	1	1,230,000	1,431,465	1,427,151	201,465	4,314
Other expenses	3	728,000	28,150	28,500	(699,850)	(350)
Total cost of services		**11,218,000**	**10,330,770**	**10,551,334**	**(887,230)**	**(220,564)**
Income						
Revenue						
Other revenue		2,560,000	2,463,316	2,506,130	(96,684)	(42,814)
Total Revenue		**2,560,000**	**2,463,316**	**2,506,130**	**(96,684)**	**(42,814)**
Gains						
Net gain on disposal of non-current assets		-	64	-	64	64
Total Gains		**-**	**64**	**-**	**64**	**64**
Total income other than income from State Government		2,560,000	2,463,380	2,506,130	(96,620)	(42,750)
NET COST OF SERVICES		**8,658,000**	**7,867,390**	**8,045,204**	**(790,610)**	**(177,814)**
Income from State Government						
Service appropriation	C	8,218,000	8,204,000	7,334,000	(14,000)	870,000
Services received free of charge		440,000	434,884	459,162	(5,116)	(24,278)
Total income from State Government		**8,658,000**	**8,638,884**	**7,793,162**	**(19,116)**	**845,722**
SURPLUS/(DEFICIT) FOR THE PERIOD		**-**	**771,494**	**(252,042)**	**771,494**	**1,023,536**
OTHER COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**771,494**	**(252,042)**	**771,494**	**1,023,536**

Financial Statements

	Variance Note	Original Budget 2015	Actual 2015	Actual 2014	Variance between estimate and actual	Variance between actual results for 2015 and 2014
		$	$	$	$	$
Statement of Financial Position (Controlled Operations)						
ASSETS						
Current Assets						
Cash and cash equivalents	4, D	674,000	1,647,443	836,469	973,443	810,974
Restricted cash and cash equivalents	5, E	-	299,940	2,103	299,940	297,837
Prepayments		94,000	102,798	93,669	8,798	9,129
Receivables	6, F	126,000	62,784	15,760	(63,216)	47,024
Amounts receivable for services		208,000	208,000	196,000	-	12,000
Total Current Assets		**1,102,000**	**2,320,965**	**1,144,001**	**1,218,965**	**1,176,964**
Non-Current Assets						
Restricted cash and cash equivalents	5, E	255,000	-	235,352	(255,000)	(235,352)
Amounts receivable for services		1,917,000	1,917,000	1,827,000	-	90,000
Plant and equipment		110,000	116,521	116,888	6,521	(367)
Intangible assets	7, B	412,000	165,003	307,279	(246,997)	(142,276)
Total Non-Current Assets		**2,694,000**	**2,198,524**	**2,486,519**	**(495,476)**	**(287,995)**
TOTAL ASSETS		**3,796,000**	**4,519,489**	**3,630,520**	**723,489**	**888,969**
LIABILITIES						
Current Liabilities						
Payables	8, G	92,000	340,653	267,894	248,653	72,759
Provisions		1,350,000	1,487,431	1,347,618	137,431	139,813
Other current liabilities	8, H	277,000	925	45,951	(276,075)	(45,026)
Total Current Liabilities		**1,719,000**	**1,829,010**	**1,661,463**	**110,010**	**167,547**
Non-Current Liabilities						
Provisions	I	377,000	387,592	437,664	10,592	(50,072)
Other non-current liabilities	9	72,000	-	-	(72,000)	-
Total Non-Current Liabilities		**449,000**	**387,592**	**437,664**	**(61,408)**	**(50,072)**
TOTAL LIABILITIES		**2,168,000**	**2,216,602**	**2,099,127**	**48,602**	**117,475**
NET ASSETS		**1,628,000**	**2,302,887**	**1,531,393**	**674,887**	**771,494**
EQUITY						
Contributed equity		1,206,000	1,206,000	1,206,000	-	-
Accumulated surplus/(deficit)		422,000	1,096,887	325,393		
TOTAL EQUITY		**1,628,000**	**2,302,887**	**1,531,393**	**674,887**	**771,494**

	Variance Note	Original Budget 2015	Actual 2015	Actual 2014	Variance between estimate and actual	Variance between actual results for 2015 and 2014
		$	$	$	$	$
Statement of Cash Flows						
(Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		7,920,000	7,906,000	7,202,000	(14,000)	704,000
Capital appropriations		-	-	-	-	-
Holding account drawdown	J	196,000	196,000	157,000	-	39,000
Net cash provided by State Government		**8,116,000**	**8,102,000**	**7,359,000**	**(14,000)**	**743,000**
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(7,650,000)	(7,439,375)	(7,503,237)	210,625	63,862
Supplies and services	A	(852,000)	(914,624)	(1,178,953)	(62,624)	264,329
Accommodation	10	(1,230,000)	(1,084,166)	(1,086,451)	145,834	2,285
GST payments on purchases	K	-	(221,374)	(256,589)	(221,374)	35,215
GST payments to taxation authority	K	-	(28,844)	(25,148)	(28,844)	(3,696)
Other payments	3	(999,000)	(24,000)	(23,000)	975,000	(1,000)
Receipts						
User charges and fees		2,560,000	2,455,024	2,494,362	(104,976)	(39,338)
GST receipts on sales	11, K	271,000	238,562	252,859	(32,438)	(14,297)
GST receipts from taxation authority	K	-	1,664	90,893	1,664	(89,229)
Net cash provided by/(used in) operating activities		**(7,900,000)**	**(7,017,133)**	**(7,235,264)**	**882,867**	**218,131**
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets	J	(196,000)	(211,172)	(189,035)	(15,172)	(22,137)
Payment for disposal of non-current assets		-	(236)	-	(236)	(236)
Net cash provided by/(used in) investing activities		**(196,000)**	**(211,408)**	**(189,035)**	**(15,408)**	**(22,373)**
Net increase/(decrease) in cash and cash equivalents		20,000	873,459	(65,299)	853,459	938,758
Cash and cash equivalents at the beginning of the period		909,000	1,073,924	1,139,223	164,924	(65,299)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**929,000**	**1,947,383**	**1,073,924**	**1,018,383**	**873,459**

Financial Statements

Major Variance Narratives (Controlled Operations)

Variances between estimate and actual

Note - Some variances between the estimate and actual results relate to differences in the way costs are assigned to the various categories in the budget papers compared to the financial statements.

1) The variance in supplies and services and accommodation expenses is primarily due to services received free of charge for the depreciation of the fit-out of office accommodation (provided through the Department of Finance - Building Management and Works), included in supplies and services for the estimate, being included in accommodation for the actual.

2) The variance in depreciation and amortisation is primarily due to fluctuations in the value and timing of asset purchases and associated depreciation and amortisation in line with the Office's scheduled replacement of assets.

3) The variance in other expenses and other payments is primarily due to actual non-salary related expenses for the first year of the function to monitor the Infringement Notices provisions of *The Criminal Code*, being less than the estimate due to the change in the commencement of the function to March 2015. In addition, some expenses, included as other expenses for the estimate are included in supplies and services for the actual, and payments for GST are included in other payments for the estimate, and in GST payments on purchases or GST payments to the ATO in the actual.

4) The variance in cash and cash equivalents is primarily due to lower than expected payments due to the change in the commencement of the function to monitor the Infringement Notices provisions of *The Criminal Code* to March 2015, expenses incurred during 2014-15 but paid in 2015-16, and temporary vacancies arising from staff movements during the year.

5) The variance in restricted cash is primarily due to the reclassification of funds, held in suspense for the purpose of meeting the 27th pay in 2015-16, from a non-current asset to a current asset.

6) The variance is due to fluctuations from year to year in the actual outstanding amounts receivable.

7) The variance is primarily due to the final year of amortisation of the finance system, commissioned in early 2013 to support the financial operations of the Office following the decommissioning of the Office of Shared Services, not being included in the budget, and fluctuations in the value and timing of asset purchases and associated depreciation and amortisation in line with the Office's scheduled replacement of assets.

8) The variance is primarily due to accrued salaries, included in other current liabilities for the estimate, being included in payables for the actual.

9) The variance in other liabilities primarily relates to the scheduled payment in 2014-15 under contracts for software enhancements, which meant there was no remaining actual liability at the end of the year.

10) The variance is primarily due to some costs, such as electricity and parking, included in accommodation for the estimate, being included in supplies and services for the actual.

11) The variance is primarily due to the user fees and charges and the associated GST receipts on sales being lower than anticipated.

Variances between actual results for 2015 and 2014

A) The variance is primarily due to a reduction in contracted services.

B) The variance in depreciation and amortisation, and in intangible assets, is primarily due to fluctuations in the value and timing of asset purchases and associated depreciation and amortisation, in line with the Office's scheduled replacement of assets.

C) The variance in service appropriation is primarily due to the commencement of the function to monitor the Infringement Notices provisions of *The Criminal Code* .

D) The variance in cash and cash equivalents is primarily due to unspent funds received for the function to monitor the Infringement Notices provisions of *The Criminal Code* , and temporary vacancies arising from staff movements during the year.

E) The variance in restricted cash is primarily due to the reclassification of funds, held in suspense for the purpose of meeting the 27th pay in 2015-16, from a non-current asset to a current asset.

F) The variance in receivables is primarily due to an increase in GST receivable and movement in staff purchased leave balances.

G) The variance in payables is primarily due to credit card expenses being incurred during 2014-15 but paid in 2015-16. In the prior year, credit card expenses were incurred and paid in the same period.

H) The variance in other liabilities primarily relates to a reduced liability due to the scheduled payment in 2014-15 under contracts for software enhancements.

I) The variance in non-current provisions is primarily due to a reduction in long service leave provisions as a result of staff movements during the year and long service leave falling due.

J) The variance in holding account drawdowns and purchase of non-current physical assets reflects the fluctuations in approved funding for the Office's ongoing asset replacement program, based on scheduled asset replacement.

K) The variance reflects changes in GST due to fluctuations in purchases and revenue, and the associated net amount paid or received from the ATO.

Note 28. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

Credit risk
Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 28(c) 'Financial instruments disclosures' and Note 15 'Receivables'.

Credit risk associated with the Office's financial assets is minimal because the main receivable is the amounts receivable for services (holding accounts). For receivables other than government, the Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk
Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due. The Office is exposed to liquidity risk through its trading in the normal course of business. The Office has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or the value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2015 $	2014 $
Financial Assets		
Cash and cash equivalents	1,647,443	836,469
Restricted cash and cash equivalents	299,940	237,455
Receivables[(a)]	40,032	14,097
Amount receivable for services	2,125,000	2,023,000
Financial Liabilities		
Financial liabilities measured at amortised cost	340,653	267,894
Other liabilities	925	45,951

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

Credit risk

The following table details the Office's maximum exposure to credit risk and the ageing analysis of financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Office.

The Office does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Financial Statements

The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Aged analysis of financial assets

	Carrying amount $	Not past due and not impaired $	Past due but not impaired: Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 2 Years $	2 – 5 Years $	More than 5 Years $	Impaired financial assets $
2015									
Cash and cash equivalents	1,647,443	1,647,443	-	-	-	-	-	-	-
Restricted cash and cash equivalents	299,940	299,940	-	-	-	-	-	-	-
Receivables[(a)]	40,032	29,606	-	-	10,426	-	-	-	-
Amount receivable for services	2,125,000	2,125,000	-	-	-	-	-	-	-
	4,112,415	**4,101,989**	**-**	**-**	**10,426**	**-**	**-**	**-**	**-**
2014									
Cash and cash equivalents	836,469	836,469	-	-	-	-	-	-	-
Restricted cash and cash equivalents	237,455	237,455	-	-	-	-	-	-	-
Receivables[(a)]	14,097	14,097	-	-	-	-	-	-	-
Amount receivable for services	2,023,000	2,023,000	-	-	-	-	-	-	-
	3,111,021	**3,111,021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Financial Statements

Liquidity risk and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flow. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

2015	Weighted average effective interest rate %	Carrying Amount $	Fixed interest rate $	Variable interest rate $	Non-interest bearing $	Nominal Amount $	Up to 1 month $	1 – 3 months $	3 – 12 Months $	1 – 5 Years $	More than 5 Years $
		Interest rate exposure					Maturity date				
Financial Assets											
Cash and cash equivalents		1,647,443	-	-	1,647,443	1,647,443	1,647,443	-	-	-	-
Restricted cash and cash equivalents		299,940	-	-	299,940	299,940	7,466	-	292,474	-	-
Receivables[(a)]		40,032	-	-	40,032	40,032	29,606	-	10,426	-	-
Amount receivable for service		2,125,000	-	-	2,125,000	2,125,000	-	-	208,000	832,000	1,085,000
		4,112,415	**-**	**-**	**4,112,415**	**4,112,415**	**1,684,515**	**-**	**510,900**	**832,000**	**1,085,000**
Financial Liabilities											
Payables		340,653	-	-	340,653	340,653	340,653	-	-	-	-
Other liabilities		925	-	-	925	925	925	-	-	-	-
		341,578	**-**	**-**	**341,578**	**341,578**	**341,578**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate exposure and maturity analysis of financial assets and financial liabilities

2014	Weighted average effective interest rate %	Carrying Amount $	Fixed interest rate $	Variable interest rate $	Non-interest bearing $	Nominal Amount $	Up to 1 month $	1 – 3 months $	3 – 12 Months $	1 – 5 Years $	More than 5 Years $
			Interest rate exposure				Maturity date				
Financial Assets											
Cash and cash equivalents		836,469	-	-	836,469	836,469	836,469	-	-	-	-
Restricted cash and cash equivalents		237,455	-	-	237,455	237,455	2,103	-	-	235,352	-
Receivables[(a)]		14,097	-	-	14,097	14,097	14,097	-	-	-	-
Amount receivable for service		2,023,000	-	-	2,023,000	2,023,000	-	-	196,000	624,000	1,203,000
		3,111,021	**-**	**-**	**3,111,021**	**3,111,021**	**852,669**	**-**	**196,000**	**859,352**	**1,203,000**
Financial Liabilities											
Payables		267,894	-	-	267,894	267,894	267,894	-	-	-	-
Other liabilities		45,951	-	-	45,951	45,951	-	-	45,951	-	-
		313,845	**-**	**-**	**313,845**	**313,845**	**267,894**	**-**	**45,951**	**-**	**-**

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates. Movements in interest rates would therefore have no impact on the Office's surplus or equity.

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 29. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

$	2015	2014
1 - 10,000	1	-
110,001 - 120,000	1	-
150,001 - 160,000	1	1
170,001 - 180,000	-	2
180,001 - 190,000	-	1
200,001 - 210,000	1	-
210,001 - 220,000	1	-
220,001 - 230,000	-	2
280,001 - 290,000	1	-
420,001 - 430,000	1	-
430,001 - 440,000	-	1
	$	$
Base remuneration and superannuation	1,271,003	1,518,000
Annual leave and long service leave accruals	27,520	(53,103)
Other benefits	97,861	109,591
Total remuneration of senior officers	**1,396,384**	**1,574,488**

Total remuneration includes superannuation expense incurred by the Office in respect of senior officers. The reduction in the total remuneration of senior officers and the variation in bands between 2015 and 2014 is primarily due to senior officer movements during the year.

Note 30. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2015 $	2014 $
Auditing the accounts, financial statements and key performance indicators	24,600	24,000
	24,600	**24,000**

Note 31. Indian Ocean Territories

The Indian Ocean Territories Reimbursement Fund was established in March 1996 and became operational in July 1996. The purpose of the Fund is to meet the cost of the services of the Office in relation to complaints involving the Indian Ocean Territories. The balance of the Fund at the end of the financial year is included in the Office's Operating Account. The figures presented below for the Fund have been prepared on a cash basis.

	2015 $	2014 $
Opening Balance	2,103	3,995
Receipts	65,006	27,992
Payments	(25,720)	(29,884)
Closing Balance[a]	**41,389**	**2,103**

(a) An amount of $33,923 will be used for approved travel to the Indian Ocean Territories in 2015-16 as part of the Office's Regional Awareness and Accessibility program.

Note 32. Supplementary financial information

(a) Write-offs
There was no write-off during the period.

(b) Losses through theft, defaults and other causes
There were no losses of public money and public and other property during the period.

(c) Gifts of public property
There were no gifts of public property provided by the Office during the period.

Note 33. Other assets

	2015 $	2014 $
Current		
Prepayments	102,798	93,669
	102,798	**93,669**

Note 34. Other liabilities

	2015 $	2014 $
Current		
Contracts software	925	45,951
Total current	**925**	**45,951**

Financial Statements