



PROFESSIONAL  
STANDARDS  
COUNCILS

# Financial Statements

for the financial year ended 30 June 2011

PROFESSIONAL STANDARDS COUNCIL OF WESTERN AUSTRALIA



## KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators for the Year Ending 30 June 2011

The Professional Standards Council of Western Australia is required to report on performance indicators as outlined in the *Financial Management Act 2006* (WA) and its associated Regulations.

### Statement of Certification

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Standards Council of Western Australia's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ended 30 June 2011.



Brian Rayment QC  
Chairman  
26 August 2011



Hugh Plaistowe  
Council Member  
26 August 2011



## KEY PERFORMANCE INDICATORS

The Professional Standards Council of Western Australia is responsible for approving *Cover of Excellence*® Schemes. The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

*Cover of Excellence*® Schemes aim to increase consumer protection by improving the standards of professionals who belong to occupational associations that are approved by the Professional Standards Council to administer such Schemes. Members of such occupational associations are required to comply with required codes of ethics, codes of practice, and to engage in risk management and continuing occupational education. Awareness and an active response to these issues can lower the incidence of civil liability claims against participating members, thereby achieving the objectives associated with the *Cover of Excellence*® Schemes.

As a further measure of consumer protection, members of occupational associations that participate in Schemes are also required to hold significant business assets and/or professional indemnity insurance.

There were three *Cover of Excellence*® Schemes operating in Western Australia during 2010-2011:

- The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA WA Scheme) which commenced on 8 October 2007 (*Gazette* 28 September 2007, No. 204);
- The CPA Australia Ltd (Western Australia) Scheme (CPA Scheme) which commenced on 1 April 2008 (*Gazette* 1 February 2008, No. 17); and
- The Engineers Australia Western Australia Scheme which commenced on 1 January 2009 (*Gazette* 9 December 2008, No. 207).

### Key Output/Service

<b>Outcome</b>	<b><i>Cover of Excellence</i>® Schemes limiting the civil liability of the members of occupational associations</b>
<b>Output</b>	<i>Cover of Excellence</i> ® Schemes limiting the liability of occupational associations together with approved compulsory insurance, risk management strategies and appropriate provisions for complaints and disciplinary matters in relation to those associations for the protection of consumers of the services provided by the associations.
<b>Description</b>	<p>A <i>Cover of Excellence</i>® Scheme limits the civil liability of members of the occupational association. Once approved, Schemes may continue for a period of up to five years. Annual fees on a per member basis are payable by the occupational association to the Council.</p> <p>Consumers are protected by a requirement that persons under a Scheme have insurance or assets to the approved level; that members engage in appropriate risk management strategies; and by an approved complaints and disciplinary process.</p>

## EFFECTIVENESS

The three associations with *Cover of Excellence*<sup>®</sup> Schemes were invited by the Professional Standards Council of Western Australia to respond to a survey that sought their comments on the Council's effectiveness indicators as at 30 June 2010. During the reporting period there was only one member of the Engineers Australia Western Australia Scheme, while the Schemes of the ICAA and CPA have a combined membership of more than 2,900 professionals.

To assist in determining the extent to which the objectives of the *Cover of Excellence*<sup>®</sup> Schemes are being achieved, the associations were asked to comment on the following:

1. The impact of *Cover of Excellence*<sup>®</sup> Schemes based on the number of claims and cases brought against members;
2. The effectiveness of schemes on the associations' perceptions of cost and availability of insurance for scheme members, taking into account:
  - » Cost of insurance (decreasing premium or increasing at a slower than market rate);
  - » Better value insurance for the same premium prices; and
  - » Availability of insurance.

### Effectiveness Indicators<sup>(1) (2)</sup>

Indicator	2008-2009 <sup>(3)</sup>	2009-2010	2010-2011	Target <sup>(4)</sup>
<i>Cover of Excellence</i> <sup>®</sup> Schemes have lowered the incidence of civil liability claims.	Two associations were unable to determine.	Two associations disagreed. One association did not comment.	Two associations agreed. One association disagreed.	Lower incidence of civil liability claims as a result of <i>Cover of Excellence</i> <sup>®</sup> Schemes.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	Two associations disagreed.	One association agreed. Two associations disagreed.	One association agreed. Two associations disagreed. <sup>(5)</sup>	Decreasing cost of insurance.
Better value insurance for same premium prices.	Two associations agreed.	Two associations agreed. One association did not comment.	One association agreed. Two associations disagreed. <sup>(6)</sup>	Better value insurance.
Availability of insurance.	Two associations agreed.	Two associations agreed. One association disagreed.	Three associations disagreed. <sup>(7)</sup>	Better availability of insurance.

1. Associations have not been individually identified to protect the confidentiality of the information supplied.

2. Data is reported on a calendar year basis due to the data collection methodology undertaken by the associations.

3. For 2009 there were three associations with *Cover of Excellence*<sup>®</sup> schemes. However, as one association had only been operating for six months and did not have any members in its scheme, the responses were drawn from the other two associations.

4. Targets are derived from the stated objectives of the *Professional Standards Act 1997* (WA) as outlined in the second reading speech in Parliament on 25 June 1997 (Hansard, page 4569)
5. One association stated that there had been no change in insurance costs for members while another association advised that it was not aware of insurance costs decreasing for members. A third association noted a small decrease in the premium paid for insurance as a percentage of the firm's annual gross fees.
6. One association noted that the availability of insurance underwriters willing to provide professional indemnity insurance has continued to be buoyant in the last 12 months while another association commented on the improvement since 2008 in the number and percentage of members obtaining professional indemnity insurance cover. A third association advised there was no difference in members obtaining better value insurance.
7. Two associations commented that there was no difference in the availability of insurance while a third association noted that no members had been refused insurance nor had their policies excluded cover for significant services provided.

## EFFICIENCY

Indicator	2008-2009	2009-2010	2010-2011 <sup>2</sup>	Target <sup>3</sup>
Cost per scheme <sup>1</sup>	\$30,443	\$35,581	\$31,957	\$56,333

<sup>1</sup> The Cost per scheme incorporates the Secretariat service charges, Resources received free of charge and any bank charges.

<sup>2</sup> The figure for 2010-2011 is lower than projected as a result of a number of large one-off projects, including the implementation of a new content management system, being delayed due to resourcing issues.

<sup>3</sup> The target was derived from the approved budgeted figure for Secretariat plus Resources received free of charge.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### PROFESSIONAL STANDARDS COUNCIL

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Professional Standards Council.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Council's Responsibility for the Financial Statements*

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Professional Standards Council at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## **Professional Standards Council**

### **Report on Controls**

I have audited the controls exercised by the Professional Standards Council. The Council is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Council based on my audit conducted in accordance with Australian Auditing Standards.

### **Opinion**

In my opinion, the controls exercised by the Professional Standards Council are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

### **Report on the Key Performance Indicators**

I have audited the key performance indicators of the Professional Standards Council. The Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.


As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

### **Opinion**

In my opinion, the key performance indicators of the Professional Standards Council are relevant and appropriate to assist users to assess the Council's performance and fairly represent indicated performance for the year ended 30 June 2011.

### **Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY  
AUDITOR GENERAL  
5 September 2011



## Disclosures and Legal Compliance

### Financial Statements

#### Certification of Financial Statements

**For the year ended 30 June 2011**

The accompanying financial statements of the Professional Standards Council 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 2011 and the financial position as at 30 June 2011.

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.

Mr. B Rayment QC  
Chairman

26 August 2011

Mr. H Plaistowe  
Council Member

30 August 2011

Mr. Alan Andersson  
Chief Finance Officer

31 August 2011



**STATEMENT OF COMPREHENSIVE INCOME***For the year ended 30 June 2011*

	Note	2011 \$	2010 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Supplies and services	4	95,851	106,736
Other expenses	5	22	7
<b>Total cost of services</b>		<b>95,873</b>	<b>106,743</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	6	154,301	150,549
<b>Total Revenue</b>		<b>154,301</b>	<b>150,549</b>
<b>Total income other than income from State Government</b>		<b>154,301</b>	<b>150,549</b>
<b>NET COST OF SERVICES</b>		<b>(58,428)</b>	<b>(43,806)</b>
<b>Income From State Government</b>			
Resources received free of charge	7	23,575	26,023
<b>Total income from State Government</b>		<b>23,575</b>	<b>26,023</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>82,003</b>	<b>69,829</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>82,003</b>	<b>69,829</b>

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

**STATEMENT OF FINANCIAL POSITION***As at 30 June 2011*

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	370,049	280,452
Receivables	8	11,613	14,306
<b>Total Current Assets</b>		<b>381,662</b>	<b>294,758</b>
<b>TOTAL ASSETS</b>		<b>381,662</b>	<b>294,758</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	21,919	18,576
Unearned revenue	10	29,712	28,154
<b>Total Current Liabilities</b>		<b>51,631</b>	<b>46,730</b>
<b>TOTAL LIABILITIES</b>		<b>51,631</b>	<b>46,730</b>
<b>NET ASSETS</b>		<b>330,031</b>	<b>248,028</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	11	330,031	248,028
<b>TOTAL EQUITY</b>		<b>330,031</b>	<b>248,028</b>

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 2011*

	Note	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
<b>Balance at 1 July 2009</b>	11	-	178,199	178,199
Total comprehensive income for the year		-	69,829	69,829
Total		-	69,829	69,829
<b>Balance at 30 June 2010</b>		-	248,028	248,028
<b>Balance at 1 July 2010</b>		-	248,028	248,028
Total comprehensive income for the year		-	82,003	82,003
Total		-	82,003	82,003
<b>Balance at 30 June 2011</b>		-	<b>330,031</b>	<b>330,031</b>

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

PROFESSIONAL STANDARDS COUNCIL  
**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Payments to members and suppliers		(68,955)	(69,168)
GST Payments		(6,716)	(8,088)
<b>Receipts</b>			
User charges and fees		158,250	139,570
GST Receipts		7,018	9,718
<b>Net cash provided by/(used in) operating activities</b>	12	<b>89,957</b>	<b>72,032</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		89,957	72,032
Cash and cash equivalents at the beginning of period		280,452	208,420
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	12	<b>370,049</b>	<b>280,452</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

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## 1 Australian Accounting Standards

### General

The Professional Standards Council's (the "Council" for the purpose of these notes) financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

### Early adoption of standards

The Commission cannot adopt an Australian Accounting Standard earlier than the commencement date unless specifically permitted by Treasurer's instruction (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 yet operative) by the Commission for the annual reporting period ended 30 June 2011.

## 2 Summary of significant accounting policies

### (a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with the 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* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the 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.

### (c) Reporting entity

The reporting entity comprises the Council and no other related bodies.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

For the year ended 30 June 2011

### **(d) Mission**

The Professional Standards Council is concerned with the regulation and education of members of occupational associations to improve service standards, and to assist and promote the self-regulation of those associations. The objective of the program is to ensure that the community receives professional services that are affordable, accountable and of a high standard, and provide safeguards regarding professional liability commitment.

### **(e) Unearned revenue**

Unearned revenue represents the portion of schemes received or receivable not earned and relates to periods of the scheme subsequent to the end of the reporting period.

### **(f) Income**

Revenue is recognised in the Statement of Comprehensive Income when it has been earned from memberships and is calculated from the commencement date over the period of the scheme. The pattern of recognition over the policy period is based on time.

### **(g) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets include restricted cash and cash on hand.

### **(h) 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 Council 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.

### **(i) Payables**

Payables are recognised when the Council 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 they are generally settled within 30 days.

### **(j) Resources received free of charge or for nominal cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource represents a service that the Council would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

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

### **(k) Comparative Figures**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

**3 Disclosure of changes in accounting policy and estimates****Future impact of Australian Accounting Standards not yet operative**

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

<b>Title</b>	<b>Operative for reporting periods beginning on/ after</b>
<p>AASB 2009-11</p> <p>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</p> <p>The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Council does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 January 2013
<p>AASB 2009-12</p> <p>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>	1 January 2011
<p>AASB 1053</p> <p>Application of Tiers of Australian Accounting Standards</p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Council. However it may affect disclosures in the financial statements of the Council if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

For the year ended 30 June 2011

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AASB 2010-2	1 July 2013
Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	
This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.	
The Standard is not expected to have any financial impact on the Council. However this Standard may reduce some note disclosures in the financial statements of the Council. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	

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AASB 2010-5	1 January 2011
Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)	
This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.	

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AASB 2010-6	1 July 2011
Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	
This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.	
The Standard is not expected to have any financial impact on the Council. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	

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AASB 9	1 January 2013
Financial Instruments	
This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.	
The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.	

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**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

	2011 \$	2010 \$
<b>4 Supplies and services</b>		
Secretarial services	72,276	80,713
Resources received free of charge (note 7)	23,575	26,023
	<b>95,851</b>	<b>106,736</b>
<b>5 Other expenses</b>		
Bank charges and credit card fees	22	7
	<b>22</b>	<b>7</b>
<b>6 User charges and fees</b>		
Scheme fees	154,301	150,549
	<b>154,301</b>	<b>150,549</b>
<b>7 Income from State Government</b>		
Resources received free of charge <sup>(a)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General	23,575	26,023
- accounting, human resources and information technology services		
	<b>23,575</b>	<b>26,023</b>
(a) Where services have been received free of charge or for nominal cost, the Council recognises revenue equivalent to the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as expenses. Where the contribution of services is in the nature of contributions by owners, the Council makes an adjustment direct to equity.		
<b>8 Receivables</b>		
GST receivable	1,465	1,767
Receivables	10,148	12,539
	<b>11,613</b>	<b>14,306</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

	2011 \$	2010 \$
<b>9 Payables</b>		
Accrued expenses	21,919	16,314
Other payables	-	2,262
	<b>21,919</b>	<b>18,576</b>
<b>10 Unearned revenue</b>		
Unearned revenue <sup>(a)</sup>	29,712	28,154
	<b>29,712</b>	<b>28,154</b>
(a) Membership subscriptions in advance.		
<b>11 Equity</b>		
Equity represents the residual interest in the net assets of the Council. The Government holds the equity interest in the Council on behalf of the community.		
<b>Accumulated surplus/(deficit)</b>		
Balance at start of period	248,028	178,199
Result for the period	82,003	69,829
Balance at end of period	<b>330,031</b>	<b>248,028</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

	2011 \$	2010 \$
<b>12 Notes to the Statement of Cash Flows</b>		
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	370,049	280,452
	<b>370,049</b>	<b>280,452</b>
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	58,428	43,806
Resources received free of charge	23,575	26,023
(Increase)/decrease in assets:		
Receivables	2,693	722
Increase/(decrease) in liabilities:		
Current payables	3,343	(79)
Other current liabilities	1,558	1,560
Net cash provided by/(used in) operating activities	<b>89,597</b>	<b>72,032</b>
<b>13 Commitments</b>		
There were no commitments as at 30 June 2011 (2010 nil).		

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

For the year ended 30 June 2011

### 14 Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 5% or \$7,000.

#### Significant variances between actual results for 2010 and 2011.

	2011 \$	2010 \$	Variance \$
<b>Expenses</b>			
Supplies and services	95,851	106,736	(10,885)

#### Supplies and services

There is a decrease in expenditure. Last financial year the Council incurred extra expenses for audits and consultancies. Resources free of charge costs have also decreased.

## NOTES TO THE FINANCIAL STATEMENTS (CONT)

For the year ended 30 June 2011

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### 15 Financial Instruments

#### **(a) Financial risk management objectives and policies**

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

#### ***Credit risk***

Credit risk arises when there is the possibility of the Council's receivables defaulting on their contractual obligations resulting in financial loss to the Council. 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 provisions for impairment, as shown in the table at Note 15(c) 'Financial Instruments Disclosures' and Note 8 'Receivables'.

Credit risk associated with the Council's financial assets is minimal because the main receivable is the amount receivable for services. For receivables other than government, the Council trades only with recognised, creditworthy third parties. The Council has policies in place to ensure that receivable balances are monitored on an ongoing basis, with the result that the Council'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 Council is unable to meet its financial obligations as they fall due. The Council is exposed to liquidity risk through its trading in the normal course of business.

The Council 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***

The Council does not trade in foreign currency and is not materially exposed to other price risks. The Council has no exposure to market risk for changes in interest rates as it does not currently have long-term debt obligations or borrowings. The Council is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and the Council has no borrowings.

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

**(b) Categories of financial instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011 \$	2010 \$
<b>Financial assets</b>		
Cash and cash equivalents	370,049	280,452
Receivables <sup>(a)</sup>	10,148	12,539
	<b>380,197</b>	<b>292,991</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	51,631	46,730
	<b>51,631</b>	<b>46,730</b>

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office.

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

For the year ended 30 June 2011

**(c) Financial instrument disclosures****Credit risk and interest rate exposures**

The following table discloses the Council's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Council'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 Council.

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

The Council 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.

	<b>Interest rate exposures and ageing analysis of financial assets (a)</b>											
	Weighted average interest rate	Carrying Amount	<i>Interest rate exposure</i>				<i>Past due but not impaired</i>					Impaired financial assets
			Variable Interest Rate	Non-interest bearing Interest bearing	Up to 3 months	3-12 months	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	
%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Financial assets</b>												
<b>2011</b>												
Cash and cash equivalent assets		370,049		370,049								
Receivables <sup>(a)</sup>		10,148	-	10,148								
<b>Total financial assets</b>		<b>380,197</b>	-	<b>380,197</b>	-	-	-	-	-	-	-	
<b>2010</b>												
Cash and cash equivalent assets		280,452		280,452								
Receivables <sup>(a)</sup>		12,539		12,539								
<b>Total financial assets</b>		<b>292,991</b>	-	<b>292,991</b>	-	-	-	-	-	-	-	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office.

**Liquidity risk**

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

	<b>Interest rate exposures and ageing analysis of financial liabilities (a)</b>											
	Weighted average interest rate	Carrying Amount	<i>Interest rate exposure</i>				<i>Maturity dates</i>					Impaired financial assets
			Variable Interest Rate	Non-interest bearing	Up to 3 months	3-12 months	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	
%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Financial liabilities</b>												
<b>2011</b>												
Payables		21,919	-	21,919	-	-	-	-	-	-	-	
Unearned revenue		29,712		29,712								
<b>Total financial liabilities</b>		<b>51,631</b>		<b>51,631</b>								
<b>2010</b>												
Payables		18,576		18,576								
Unearned revenue		28,154		28,154								
<b>Total financial liabilities</b>		<b>46,730</b>	-	<b>46,730</b>	-	-	-	-	-	-	-	

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS (CONT)**

for the financial year ended 30 June 2011

**16 Remuneration of Members of the Council****Remuneration**

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

	2011	2010
\$		
0 - 10,000	11	12
<b>Total remuneration of members of the Council:</b>	<b>\$34,145</b>	<b>\$27,575</b>

**17 Remuneration of Auditor**

Remuneration paid or payable to the Auditor General for the financial year is as follows:

	2011 \$	2010 \$
<b>Auditing the accounts, financial statements and performance indicators</b>	<b>8,800</b>	<b>8,600</b>

**18 Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 30 June 2011 (2010 nil).

**19 Events occurring after the end of the reporting period**

There were no significant events occurring after the end of the reporting period.

**20 Related bodies**

The Council had no related bodies as at 30 June 2011 (2010: Nil).

**21 Affiliated bodies**

The Council had no affiliated bodies as at 30 June 2011 (2010: Nil).

## **NOTES TO THE FINANCIAL STATEMENTS (CONT)**

*for the financial year ended 30 June 2011*

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### **22 Special Purpose Accounts**

Nil.

### **23 Supplementary financial information**

There were no losses of public moneys or other public property through theft or default during the financial year (2010: nil).

There were no write offs of public money or other public property during the financial year (2010: nil).

There were no gifts of public property during the financial year (2010: nil).



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