

Professional Standards Council of Western Australia

Annual Financial Statements
for the year ending 30 June 2014
As at 30 June 2014

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Key performance indicators

Certification of Key Performance Indicators for the Year Ending 30 June 2014

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 2014.



Brian Rayment QC

Chairman

11 September 2014



Rachel Webber

Council Member

11 September 2014

Key performance indicators

The Professional Standards Council of Western Australia is responsible for approving Professional Standards Schemes. From February 2014 the name “Professional Standards Scheme” replaced previous reference to “*Cover of Excellence*® schemes”. Schemes approved before this date and that have not expired may still be described as *Cover of Excellence*®. However, for ease of reference this addendum refers to ‘Professional Standards Schemes’ throughout. The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

Professional Standards 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 Scheme.

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 Professional Standards Schemes operating in Western Australia during 2013–2014:

- › 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). This Scheme was extended for a twelve month period which expired on 7 October 2013. A new interim Scheme commenced on 8 October 2013 and remains in force for twelve months (Gazette 4 October 2013, No 180).
- › The CPA Australia Ltd (Western Australia) Scheme (CPA Scheme) which commenced on 1 April 2008 (Gazette 1 February 2008, No. 17). This Scheme was extended for a twelve month period and expired on 31 March 2014 (Gazette 8 February 2013, No 27); and
- › The Engineers Australia Western Australia Scheme which commenced on 1 January 2009 (Gazette 9 December 2008, No. 207) and expired on 31 December 2013.

The Law Society of Western Australia Scheme and the Western Australian Bar Association Scheme were both approved by the Council in February 2014 and will commence operation on 1 July 2014.

KEY OUTPUT/SERVICE

Outcome	Professional Standards Schemes limiting the civil liability of the members of occupational associations
Output	Professional Standards 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.
Description	Professional Standards Schemes limit 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. 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.

EFFECTIVENESS

The three associations with Professional Standards 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 2014. During the reporting period there was only one member of the Engineers Australia Western Australia Scheme (which expired on 31 December 2013), while the Schemes of the ICAA and CPA (which expired on 31 March 2014) had a combined membership in excess of 3,300 professionals during the reporting period.

To assist in determining the extent to which the objectives of the Professional Standards Schemes are being achieved, the associations were asked to comment on the following:

1. The impact of Professional Standards 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^{1,2}

Indicator	2008-09 ³ Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2013-14 Target ⁴
Professional Standards 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.	Three associations disagreed.	Two associations disagreed. One association agreed.	Three associations disagreed. ⁵	Lower incidence of civil liability claims as a result of Professional Standards 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.	One association agreed. Two associations disagreed.	Two associations disagreed. One association agreed.	Two associations disagreed. One association agreed. ⁶	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.	One association agreed. Two associations disagreed.	Two associations agreed. One association disagreed.	Two associations agreed. One association disagreed. ⁷	Better value insurance.
Availability of insurance.	Two associations agreed.	Two associations agreed. One association disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed.	Two associations disagreed. One association agreed.	Three associations disagreed. ⁸	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*[®] 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 noted that no claims had been lodged while another association advised that no particular trend could be identified from the small increase in claims. A third association advised that an apparent increase in reported claims was a result of claims that had previously been dormant being activated, settled and reported in the year of settlement.
6. One association reported that although costs had not decreased, any increases had been at a lower rate than the market rate. A second association reported no significant change in the cost of insurance while a third association noted that it was not aware of any decrease in insurance costs.
7. While one association commented that there was no difference in the availability of better value insurance for members, another association commented that slightly better value insurance was available. A third association noted that since 2008 there has been continued improvement since 2008 in the number and percentage of member practices obtaining insurance cover.
8. Two associations did not note any difference in the availability of insurance for members. A third association reported that insurance continued to be readily available to members in public practice with no claims history.

EFFICIENCY

Indicator	2008–09 Actual	2009–10 Actual	2010–11 Actual	2011–12 Actual	2012–13 Actual	2013–14 Actual	2013–14 Target ²
Cost per scheme ¹	\$30,443	\$35,581	\$31,957	\$34,537	\$52,897	\$70,294 ³	\$61,333

1. The Cost per Scheme incorporates the Secretariat service charges, Resources Received Free of Charge and any bank charges.
2. The target was derived from the approved budget figure for Secretariat plus Resources Received Free of Charge.
3. Revenue was higher than budget, driving a higher percentage share of total costs from secretariat services coupled with actual costs being higher in 2013-2014 than 2012-2013, due to significant operational expenditure (2013-2014) invested into remediation of core business process and technology needs.

Independent auditor's report



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 2014, 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 2014 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.

Report on Controls

I have audited the controls exercised by the Professional Standards Council during the year ended 30 June 2014.

Controls exercised by the Professional Standards Council are those policies and procedures established by the Council to ensure 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.

Council's Responsibility for Controls

The Council is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Council complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

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 during the year ended 30 June 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Professional Standards Council for the year ended 30 June 2014.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Council's Responsibility for the Key Performance Indicators

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 and for such controls as the Council determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

Independent auditor's report

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Council's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

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 2014.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Professional Standards Council for the year ended 30 June 2014 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
ACTING AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
16 September 2014

Disclosures and legal compliance

FINANCIAL STATEMENTS AND NOTES

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2014

The accompanying financial statements of the Professional Standards Council of Western Australia 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 2014 and the financial position as at 30 June 2014.

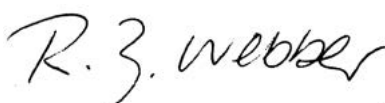
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Mr Brian Rayment QC

Chairman

11 September 2014



Ms Rachel Webber

Council Member

11 September 2014



Mr Alan Andersson

Chief Finance Officer

11 September 2014

Statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
COST OF SERVICE			
Expenses			
Supplies and services	4	210,881	158,686
Other expenses	5	6	5
Total cost of services		210,887	158,691
Income			
<i>Revenue</i>			
User charges and fees	6	175,761	158,200
Total Revenue		175,761	158,200
Total income other than income from State Government		175,761	158,200
NET (COST OF)/INCOME FROM SERVICES		(35,126)	(491)
Income from State Government			
Resources received free of charge	7	38,941	35,103
Total income from State Government		38,941	35,103
SURPLUS FOR THE PERIOD		3,815	34,612
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,815	34,612

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	567,500	479,871
Receivables	8	15,249	16,067
Total Current Assets		582,749	495,938
TOTAL ASSETS		582,749	495,938
LIABILITIES			
Current Liabilities			
Payables	9	124,947	44,788
Unearned revenue	10	34,935	32,098
Total Current Liabilities		159,882	76,886
TOTAL LIABILITIES		159,882	76,886
NET ASSETS		422,867	419,052
EQUITY			
Accumulated surplus	11	422,867	419,052
TOTAL EQUITY		422,867	419,052

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 2014

	Note	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2012	11	–	384,440	384,440
Total comprehensive income for the period		–	34,612	34,612
Balance at 30 June 2013		–	419,052	419,052
Balance at 1 July 2013		–	419,052	419,052
Total comprehensive income for the period		–	3,815	3,815
Balance at 30 June 2014		–	422,867	422,867

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 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to members and suppliers		(91,787)	(100,846)
GST payments on purchase		(10,321)	(10,084)
Receipts			
User charges and fees		175,069	168,649
GST receipts from taxation authority		14,668	5,790
Net cash provided by operating activities	12	87,629	63,509
Net increase in cash and cash equivalents		87,629	63,509
Cash and cash equivalents at the beginning of the reporting period		479,871	416,362
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	567,500	479,871

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements 2013–14

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Notes to and forming part of the financial statements 2013–14

NOTE 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 2014 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 Council 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 Council for the annual reporting period ended 30 June 2014.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL STATEMENT

The Council 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 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.

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.

D. UNEARNED REVENUE

Unearned revenue represents the portion of scheme fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period.

E. 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.

F. FINANCIAL INSTRUMENTS

In addition to cash and bank overdraft, the Council has two categories of financial instrument:

- › Loans and receivables; and
- › Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- › Financial Assets
 - › Cash and cash equivalents
 - › Receivables
- › 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.

G. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise of 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.

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. SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL COST

Services received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value of the services that the Council would otherwise pay for. A corresponding expense is recognised for services received. 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.

NOTE 3. DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

The Council has applied the following Australian Accounting Standard effective for annual reporting periods beginning on or after 1 July 2013 that impacted on the Council.

AASB13 Fair Value Measurement

This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for fair value measurements for non-financial assets and liabilities. There is no financial impact.

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 of the 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.

		Operative for reporting periods beginning on/after
<i>AASB 9</i>	<i>Financial Instruments</i>	
This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.		
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2017. The Council has not yet determined the application or the potential impact of the Standard.		1 Jan 2017
<i>AASB 2010-7</i>	<i>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 Interpretation 2, 5, 10, 12, 19 & 127]</i>	
This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.		
AASB 2012-6 amended the mandatory application date of this standard to 1 January 2015. The Council has not yet determined the application or the potential impact of the Standard.		1 Jan 2015

NOTE 4. SUPPLIES AND SERVICES

	2014	2013
	\$	\$
Secretarial services ^a	171,940	123,583
Services received free of charge (Note 7)	38,941	35,103
	210,881	158,686

(a) Includes audit fee

NOTE 5. OTHER EXPENSES

Bank charges and credit card fees	6	5
	6	5

NOTE 6. USER CHARGES AND FEES

Scheme Fees	175,761	158,200
	175,761	158,200

NOTE 7. INCOME FROM STATE GOVERNMENT

Services received free of charge from other state government agencies during the period^a:

Department of the Attorney General

– Financial, human resources and information technology services

	38,941	35,103
Total Income from State Government	38,941	35,103

(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 assets or expenses, as applicable. The value of services received free of charge recognised during the period was calculated based on estimates and information provided by agencies.

NOTE 8. RECEIVABLES

Current

Receivables	13,618	10,089
GST receivable	1,631	5,978
Total Current	15,249	16,067

NOTE 9. PAYABLES

Current

Accrued expenses	124,947	44,788
Total Current	124,947	44,788

NOTE 10. UNEARNED REVENUE

	2014	2013
	\$	\$
Current		
Unearned revenue ^a	34,935	32,098
	34,935	32,098

(a) Membership subscriptions in advance.

NOTE 11. EQUITY

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.

Accumulated surplus		
Balance at start of period:	419,052	384,440
Result for the period	3,815	34,612
Balance at end of period	422,867	419,052
Total Equity at end of period	422,867	419,052

NOTE 12. 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:

Cash and cash equivalents	567,500	479,871
	567,500	479,871

Reconciliation of net cost of services to net cash flows provided by operating activities

Net (cost of)/ income from services	(35,126)	(491)
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Non-cash items

Services received free of charge	38,941	35,103
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(Increase)/decrease in assets

Receivables	(3,529)	2,780
GST receivables	4,347	(4,294)

Increase/(decrease) in liabilities

Current payables	80,159	22,742
Unearned revenue	2,837	7,669
Net cash provided by operating activities	87,629	63,509

NOTE 13. COMMITMENTS

There were no commitments as at 30 June 2014 (2013: nil).

NOTE 14. EXPLANATORY STATEMENT

Significant variations between the actual results for 2013 and 2014 for income and expenses are shown below.

Significant variations are considered to be those greater than 5% or \$7,000.

SIGNIFICANT VARIANCES BETWEEN ACTUAL RESULTS FOR 2014 AND 2013

	2014 Actual \$	2013 Actual \$	Variance \$
User charges and fees			
Scheme fees ^a	175,761	158,200	17,561
Expense			
Supplies and services ^b	210,881	158,686	52,195

(a) Fees remained constant year on year at \$50 per member for Financial Years 2013 and 2014. The reason for the increase in Fees in 2014 over 2013, is due to increased membership take up from existing scheme holders in 2014.

(b) Head office costs were higher in 2014, compared to 2013 due to a significant investment into business process and technology improvement during this financial year.

The services received free of charge included in 'Supplies and services' has also increased as a result of an increase in the overheads costs of the Department of the Attorney General Business and Financial Services.

NOTE 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. Credit risk also arises from cash and cash equivalents held at banks and financial institutions. 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'.

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. For banks and financial institutions, only independently rated and highly reputable financial institutions are accepted. At the end of the reporting period there were no significant concentrations of credit risk other than in respect of cash and cash equivalents.

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 because it does not have investments in securities or bonds. The Council is not exposed to interest rate risk because cash and cash equivalents are deposited in non-interest bearing accounts and the Council has no borrowings.

B. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are:

	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	567,500	479,871
Receivables ^a	13,618	10,089
	581,118	489,960
Financial Liabilities		
Financial liabilities measured at amortised cost ^a	124,947	44,788
	124,947	44,788

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

C. FINANCIAL INSTRUMENTS DISCLOSURES

Credit Risk

The following table details the Council's maximum exposure to credit risk and the ageing of financial assets. The Council's maximum exposure to credit risk at the balance sheet date is the carrying amount of the 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 Council does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

AGEING ANALYSIS OF FINANCIAL ASSETS

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$	\$	\$	\$	\$	\$	\$	
2014								
Cash and cash equivalents	567,500	567,500	-	-	-	-	-	
Receivables ^a	13,618	13,618	-	-	-	-	-	
	581,118	581,118	-	-	-	-	-	
2013								
Cash and cash equivalents	479,871	479,871	-	-	-	-	-	
Receivables ^a	10,089	10,089	-	-	-	-	-	
	489,960	489,960	-	-	-	-	-	

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

Liquidity risk

The following table details the Council's contractual maturity analysis of financial assets and financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows (interest and principal).

MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Carrying Amount	Total contractual cash flows	Maturity dates				
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
2014							
Financial Assets							
Cash and cash equivalents	567,500	567,500	567,500	-	-	-	-
Receivables ^a	13,618	13,618	13,618	-	-	-	-
	581,118	581,118	581,118	-	-	-	-
Financial Liabilities							
Payables	124,947	124,947	124,947	-	-	-	-
	124,947	124,947	124,947	-	-	-	-

	Maturity dates						
	Carrying Amount	Total contractual cash flows	Up to 1 month	1–3 months	3 months to 1 year	1–5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
2013							
Financial Assets							
Cash and cash equivalents	479,871	479,871	479,871	–	–	–	–
Receivables ^a	10,089	10,089	10,089	–	–	–	–
	489,960	489,960	489,960	–	–	–	–
Financial Liabilities							
Payables	44,788	44,788	44,788	–	–	–	–
	44,788	44,788	44,788	–	–	–	–

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

FAIR VALUES

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

NOTE 16. REMUNERATION OF MEMBERS OF THE COUNCIL

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:

\$	2014	2013
0 – 10,000	10	11
10,001 – 20,000	1	–
	\$	\$
Cash remuneration received	55,639	36,598
Total remuneration of members of the Council	55,639	36,598

NOTE 17. REMUNERATION OF AUDITOR

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

	2014	2013
	\$	\$
Auditing the accounts, financial statements and key performance indicators	10,200	9,850

NOTE 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2014 (2013: nil).

NOTE 19. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

NOTE 20. RELATED BODIES

The Council had no related bodies as at 30 June 2014 (2013: nil).

NOTE 21. AFFILIATED BODIES

The Council had no affiliated bodies as at 30 June 2014 (2013: nil).

NOTE 22. SPECIAL PURPOSE ACCOUNTS

The Council had no special purpose accounts as at 30 June 2014 (2013: nil).

NOTE 23. SUPPLEMENTARY FINANCIAL INFORMATION

There were no losses of public moneys or other public property through theft or default during the financial year (2013: nil). There were no write offs of public money or other public property during the financial year (2013: nil).

There were no gifts of public property during the financial year (2013: nil).



Government of **Western Australia**
Department of **the Attorney General**

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