

**Family Responsibilities Commission  
Financial Statements**

**for the financial year ended 30 June 2010**



**Family Responsibilities Commission**  
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17 August 2010

The Honourable D C Boyle MP  
Minister for Aboriginal and Torres Strait Islander Partnerships  
Level 18, Mineral House  
41 George Street  
BRISBANE QLD 4000

Dear Minister

I am pleased to present the Financial Statement for the Annual Report 2009-2010 for the Family Responsibilities Commission.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at <http://www.frcq.org.au> after 30 September 2010.

Yours sincerely

David Glasgow  
Commissioner  
Family Responsibilities Commission

# FINANCIALS

<b><u>Contents</u></b>	<b><u>Page No</u></b>
Statement of Comprehensive Income	75
Statement of Financial Position	76
Statement of Changes in Equity	77
Statement of Cash Flows	78
Notes To and Forming Part of the Financial Statements	79 - 99
Management Certificate	100
Audit Certificate	101 - 104

## **General Information**

These financial statements cover the Family Responsibilities Commission. It has no controlled entities.

The Family Responsibilities Commission is an independent statutory body established under the Family Responsibilities Commission Act 2008.

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:

Suite 3, Level 2, Commonwealth Building, 107 Lake Street  
CAIRNS QLD 4870

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

**Statement of Comprehensive Income** for the year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
<b>Income from Continuing Operations</b>			
<i>Revenue</i>			
Grants and other contributions	2	3,022	2,596
Other revenue	3	105	165
		<hr/>	<hr/>
<b>Total Income from Continuing Operations</b>		3,127	2,761
		<hr/>	<hr/>
<b>Expenses from Continuing Operations</b>			
Employee expenses	4	1,889	1,494
Supplies and services	5	1,527	1,815
Grants and subsidies	6	586	37
Depreciation and amortisation	7	59	-
Other expenses	8	38	39
		<hr/>	<hr/>
<b>Total Expenses from Continuing Operations</b>		4,099	3,385
		<hr/>	<hr/>
<b>Operating Result from Continuing Operations</b>		(972)	(624)
		<hr/>	<hr/>
<b>Operating Result from Discontinued Operations</b>		-	-
		<hr/>	<hr/>
<b>Total Other Comprehensive Income</b>		-	-
		<hr/>	<hr/>
<b>Total Comprehensive Income</b>		(972)	(624)
		<hr/>	<hr/>

*The accompanying notes form part of these statements.*

# FINANCIALS

## Statement of Financial Position for the year ended 30 June 2010

	Notes	2010 \$000	2009 \$000	As at 1 July 2008 restated* \$000
<b>Current Assets</b>				
Cash and cash equivalents	9	2,230	3,336	4,198
Receivables	10	58	42	14
Other	11	12	40	10
<b>Total Current Assets</b>		<b>2,300</b>	<b>3,418</b>	<b>4,222</b>
<b>Non Current Assets</b>				
Intangible assets	12	235	62	-
Property, plant and equipment	13	18	-	-
<b>Total Non Current Assets</b>		<b>253</b>	<b>62</b>	<b>-</b>
<b>Total Assets</b>		<b>2,553</b>	<b>3,480</b>	<b>4,222</b>
<b>Current Liabilities</b>				
Payables	14	166	161	287
Accrued employee benefits	15	206	166	158
<b>Total Current Liabilities</b>		<b>372</b>	<b>327</b>	<b>445</b>
<b>Total Liabilities</b>		<b>372</b>	<b>327</b>	<b>445</b>
<b>Net Assets</b>		<b>2,181</b>	<b>3,153</b>	<b>3,777</b>
<b>Equity</b>				
Accumulated surplus		2,181	3,153	3,777
<b>Total Equity</b>		<b>2,181</b>	<b>3,153</b>	<b>3,777</b>

*The accompanying notes form part of these statements.*

\* The Commission has corrected a prior year error between Unearned Revenue and Accumulated Surplus as described in Note 22. As such, in accordance with AASB 101 para 39, a third Statement of Financial Position has been presented.

**Statement of Changes in Equity** for the year ended 30 June 2010

	Accumulated Surplus		Contributed Equity		TOTAL	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>Balance as at 1 July</b>	3,153	3,777	-	-	3,153	3,777
Operating Result from Continuing Operations	(972)	(624)			(972)	(624)
<b>Balance as at 30 June</b>	2,181	3,153	-	-	2,181	3,153

*The accompanying notes form part of these statements.*

# FINANCIALS

## Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Grants and other contributions		3,027	2,474
GST collected from customers		39	10
GST input tax credits from ATO		202	153
Interest receipts		100	169
Other		4	-
<i>Outflows:</i>			
Employee expenses		(1,844)	(1,391)
Supplies and services		(1,546)	(2,018)
Grants and subsidies		(586)	(37)
GST paid to suppliers		(222)	(159)
GST remitted to ATO		(39)	(10)
Other		(44)	(14)
<b>Net cash used in operating activities</b>	<b>16</b>	<b>(909)</b>	<b>(823)</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Advances		28	-
<i>Outflows:</i>			
Payments for property, plant and equipment		(25)	-
Payments for intangibles		(200)	(14)
Advances		-	(25)
<b>Net cash used in investing activities</b>		<b>(197)</b>	<b>(39)</b>
<b>Net decrease in cash held</b>		<b>(1,106)</b>	<b>(862)</b>
<b>Cash at beginning of financial year</b>		<b>3,336</b>	<b>4,198</b>
<b>Cash at end of financial year</b>	<b>9</b>	<b>2,230</b>	<b>3,336</b>

*The accompanying notes form part of these statements.*

## Notes To And Forming Part Of The Financial Statements 2009-10

	Objectives and Principal Activities of the Commission
Note 1:	Summary of Significant Accounting Policies
Note 2:	Grants and Other Contributions
Note 3:	Other Revenue
Note 4:	Employee Expenses
Note 5:	Supplies and Services
Note 6:	Grants and Subsidies
Note 7:	Depreciation and Amortisation
Note 8:	Other Expenses
Note 9:	Cash and Cash Equivalents
Note 10:	Receivables
Note 11:	Other Current Assets
Note 12:	Intangible Assets
Note 13:	Plant and Equipment
Note 14:	Payables
Note 15:	Accrued Employee Benefits
Note 16:	Reconciliation of Operating Result to Net Cash from Operating Activities
Note 17:	Non-Cash Financing and Investing Activities
Note 18:	Commitments for Expenditure
Note 19:	Contingencies
Note 20:	Events Occurring after Balance Date
Note 21:	Financial Instruments
Note 22:	Correction of Errors

## Notes To And Forming Part Of The Financial Statements 2009-10

### Objectives and Principal Activities of the Family Responsibilities Commission

The Family Responsibilities Commission was established through the enactment of the Family Responsibilities Act 2008 on 13 March 2008. The Commission commenced operation on 1 July 2008, and is scheduled by its enabling legislation to cease operation on 1 January 2012.

The Family Responsibilities Commission (FRC) is a key component of the Cape York Welfare Reform trial.

The FRC is an independent statutory body consisting of a Family Responsibilities Commission Governing Board consisting of representatives from The Queensland Department of Premier and Cabinet, the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs and the Cape York Institute. The Commission's Chief Executive is a legally qualified Commissioner. There are Local Commissioners for each welfare reform community. All Commissioners were appointed by the Governor in Council. The Commission operates its central registry based in Cairns and regional offices in Aurukun, Coen, Hope Vale and Mossman Gorge.

The FRC supports the rebuilding of social norms in the four Cape York Welfare Reform communities by:

- Rebuilding local authority and promoting respect;
- Conducting client conferencing at which community values and the expected behaviour of individuals, families and households are discussed;
- Determining appropriate actions to address the dysfunctional behaviour of people in the community;
- Where appropriate, referring individuals to community support services to assist them to address their behaviours; and
- Where appropriate, directing the person's income to be managed by Centre-link to pay for the priority needs of their family.

The Commission is funded for the outputs it delivers by parliamentary appropriations to -

- (a) support the restoration of socially responsible standards of behaviour and local authority in welfare reform community areas; and
- (b) help people in welfare reform community areas to resume primary responsibility for the wellbeing of their community and the individuals and families of the community.

The objectives to be achieved by the Commission are -

- (a) holding conferences about agency notices; and
- (b) dealing with the matters to which the notices relate in a way that -
  - (i) encourages community members who are the subject of a conference to engage in socially responsible standards of behaviour; and
  - (ii) to promote the interests, rights and wellbeing of children and other vulnerable persons living within welfare reform community areas.

## 1. Summary of Significant Accounting Policies

### (a) Statement of Compliance

The FRC has prepared these financial statements in compliance with section 43 of the Financial and Performance Management Standard 2009 .

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the FRC has applied those requirements applicable to not-for-profit entities, as the FRC is a not-for-profit authority. Except where stated, the historical cost convention is used.

### (b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Commission. The Commission does not have any controlled entities.

### (c) Grants and Other Contributions

Grants, contributions, donations and gifts which are non-reciprocal in nature are recognised as revenue in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

### (d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

### (e) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from

The collectability of receivables is assessed periodically. There is no provision for impairment at the balance sheet date. All known bad debts were written off at 30 June.

## 1. Summary of Significant Accounting Policies (contd)

### (f) Acquisitions of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

### (g) Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

### (h) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The residual value is zero for all the Commission's intangible assets.

It has been determined that there is not an active market for any of the Commission's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

#### *Purchased Software*

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Commission.

### (i) Revaluations of Non-Current Physical and Intangible Assets

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Assets Policies*.

### (j) Amortisation and Depreciation of Intangibles and Plant and Equipment

All intangible assets of the Commission have finite useful lives and are amortised on a straight line basis.

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the agency.

Assets under construction (work in progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

## 1. Summary of Significant Accounting Policies (contd)

### (j) Amortisation and Depreciation of Intangibles and Plant and Equipment (contd)

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the agency.

For each class of depreciable asset, where held, the following depreciation and amortisation periods are used:

<i>Class</i>	<i>Period *</i>
Plant and equipment	
• Leasehold improvements	2.08 years
<i>Intangibles</i>	
• Software Purchased	1.8 years

\* This period is based on the Commission's term.

### (k) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 1. Summary of Significant Accounting Policies (contd)

### (l) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The liability is recognised at the same amount. There were no finance leases during the year.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

### (m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

### (n) Financial Instruments

#### *Recognition*

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument.

#### *Classification*

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The Commission does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets classified at fair value through profit or loss.

All disclosures relating to the measurement basis and financial risk management of financial instruments held by the Commission are included in Note 21.

### (o) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

## 1. Summary of Significant Accounting Policies (contd)

### (o) Employee Benefits (contd)

#### *Wages, Salaries, Recreation Leave and Sick leave*

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

#### *Long Service Leave*

Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

#### *Superannuation*

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

#### *Executive Remuneration*

The executive remuneration disclosures in the employee expenses note (Note 4) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

## 1. Summary of Significant Accounting Policies (contd)

### (o) Employee Benefits (contd)

#### *Executive Remuneration (contd)*

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the Commission or any related party in connection with the management of the affairs of the Commission, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- performance pay received or due and receivable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs/maintenance and fringe benefit tax on motor vehicles incurred by the Commission during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing, being the market value of the rent or rental subsidy, where rent is part-paid by the executive during the financial year, both paid and payable as at 30 June;
- allowances (which are included in the remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity.

### (p) Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date at which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

## 1. Summary of Significant Accounting Policies (contd)

### (q) Insurance

The Commission's risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to Workcover Queensland in respect of its obligations for employee

### (r) Services Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

### (s) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 10).

### (t) Issuance of Financial Statements

The financial statements are authorised for issue by the Commissioner at the date of signing the management certificate.

### (u) Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

### (v) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

## **1. Summary of Significant Accounting Policies (contd)**

### **(w) Implementation of the Shared Services Initiative**

The Corporate Administration Agency (CAA) provides the Family Responsibilities Commission with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial systems and processing
- Management accounting
- Human resources recruitment, payroll and consultancy
- Information systems and support in relation to records management and building maintenance.

### **(x) New and Revised Accounting Standards**

The Commission did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the department's financial statements are as follows.

The Commission complied with the revised AASB 101 Presentation of Financial Statements as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income', the bottom of this new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity (refer to the items under the sub-heading "Other Comprehensive Income" in the new Statement of Comprehensive Income). The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial statements, Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact.

	2010 \$000	2009 \$000
<b>2. Grants and Other Contributions</b>		
Grants	3,022	2,596
<b>Total</b>	<b>3,022</b>	<b>2,596</b>
<b>3. Other Revenue</b>		
Interest	101	165
Other	4	-
<b>Total</b>	<b>105</b>	<b>165</b>
<b>4. Employee Expenses</b>		
<b>Employee Benefits</b>		
Wages and salaries	1,333	998
Annual leave expense	141	199
Employer superannuation contributions	*	166
Long service leave levy	*	26
<b>Employee Related Expenses</b>		
Workers' compensation premium	*	3
Payroll tax and fringe benefits	*	86
Other employee related expenses	134	95
<b>Total</b>	<b>1,889</b>	<b>1,494</b>

\* Refer to Note 1(o).

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis:

	2010	2009
Number of employees:	18	14

## 4. Employee Expenses (contd)

### *Executive Remuneration*

The number of senior executives who receive or were due to receive total remuneration of \$100,000 or more:

	2010	2009
\$360,000 to \$379,999	1	-
\$400,000 to \$419,999	-	1
<b>Total</b>	<b>1</b>	<b>1</b>
	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Total remuneration of executives shown above #	362	413

# The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payments to executives shown above.

## 5. Supplies and Services

	Nil	Nil
Building maintenance	5	5
Corporate service charges	112	70
Utilities	62	49
Property security charges	12	-
Equipment and building refurbishment	11	124
Consultants and contractors	57	107
Materials and running costs	216	253
Operating lease rentals	145	69
Staff travel	275	254
Computer costs	403	740
Local Commissioner fees	229	144
<b>Total</b>	<b>1,527</b>	<b>1,815</b>

## 6. Grants and Subsidies

Grant expense	586	37
<b>Total</b>	<b>586</b>	<b>37</b>

	2010 \$000	2009 \$000
<b>7. Depreciation and Amortisation</b>		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	7	-
Software	52	-
<b>Total</b>	<u>59</u>	<u>-</u>
<b>8. Other Expenses</b>		
Insurance	5	4
External audit fees	* 29	35
Donations	4	-
<b>Total</b>	<u>38</u>	<u>39</u>
* Total external audit fees relating to the 2009-10 financial year are estimated to be \$37,000 (2008-09: \$35,000). There are no non-audit services included in this amount.		
<b>9. Cash and Cash Equivalents</b>		
Imprest accounts	1	1
Cash at bank and on hand	2,229	3,335
<b>Total</b>	<u>2,230</u>	<u>3,336</u>
Interest earned on cash held with the Commonwealth Bank earned between 2.85% to 4.35% in 2009-10 (2.85% and 7.10% in 2008-09).		
<b>10. Receivables</b>		
Trade debtors	19	26
	<u>19</u>	<u>26</u>
GST receivable	28	8
	<u>28</u>	<u>8</u>
Interest receivable	9	8
Long service leave reimbursements	2	-
<b>Total</b>	<u>58</u>	<u>42</u>
<b>11. Other Current Assets</b>		
Prepayments	-	5
Advances	10	35
Other	2	-
<b>Total</b>	<u>12</u>	<u>40</u>

# FINANCIALS

	2010 \$000	2009 \$000
<b>12. Intangible Assets</b>		
Software Purchased		
At cost	287	-
Less: Accumulated amortisation	(52)	-
	<hr/> 235	<hr/> -
Work in progress		
At cost	-	62
	<hr/> -	<hr/> 62
<b>Total</b>	<hr/> <b>235</b>	<hr/> <b>62</b>

## Intangibles Reconciliation

	Software Purchased		Work In Progress		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Carrying amount at 1 July	-	-	62	-	62	-
Acquisitions	-	-	225	62	225	62
Transfers	287	-	(287)	-	-	-
Depreciation for period	(52)	-	-	-	(52)	-
<b>Carrying amount at 30 June</b>	<hr/> <b>235</b>	<hr/> -	<hr/> -	<hr/> <b>62</b>	<hr/> <b>235</b>	<hr/> <b>62</b>

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Statement of Comprehensive Income.

	2010 \$000	2009 \$000
<b>13. Plant and Equipment</b>		
Leasehold improvements		
At cost	25	-
Less: Accumulated depreciation	(7)	-
<b>Total</b>	<hr/> <b>18</b>	<hr/> -

## Plant and Equipment Reconciliation

	Leasehold Improvements		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Carrying amount at 1 July	-	-	-	-
Acquisitions	25	-	25	-
Depreciation for period	(7)	-	(7)	-
<b>Carrying amount at 30 June</b>	<hr/> <b>18</b>	<hr/> -	<hr/> <b>18</b>	<hr/> -

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>14. Payables</b>		
Trade creditors	19	-
Audit fees	20	35
Intangibles	-	65
Contractors and consultants	25	-
Computer costs	14	22
Staff training	17	-
Recruitment	5	3
Motor vehicle related	2	11
Communications	4	4
Travel related	36	10
Other	24	11
<b>Total</b>	<b>166</b>	<b>161</b>
<b>15. Accrued Employee Benefits</b>		
<i>Current</i>		
Salary and wage related	7	2
Recreation leave	192	155
Long service leave levy payable	7	5
Superannuation payable	-	4
<b>Total</b>	<b>206</b>	<b>166</b>
<b>16. Reconciliation of Operating Result to Net Cash from Operating Activities</b>		
Operating surplus/(deficit)	(972)	(624)
Depreciation and amortisation expense	59	-
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	5	(26)
(Increase)/decrease in interest receivables	(1)	4
Increase in GST receivables	(20)	(6)
(Increase)/decrease in other assets	-	(5)
Decrease in trade creditors	(20)	(195)
Increase/(decrease) in GST payable	-	-
Increase in accrued employee benefits	40	29
<b>Net cash used in operating activities</b>	<b>(909)</b>	<b>(823)</b>

<b>2010</b>	<b>2009</b>
<b>\$000</b>	<b>\$000</b>

## 17. Non-Cash Financing and Investing Activities

No assets or liabilities were received or donated to / transferred by the Commission and recognised as revenues and expenses.

## 18. Commitments for Expenditure

### (a) Non-Cancellable Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	113	59
Later than one year and not later than five years	129	108
<b>Total</b>	242	167

Operating leases are entered into as a means of acquiring access to office accommodation and office equipment for the Commission. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

One of the leases has a renewal option. Where such option exists, it is exercisable at market prices. No purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

### (b) Capital Expenditure Commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	<b>Plant &amp; Equipment</b>	
Payable not later than one year	-	57
<b>Total</b>	-	57

## 19. Contingencies

There are no legal actions that are known to the Commission at 30 June 2010.

## 20. Events Occurring after Balance Date

There were no significant events occurring after balance date.

## 21. Financial Instruments

### (a) *Categorisation of Financial Instruments*

The Commission has the following categories of financial assets and financial liabilities:

Category	Note	2010 \$'000	2009 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	9	2,230	3,336
Receivables	10	58	42
<b>Total</b>		<b>2,288</b>	<b>3,378</b>
<b>Financial Liabilities</b>			
Financial liabilities measured at amortised costs:			
Payables	14	166	161
<b>Total</b>		<b>166</b>	<b>161</b>

### (b) *Financial Risk Management*

The Commission's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Commission policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by Executive Management under policies approved by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

The Commission measures risk exposure using a variety of methods as follows -

<b>Risk Exposure</b>	<b>Measurement method</b>
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

### (c) *Credit Risk Exposure*

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

## 21. Financial Instruments (contd)

### (c) Credit Risk Exposure (contd)

The following table represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Category	Maximum Exposure to Credit Risk Note	2010 \$'000	2009 \$'000
<b>Financial Assets</b>			
Cash	9	2,230	3,336
Receivables	10	58	42
<b>Total</b>		<b>2,288</b>	<b>3,378</b>

No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission manages credit risk through the use of management reports. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Performance.

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

## 21. Financial Instruments (contd)

### (c) Credit Risk Exposure (contd)

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

#### 2010 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30			More than 90	
	Days \$'000	30-60 Days \$'000	61-90 Days \$'000	Days \$'000	
<b>Financial Assets</b>					
Receivables	39	-	-	19	58
<b>Total</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>58</b>

#### 2009 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30			More than 90	
	Days \$'000	30-60 Days \$'000	61-90 Days \$'000	Days \$'000	
<b>Financial Assets</b>					
Receivables	41	1	-	-	42
<b>Total</b>	<b>41</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>42</b>

### (d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission is exposed to liquidity risk in respect of its payables.

The Commission manages liquidity risk through the use of management reports. This strategy aims to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

## 21. Financial Instruments (contd)

### (d) Liquidity Risk (contd)

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting data.

	2010 Payable in			Total	
		<1year	1-5 years		>5 years
	Note	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Payables	14	166	-	-	166
<b>Total</b>		<b>166</b>	<b>-</b>	<b>-</b>	<b>166</b>

	2009 Payable in			Total	
		<1year	1-5 years		>5 years
	Note	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>					
Payables	14	161	-	-	161
<b>Total</b>		<b>161</b>	<b>-</b>	<b>-</b>	<b>161</b>

### (e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk through its cash deposits in interest bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

### (f) Interest Rate Sensitivity Analysis

The Commission is not sensitive to interest rate movements.

### (g) Fair Value

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The Commission has not offset any assets and liabilities.

**22. Correction of Errors**

A Commonwealth grant of \$3.5 million received in the 2007-08 financial year was classified as a reciprocal grant and brought to account as unearned revenue in 2007-08. In 2008-09, \$1.0 million of this was brought to account as revenue. The grant should have been initially classified as non reciprocal and recognised as revenue in 2007-08. The result of this error is an understatement of income and the operating result of \$3.5 million in 2007-08 and an overstatement of income and the operating result of \$1.0 million in 2008-09. This also resulted in errors in the balance sheet, with current liabilities (unearned revenue) being overstated and equity understated by \$3.5 million in 2007-08 and \$2.5 million in 2008-09, respectively .

Funding of \$96,411 received in the 2008-09 financial year was offset to employee expenses in 2008-09. This funding should have been recognised as grant revenue in 2008-09. The result of this error is an understatement of income and an understatement of employee expenses in 2008-09. There was no impact on the operating result.

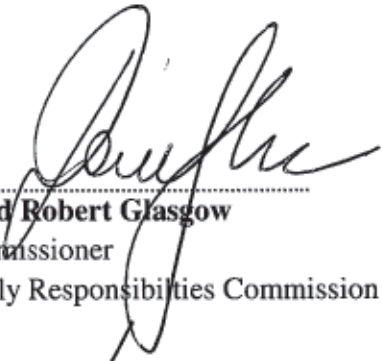
Intangibles work in progress in the 2008-09 financial year included scoping expenses of \$16,707. These expenses should not have been capitalised. The result of this error is an understatement of expenses and overstatement of the operating result of \$16,707, and an overstatement of intangibles work in progress in 2008-09.

These errors have been corrected by restating each of the affected comparative financial statement line items for the prior years, as described above.

## Management Certificate for the Family Responsibilities Commission

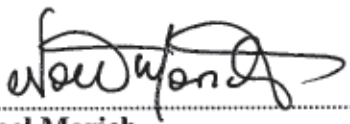
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects: and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Family Responsibilities Commission for the period ended 30 June 2010 and of the financial position of the entity at the end of that period.



.....  
**David Robert Glasgow**  
Commissioner  
Family Responsibilities Commission

Date: 13/8/2010



.....  
**Noel Morich**  
Executive Officer  
Family Responsibilities Commission

Date: 13.08.2010

## INDEPENDENT AUDITOR'S REPORT

### To the Commissioner of the Family Responsibilities Commission

#### Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Family Responsibilities Commission for the financial year ended 30 June 2010 included on the Commission's website. The Commissioner is responsible for the integrity of the Commission's website. I have not been engaged to report on the integrity of the Commission's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Family Responsibilities Commission, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

#### Report on the Financial Report

I have audited the accompanying financial report of the Family Responsibilities Commission which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Commissioner and Executive Officer.

#### *The Commissioner's Responsibility for the Financial Report*

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

### *Independence*

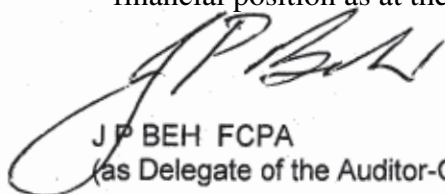
The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Auditor's Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion:
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Family Responsibilities Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

  
J P BEH FCPA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane



## INDEPENDENT AUDITOR'S REPORT

### To the Commissioner of the Family Responsibilities Commission

#### Report on the Financial Report

I have audited the accompanying financial report of the Family Responsibilities Commission which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Commissioner and Executive Officer.

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The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

## *Independence*

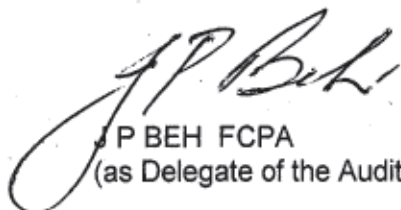
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## *Auditor's Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Family Responsibilities Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



J P BEH FCPA  
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office  
Brisbane

