

**Family Responsibilities Commission  
Financial Statements**

**for the financial year ended 30 June 2015**



**Family Responsibilities Commission**

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20 August 2015

The Honourable Curtis Pitt MP  
Minister for Aboriginal and Torres Strait Islander Partnerships  
PO Box 314  
GORDONVALE QLD 4865

Dear Minister Pitt

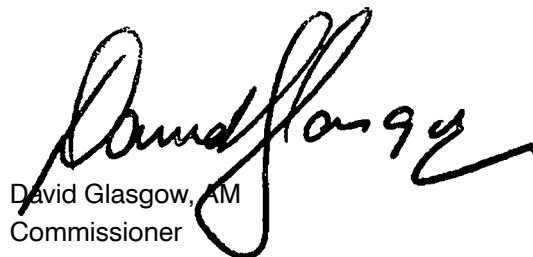
I am pleased to present the Financial Statements for the Annual Report 2014-2015 for the Family Responsibilities Commission.

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*.

The 2014-2015 Annual Report can be accessed at <http://www.frcq.org.au> after 30 October 2015.

Yours sincerely



David Glasgow, AM  
Commissioner  
Family Responsibilities Commission

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## **General Information**

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

The 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:

Level 3, 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.

For information in relation to the Commission's financial report, please call 07 4057 3875, email [Andrea.Cotten@frcq.org.au](mailto:Andrea.Cotten@frcq.org.au) or visit the Commission's internet site [www.frcq.org.au](http://www.frcq.org.au).

# FINANCIALS

## Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Income</b>			
<b>Revenue</b>			
Grants and other contributions	2	4,119	3,349
Other revenue	3	109	60
<b>Total Income</b>		<u>4,228</u>	<u>3,409</u>
<b>Expenses</b>			
Employee expenses	4	2,713	2,752
Supplies and services	5	1,036	1,014
Other expenses	6	78	39
<b>Total Expenses</b>		<u>3,827</u>	<u>3,805</u>
<b>Operating Result</b>		<u>401</u>	<u>(396)</u>
<b>Total Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income</b>		<u>401</u>	<u>(396)</u>

*The accompanying notes form part of these statements.*

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## Statement of Financial Position as at 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Current Assets</b>			
Cash and cash equivalents	7	1,085	981
Receivables	8	26	12
Other current assets	9	37	31
<b>Total Current Assets</b>		<b>1,148</b>	<b>1,024</b>
<b>Total Assets</b>		<b>1,148</b>	<b>1,024</b>
<b>Current Liabilities</b>			
Payables	10	91	123
Accrued employee benefits	11	178	423
<b>Total Current Liabilities</b>		<b>269</b>	<b>546</b>
<b>Total Liabilities</b>		<b>269</b>	<b>546</b>
<b>Net Assets</b>		<b>879</b>	<b>478</b>
<b>Equity</b>			
Accumulated surplus		879	478
<b>Total Equity</b>		<b>879</b>	<b>478</b>

*The accompanying notes form part of these statements.*

# FINANCIALS

## Statement of Changes in Equity for the year ended 30 June 2015

	TOTAL
<b>Accumulated Surplus</b>	<b>\$000</b>
<b>2015</b>	
<b>Balance as at 1 July 2014</b>	478
Operating Result	401
Total Other Comprehensive Income	-
	<hr/>
<b>Balance as at 30 June 2015</b>	<b>879</b>
	<hr/>
<b>2014</b>	
<b>Balance as at 1 July 2013</b>	874
Operating Result	(396)
Total Other Comprehensive Income	-
	<hr/>
<b>Balance as at 30 June 2014</b>	<b>478</b>
	<hr/>

*The accompanying notes form part of these statements.*

## Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$000	2014 \$000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Grants and other contributions		4,119	3,349
Interest receipts		32	28
Other receipts		57	32
<i>Outflows:</i>			
Payments to suppliers and employees		(4,104)	(3,753)
<b>Net cash from (used in) operating activities</b>	12	104	(344)
<b>Net increase/(decrease) in cash held</b>		104	(344)
<b>Cash at beginning of financial year</b>		981	1,325
<b>Cash at end of financial year</b>	7	1,085	981

*The accompanying notes form part of these statements.*

## Notes To And Forming Part Of The Financial Statements 2014-15

- 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: Other Expenses
- Note 7: Cash and Cash Equivalents
- Note 8: Receivables
- Note 9: Other Current Assets
- Note 10: Payables
- Note 11: Accrued Employee Benefits
- Note 12: Reconciliation of Operating Result to Net Cash from Operating Activities
- Note 13: Commitments for Expenditure
- Note 14: Contingencies
- Note 15: Events Occurring after Balance Date
- Note 16: Financial Instruments
- Note 17: Budget vs Actual Comparison



## Notes To And Forming Part Of The Financial Statements 2014-15

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

The Family Responsibilities Commission (the Commission) was established through the enactment of the *Family Responsibilities Commission Act 2008* on 13 March 2008. The Commission commenced operating on 1 July 2008.

The Commission is a key component of Cape York Welfare Reform.

The Commission is an independent statutory body consisting of a Family Responsibilities Commission Governing Board which comprises representatives from the Queensland Government Department of Aboriginal and Torres Strait Islander Partnerships, Australian Government Department of Prime Minister and Cabinet and the Cape York Institute. The Commission's Chief Executive is a legally qualified Commissioner. There are Local Commissioners for each Cape York Welfare Reform community. All Commissioners were appointed by the Governor in Council. The Commission's central registry is based in Cairns and it has regional offices in Aurukun, Coen, Hope Vale, Mossman Gorge and Doomadgee.

The Commission supports the rebuilding of social norms in the five 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 Centrelink 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 Commission 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) promotes the interests, rights and wellbeing of children and other vulnerable persons living within welfare reform community areas.

## 1. Summary of Significant Accounting Policies

### (a) Basis of Preparation and Statement of Compliance

The Commission is a Statutory Body under the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982* and these financial statements have been prepared in accordance 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 2015, and other authoritative pronouncements.

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

The Commission does not have any controlled entities.

The 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:

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

### (b) Date of Authorisation

The financial statements were authorised for issue on the date that the management certificate was signed.

### (c) Grants and Other Contributions

Grants and contributions 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 recognised as the various performance obligations under the funding agreement are fulfilled.

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. Where this is the case, an equal amount is recognised as a revenue and an expense.

### (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 and other short-term, highly liquid investments with original maturities of three months or less.

## 1. Summary of Significant Accounting Policies (cont'd)

### (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 invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that the Commission will not be able to collect all amounts due, the carrying amount is reduced for impairment. No allowance for impairment has been made as at balance date. All known bad debts were written off at year end.

### (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 fair 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) Property, Plant and Equipment

Items of plant and equipment comprising leasehold improvements and computer equipment with a cost 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. No property, plant and equipment assets have been classified as held for sale or form part of a disposal group held for sale.

### (h) Intangible Assets

Intangible assets with a cost or other value equal to or greater than \$10,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Commission. The residual value is zero for all the Commission's intangible assets.

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

### (i) 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.

## 1. Summary of Significant Accounting Policies (cont'd)

### (i) Leases (cont'd)

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.

### (j) Payables

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

### (k) Financial Instruments

#### *Recognition*

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

#### *Classification*

Financial instruments are classified and measured as follows:

- cash and cash equivalents
- receivables - held at amortised cost
- payables - held at amortised cost.

The Commission does not enter transactions for speculative purposes, nor for hedging. 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 16.

### (l) 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.

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

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in current liabilities 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 recognised at their present value, calculated using yields on Fixed Rate Australian Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

## 1. Summary of Significant Accounting Policies (cont'd)

### (l) Employee Benefits (cont'd)

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 - Local Commissioners*

Obligations for contributions to defined contribution plans are recognised as a personnel expense in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

#### *Superannuation - all other employees*

Employer superannuation contributions are paid to QSuper, the superannuation scheme 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*.

### (m) Key Executive Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 4 for the disclosures on key executive management personnel and remuneration.

### (n) 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 compensation.

## 1. Summary of Significant Accounting Policies (cont'd)

### (o) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Australian Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

### (p) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the 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.

### (q) Other Presentation Matters

*Currency and Rounding* - 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.

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

### (r) Finance Income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

### (s) New and Revised Accounting Standards

In the current year, the Commission adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The Standard applicable for the first time in the 2014-15 financial year that had a material impact on the Commission's financial statements was AASB 1055 *Budgetary Reporting*. No other new or revised standards and interpretations had a material impact on the financial statements.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Commission has included in these financial statements a new note entitled 'Budget vs Actual Comparison'. This note discloses the Commission's original published budgeted figures for 2014-15 in comparison to actual results for the year, with explanations for any major variances. This is disclosed for the Commission's statement of comprehensive income, statement of financial position and statement of cash flows. The note also discloses such information in respect of the Commission's major classes of administered income, expenses, assets and liabilities (if applicable).

At the date of authorisation of the financial statements, a number of new standards and interpretations were in issue but not yet effective. None of these have been early adopted by the Commission. The Commission applies standards and interpretations in accordance with their respective commencement dates.

**1. Summary of Significant Accounting Policies (cont'd)****(s) New and Revised Accounting Standards (cont'd)**

Of the new standards and interpretations issued but not yet effective, none are expected to have a material impact on the Commission's future financial statements, except for:

***AASB 124 Related Parties***

From reporting periods beginning on or after 1 July 2016, the Commission will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Commission already discloses information about the remuneration expenses for key management personnel (refer to note 4) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Commission's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.



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	2015 \$000	2014 \$000
<b>2. Grants and Other Contributions</b>		
Queensland State Government Grants	1,600	1,649
Doomadgee Reimbursement	554	-
Other Reimbursement	165	-
Australian Government Grants	1,800	1,700
<b>Total</b>	<b>4,119</b>	<b>3,349</b>
<b>3. Other Revenue</b>		
Interest	32	28
Prior year refund (FBT)	11	-
Prior year claim (long service leave)	22	-
Prior year reversal (super penalty)	30	-
Refund of GST	-	30
Sundry	14	2
<b>Total</b>	<b>109</b>	<b>60</b>
<b>4. Employee Expenses</b>		
<b>Employee Benefits</b>		
Wages and salaries	2,057	2,016
Recreation leave expense	160	192
Employer superannuation contributions	261	255
Long service leave levy	48	46
<b>Employee Related Expenses</b>		
Workers' compensation premium	11	11
Payroll tax and fringe benefits	138	130
Other employee related expenses	38	102
<b>Total</b>	<b>2,713</b>	<b>2,752</b>

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

	2015	2014
Number of employees:	17	20

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#### 4. Employee Expenses (cont'd)

##### Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2014-15.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date initially appointed to position
Commissioner	The Commissioner is responsible for ensuring the efficient and quick discharge of the Commission's business, ensuring the Local Commissioners and the staff of the registry receive regular and appropriate training, preparing the annual report, making the Commission guidelines and carrying out the activities the Commissioner reasonably considers necessary to achieve the objects, as per the <i>Family Responsibilities Commission Act 2008</i> .	Commissioner, Governor in Council under the <i>Family Responsibilities Commission Act 2008</i>	25-April-2008

##### Remuneration

The Commissioner's remuneration is set by the Governor in Council as provided for under the *Family Responsibilities Commission Act 2008*.

There was no increase in remuneration for the Commissioner in the 2014-15 year. In the 2013-14 year (effective from January 2014), a fortnightly car allowance was introduced in place of the Commission providing a motor vehicle.

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
  - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
  - Long term employee benefits include long service leave accrued.

No remuneration was paid by the Commission to members acting in their capacity of Board Members in 2014-15.



#### 4. Employee Expenses (cont'd)

##### Key Executive Management Personnel Remuneration (cont'd)

- Post employment benefits include superannuation contributions.
  - Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

##### 1 July 2014 – 30 June 2015

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
Commissioner	\$'000 354	\$'000 -	\$'000 8	\$'000 41	\$'000 -	\$'000 403

##### 1 July 2013 – 30 June 2014

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits				
Commissioner	\$'000 340	\$'000 8	\$'000 8	\$'000 41	\$'000 -	\$'000 397

##### Performance payments

No performance payments are available or made to executive management personnel of the Commission.



	2015 \$000	2014 \$000
<b>5. Supplies and Services</b>		
Assets less than \$5,000	75	44
Communications	36	37
Internet and IT	204	223
Local Commissioner fees	-	2
Materials and running costs	185	196
Motor vehicle costs	74	58
Operating lease rentals	184	185
Staff travel	278	269
<b>Total</b>	<b>1,036</b>	<b>1,014</b>
<b>6. Other Expenses</b>		
External audit fees	*	28
Insurance	13	11
Other expenses (PSC report and 'The Fire Within' book)	37	-
<b>Total</b>	<b>78</b>	<b>39</b>
* Total audit fees due to the Queensland Audit Office relating to the 2014-15 financial year are estimated to be \$28,050 (2013-14: \$28,440). There are no non-audit services included in this amount.		
<b>7. Cash and Cash Equivalents</b>		
Imprest accounts	1	1
Cash at bank	1,084	980
<b>Total</b>	<b>1,085</b>	<b>981</b>

The following internal restrictions have been placed on the Commission's cash reserves at 30 June 2015:

Payables	91
Accrued employee benefits	178
Capital expenditure commitments - Note 13 (b)	185
	<u>454</u>

Interest earned on cash held with the Commonwealth Bank earned between 1.75% to 2.70% in 2014-15 (between 2.70% to 2.80% in 2013-14).

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	2015 \$000	2014 \$000
<b>8. Receivables</b>		
Trade debtors	15	-
GST receivable	9	10
Interest receivable	2	2
<b>Total</b>	<u>26</u>	<u>12</u>
<b>9. Other Current Assets</b>		
Prepayments	34	8
Other current assets	3	23
<b>Total</b>	<u>37</u>	<u>31</u>
<b>10. Payables</b>		
Trade creditors	67	91
Accruals other	24	32
<b>Total</b>	<u>91</u>	<u>123</u>
<b>11. Accrued Employee Benefits</b>		
Salary and wage related	9	12
Recreation leave	169	220
Superannuation payable	-	191
<b>Total</b>	<u>178</u>	<u>423</u>
<b>12. Reconciliation of Operating Result to Net Cash from Operating Activities</b>		
Operating surplus/(deficit)	401	(396)
Changes in assets and liabilities:		
(Increase) in trade receivables	(14)	(9)
(Increase) in other current assets	(6)	(4)
Increase/(decrease) in payables	(32)	18
Increase/(decrease) in accrued employee benefits	(245)	47
<b>Net cash from/(used in) operating activities</b>	<u>104</u>	<u>(344)</u>

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## 13. 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:

	2015 \$000	2014 \$000
Not later than one year	143	150
Later than one year and not later than five years	1	-
Later than five years	-	-
<b>Total</b>	<b>144</b>	<b>150</b>

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.

Two of the leases have renewable options which are 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

On 3 July 2015 the Commission entered a scope of works agreement with Orion Enterprise Business Solutions Pty Ltd for the upgrade of the Commission's customer relationship management (CRM) software from CRM 4 to CRM 2015. The estimated costs for upgrade are \$185,000 and these costs will be capitalised as an 'Intangible Asset' at completion of the project.

## 14. Contingencies

There are no matters known to the Commission as at 30 June 2015 which would give rise to the recognition of a contingent asset or liability.

## 15. Events Occurring after Balance Date

There were no significant events occurring after balance date.

## 16. Financial Instruments

### (a) Categorisation of Financial Instruments

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

Category	Note	2015 \$'000	2014 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	7	1,085	981
Receivables and other current assets (excl prepayments)	8, 9.	29	35
<b>Total</b>		<b>1,114</b>	<b>1,016</b>
<b>Financial Liabilities</b>			
Payables and accrued employee benefits	10	91	123
<b>Total</b>		<b>91</b>	<b>123</b>

### (b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks - 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:

Risk Exposure	Measurement method
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Liquidity 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 allowance for impairment.

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.

**16. Financial Instruments (cont'd)*****(c) Credit Risk Exposure (cont'd)***

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

The method for calculating any allowance 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.

None of the Commission's receivables were past due or impaired at 30 June 2015 (2014: nil)

***(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 and accrued employee benefits.

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 sufficient levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

All of the Commission's payables are expected to be settled within 12 months from reporting date.

***(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.

The Commission's operating result or equity would not be materially impacted should there be a +/- 1% movement in applicable interest rates.

***(f) Fair Value***

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

# FINANCIALS

## 17. Budget vs Actual Comparison

### Statement of Comprehensive Income

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Variance % of Budget
<b>Income</b>					
<b>Revenue</b>					
Grants and other contributions	1,2	3,400	4,119	719	21%
Interest		30	32	2	7%
Other revenue	3	15	77	62	413%
<b>Total Income</b>		<b>3,445</b>	<b>4,228</b>	<b>783</b>	<b>23%</b>
<b>Expenses</b>					
Employee expenses	4	3,028	2,713	(315)	-10%
Supplies and services	5	945	1,036	91	10%
Other expenses	6	41	78	37	90%
<b>Total Expenses</b>		<b>4,014</b>	<b>3,827</b>	<b>(187)</b>	<b>-5%</b>
<b>Operating Result</b>		<b>(569)</b>	<b>401</b>	<b>970</b>	<b>170%</b>
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	7	<b>(569)</b>	<b>401</b>	<b>970</b>	<b>170%</b>

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## 17. Budget vs Actual Comparison (cont'd)

### Statement of Financial Position

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Variance % of Budget
<b>Current Assets</b>					
Cash and cash equivalents	2,3	350	1,085	735	210%
Receivables		-	26	26	-
Other current assets		34	37	3	9%
<b>Total Current Assets</b>		<b>384</b>	<b>1,148</b>	<b>764</b>	<b>199%</b>
<b>Total Assets</b>		<b>384</b>	<b>1,148</b>	<b>764</b>	<b>199%</b>
<b>Current Liabilities</b>					
Payables	8	157	91	(66)	-42%
Accrued employee benefits		179	178	(1)	-1%
<b>Total Current Liabilities</b>		<b>336</b>	<b>269</b>	<b>(67)</b>	<b>-20%</b>
<b>Total Liabilities</b>		<b>336</b>	<b>269</b>	<b>(67)</b>	<b>-20%</b>
<b>Net Assets</b>		<b>48</b>	<b>879</b>	<b>831</b>	<b>1731%</b>
<b>Equity</b>					
Accumulated surplus		48	879	831	1731%
<b>Total Equity</b>		<b>48</b>	<b>879</b>	<b>831</b>	<b>1731%</b>

### Statement of Changes in Equity

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

## 17. Budget vs Actual Comparison (cont'd)

### Statement of Cash Flows

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Variance % of Budget
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
Grants and other contributions	1,2	3,400	4,119	719	21%
Interest receipts		30	32	2	7%
Other receipts	3	15	57	42	280%
<i>Outflows:</i>					
Payments to suppliers and employees		(4,014)	(4,104)	(90)	2%
<b>Net cash from (used in) operating activities</b>		<b>(569)</b>	<b>104</b>	<b>673</b>	<b>118%</b>
<b>Net increase/(decrease) in cash held</b>		<b>(569)</b>	<b>104</b>	<b>673</b>	<b>118%</b>
<b>Cash at beginning of financial year</b>		<b>919</b>	<b>981</b>	<b>62</b>	<b>7%</b>
<b>Cash at end of financial year</b>		<b>350</b>	<b>1,085</b>	<b>735</b>	<b>210%</b>

### Explanations of Major Variances

- Federal funding of \$1.8 million has been reclassified in the Original Budget figures from 'other receipts' to the correct classification of 'grants and other contributions'.
- The actual figure is higher than the budgeted figure due to additional funding of:

	<b>\$'000</b>
Doomadgee Reimbursement (reimbursement of direct costs)	554
Other Reimbursement (funding for Local Commissioners superannuation for prior years)	165
	<u>719</u>

- The actual figure is higher than the budgeted figure due to:

	<b>\$'000</b>
Prior year refund (FBT)	11
Prior year claim (long service leave)	22
Prior year reversal (super penalty)	30
	<u>63</u>

## 17. Budget vs Actual Comparison (cont'd)

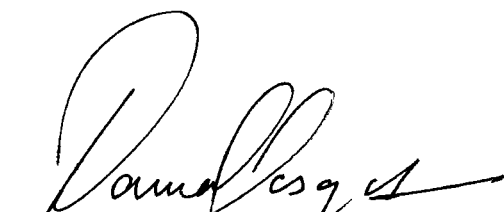
### Explanations of Major Variances (cont'd)

4.	Employee expenses are lower than the budgeted figure due to an internally generated restructure of the Commission early in the 2014-15 year.	<b>\$'000</b> 212
	Substantial changes were made in positions, including the vacation of the HR and Policy Officer position in late December 2014 and an administrative position was vacated in October 2014. These positions have not been filled.	
	The Deputy Commissioner was not utilised during the first half of 2014-15, whereby the Commissioner attended conferencing in the period in place of the Deputy Commissioner. This represents a reduction to employee expenses (including oncosts).	103
		315
5.	This variance can be explained by a number of factors including:	<b>\$'000</b>
	The Commission replaced computer equipment in the year which was immediately written off as an expense (being less than the \$5,000 capitalisation threshold).	31
	Additional expenses in relation to motor vehicles.	16
	Travel expenses during the year increased significantly to remote communities following changes in air carriers to Aurukun and Doomadgee.	11
		58
6.	This variance mainly relates to expenses not in the Original Budget figures including costs of a Public Service Commission (PSC) report and other costs related to the publication of the histories of the Local Commissioners "The Fire Within".	
7.	In the absence of any significant capital expenditure, the Commission would be expected to return a breakeven operating result.	
	While the significant variances between the actual and original budgeted amounts in the Statement of Comprehensive Income have been explained above, an adjusted operating result has been shown below.	
	The operating result per the Statement of Comprehensive Income has been adjusted for those income items which have been appropriately accounted for as revenue in the 2014-15 financial year, but are associated with expense items incurred and accounted for in prior financial years.	<b>\$'000</b>
	Operating result for the year	401
	<b>Adjustments:</b>	
	Doomadgee Reimbursement (amount related to 2013-14 expenses)	(81)
	Other Reimbursement (funding for Local Commissioners superannuation for prior years)	(165)
	Prior year refund (FBT)	(11)
	Prior year claim (long service leave)	(22)
	Prior year over accrual (super penalty)	(30)
	<b>Adjusted operating result for the year</b>	<b>92</b>
8.	This variance is due to the Commission being in a position to settle amounts due to creditors prior to 30 June 2015.	

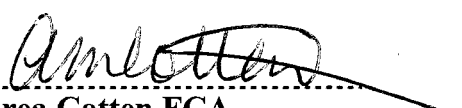
## Management Certificate of the Family Responsibilities Commission

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;
- (b) the statements have been drawn up to present a true and fair view, in accordance with Australian Accounting Standards, of the transactions of Family Responsibilities Commission for the financial year 1 July 2014 to 30 June 2015 and of the financial position of the Commission as at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

  
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**David Robert Glasgow**  
Commissioner  
Family Responsibilities Commission

Date: 07 August 2015

  
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**Andrea Cotten FCA**  
Accountant  
Family Responsibilities Commission

Date: 7 AUGUST 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioner of Family Responsibilities Commission

### Report on the Financial Report

I have audited the accompanying financial report of Family Responsibilities Commission, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Commissioner and the Accountant.

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

The Commissioner is responsible for the preparation of the financial report that gives a true and fair view 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. The Commissioner's responsibility also includes such internal control as the Commissioner determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used 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 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 be removed only 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.

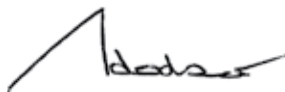
## *Opinion*

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

- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
  - (ii) the financial report presents 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 2014 to 30 June 2015 and of the financial position as at the end of that year.

## **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



R W HODSON CPA  
as Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane

