

**Family Responsibilities Commission
financial statements**

for the financial year ended 30 June 2016



Family Responsibilities Commission

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19 August 2016

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

Dear Minister Pitt

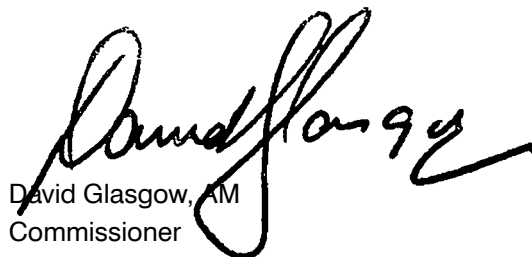
I am pleased to present the Financial Statements for the Annual Report 2015-2016 for the Family Responsibilities Commission.

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 2015-2016 Annual Report can be accessed at <http://www.frcq.org.au> after 30 October 2016.

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 or visit the Commission's internet site www.frcq.org.au.

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Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$000	2015 \$000
Income			
Revenue			
Grants and other contributions	2	4,026	4,119
Other revenue	3	82	109
Total income		<u>4,108</u>	<u>4,228</u>
Expenses			
Employee expenses	4	2,802	2,713
Supplies and services	5	972	1,036
Amortisation	6	18	-
Other expenses	7	42	78
Total expenses		<u>3,834</u>	<u>3,827</u>
Operating result		<u>274</u>	<u>401</u>
Total other comprehensive income		-	-
Total comprehensive income		<u>274</u>	<u>401</u>

The accompanying notes form part of these statements.

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Statement of Financial Position as at 30 June 2016

	Notes	2016 \$000	2015 \$000
Current assets			
Cash and cash equivalents	8	1,275	1,085
Receivables	9	110	26
Other current assets	10	38	37
Total current assets		1,423	1,148
Non-current assets			
Intangible assets	11	65	-
Total non-current assets		65	-
Total assets		1,488	1,148
Current liabilities			
Payables	12	155	91
Accrued employee benefits	13	180	178
Total current liabilities		335	269
Total liabilities		335	269
Net assets		1,153	879
Equity			
Accumulated surplus		1,153	879
Total equity		1,153	879

The accompanying notes form part of these statements.

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Statement of Changes in Equity for the year ended 30 June 2016

	TOTAL
Accumulated surplus	\$000
2016	
Balance as at 1 July 2015	879
Operating result	274
Total other comprehensive income	-
	<hr/>
Balance as at 30 June 2016	1,153
	<hr/>
2015	
Balance as at 1 July 2014	478
Operating result	401
Total other comprehensive income	-
	<hr/>
Balance as at 30 June 2015	879
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The accompanying notes form part of these statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$000	2015 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Grants and other contributions		3,926	4,119
Interest receipts		20	32
Other receipts		78	57
GST input tax credits from ATO		102	101
<i>Outflows:</i>			
Payments to suppliers and employees		(3,852)	(4,204)
GST remitted to ATO		(1)	(1)
Net cash from operating activities	14	273	104
Cash flows from investing activities			
Acquisition of intangible assets		(83)	-
Net cash used in investing activities		(83)	-
Net increase/(decrease) in cash held		190	104
Cash at beginning of financial year		1,085	981
Cash at end of financial year	8	1,275	1,085

The accompanying notes form part of these statements.

Notes To And Forming Part Of The Financial Statements 2015-16

- 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: Amortisation
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- Note 8: Cash and cash equivalents
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- Note 10: Other current assets
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- Note 14: Reconciliation of operating result to net cash from operating activities
- Note 15: Commitments for expenditure
- Note 16: Contingencies
- Note 17: Events occurring after balance date
- Note 18: Financial instruments
- Note 19: Budget versus actual comparison

Notes To And Forming Part Of The Financial Statements 2015-16

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 the Welfare Reforms.

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 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 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 2016, 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.

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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 18.

(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.

No liability is therefore 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.

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(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. No new or revised standards and interpretations had a material impact on the financial statements.

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 party disclosures*

Effective from reporting periods beginning on or after 1 July 2016, a revised version of AASB 124 will apply to the Commission. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The Commission already discloses detailed information about remuneration of its KMP, based on Queensland Treasury's financial reporting requirements for Queensland Government agencies. Due to the additional guidance about the KMP definition in the revised AASB 124, the Commission will be assessing whether its responsible Minister should be part of its KMP from 2016-17. If the responsible Minister is assessed as meeting the KMP definition, no associated remuneration figures will be disclosed by the Commission, as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the Commission are the required disclosures about transactions between the Commission and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 16 *Leases*

This standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an arrangement contains a lease*, AASB Interpretation 115 *Operating leases - incentives* and AASB Interpretation 127 *Evaluating the substance of transactions involving the legal form of a lease*.

1. Summary of significant accounting policies (cont'd)

(s) New and revised accounting standards (cont'd)

The new standard will require lessees to:

- recognise all lease assets and liabilities on the statement of financial position, initially measured at the present value of unavoidable lease payments;
- recognise amortisation of lease assets and interest on lease liabilities as expenses over the lease term; and
- separate the total of cash paid into principal and interest portions in the statement of cash flows.

The Commission has not yet quantified the impact of AASB 16 on future financial statements.

(t) Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Commission is a not-for-profit entity and is reliant on government funding in order to continue its operations. While similar funding levels have been secured for the 2016-17 financial year from the Australian Government and for the 2016-17 and 2018-19 financial years from the Queensland State Government, should government funding beyond that time be significantly reduced or curtailed, the Commission would be unlikely to be able to continue its operations at current levels.

	2016 \$000	2015 \$000
2. Grants and other contributions		
Queensland State Government grants	1,600	1,600
Doomadgee funding	626	554
Other reimbursement	-	165
Australian Government grants	1,800	1,800
Total	4,026	4,119
3. Other revenue		
Interest	20	32
Prior year refund (FBT)	-	11
Prior year claim (long service leave)	-	22
Prior year reversal (super penalty)	-	30
Sundry	62	14
Total	82	109
4. Employee expenses		
Employee benefits		
Wages and salaries	2,115	2,057
Recreation leave expense	173	160
Employer superannuation contributions	259	261
Long service leave levy	48	48
Employee related expenses		
Workers' compensation premium	11	11
Payroll tax and fringe benefits	151	138
Other employee related expenses	45	38
Total	2,802	2,713

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

	2016	2015
Number of employees:	18	17

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 2015-16.

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 an increase of 2% in remuneration for the Commissioner in the 2015-16 year (effective from 1 January 2016). There was no increase in remuneration for the Commissioner in the 2014-15 year.

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 a 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 2015-16.

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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 2015 - 30 June 2016

Position	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary benefits				
Commissioner	\$'000 357	\$'000 -	\$'000 8	\$'000 42	\$'000 -	\$'000 407

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

Performance payments

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

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	2016 \$000	2015 \$000
5. Supplies and services		
Assets less than \$5,000	17	75
Communications	24	36
Internet and IT	220	204
Materials and running costs	184	185
Motor vehicle costs	67	74
Operating lease rentals	195	184
Staff travel	265	278
Total	972	1,036
6. Amortisation		
Amortisation of intangible assets	18	-
7. Other expenses		
External audit fees	*	29
Insurance		13
Other expenses (PSC report and 'The Fire Within' book)		-
Total		78
<p>* Total audit fees due to the Queensland Audit Office relating to the 2015-16 financial year are estimated to be \$28,930 (2014-15: \$28,050). There are no non-audit services included in this amount.</p>		
8. Cash and cash equivalents		
Imprest accounts		1
Cash at bank	1,274	1,084
Total	1,275	1,085

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

Payables	155	91
Accrued employee benefits	180	178
Capital expenditure commitments	-	185
	335	454

Interest earned on cash held with the Commonwealth Bank was between 1.05% to 1.50% in 2015-16 (between 1.75% to 2.70% in 2014-15).

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	2016 \$000	2015 \$000
9. Receivables		
Trade debtors	100	15
GST receivable	9	9
Interest receivable	1	2
Total	<u>110</u>	<u>26</u>
10. Other current assets		
Prepayments	34	34
Other current assets	4	3
Total	<u>38</u>	<u>37</u>
11. Intangible assets		
Customer relationship management (CRM) software upgrade, at cost	83	-
Less: amortisation	18	-
Total	<u>65</u>	<u>-</u>
12. Payables		
Trade creditors	103	67
Accruals other	52	24
Total	<u>155</u>	<u>91</u>
13. Accrued employee benefits		
Salary and wage related	9	9
Recreation leave	171	169
Total	<u>180</u>	<u>178</u>
14. Reconciliation of operating result to net cash from operating activities		
Operating surplus	274	401
Non-cash items included in operating result:		
Amortisation	18	-
	<u>292</u>	<u>401</u>
Changes in assets and liabilities:		
(Increase) in trade receivables	(84)	(14)
(Increase) in other current assets	(1)	(6)
Increase/(decrease) in payables	64	(32)
Increase/(decrease) in accrued employee benefits	2	(245)
Net cash from operating activities	<u>273</u>	<u>104</u>

15. Commitments for expenditure

Non-cancellable operating lease

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

	2016 \$000	2015 \$000
Not later than one year	165	143
Later than one year and not later than five years	66	1
Later than five years	-	-
Total	231	144

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.

16. Contingencies

There are no matters known to the Commission as at 30 June 2016 which would give rise to the recognition of a contingent asset or liability.

17. Events occurring after balance date

There were no significant events occurring after balance date.

18. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2016 S'000	2015 S'000
Financial assets			
Cash and cash equivalents	8	1,275	1,085
Receivables and other current assets (excl prepayments)	9 , 10	114	29
Total		1,389	1,114
Financial liabilities			
Payables	12	155	91
Total		155	91

(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.

18. 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 2016 (2015: 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.

19. Budget versus actual comparison

This section discloses the Commission's budgeted figures for 2015-16 compared to actual results, with explanations of major variances in respect of the Commission's statement of comprehensive income. As the Commission is not required to comply with the requirements of AASB 1055 Budgetary reporting, this information has been included in the financial statements voluntarily and does not include all the information required by AASB 1055.

Statement of comprehensive income

	Variance notes	Original budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Variance % of budget
Income					
<i>Revenue</i>					
Grants and other contributions		4,026	4,026	0	0%
Interest	1	29	20	(9)	-31%
Other revenue	2	5	62	57	1140%
Total income		4,060	4,108	48	1%
Expenses					
Employee expenses	3	3,071	2,802	(269)	-9%
Supplies and services	4	1,126	972	(154)	-14%
Depreciation and amortisation		21	18	(3)	-14%
Other expenses		41	42	1	2%
Total expenses		4,259	3,834	(425)	-10%
Operating result	5	(199)	274	473	238%
Total other comprehensive income		-	-	-	-
Total comprehensive income		(199)	274	473	238%

19. Budget vs actual comparison (cont'd)

Explanations of major variances

1. Actual interest earned is less than budgeted due to lower interest rates.	
2. Actual other revenue is higher than the budgeted figure due to an account credit of \$51,768 being provided to the Commission by its telecommunications service provider.	
3. Actual employee expenses are lower than the budgeted figure due to a combination of the following factors:	\$'000
• Administration officer expenses not incurred (position vacant for full financial year).	70
• Budgeted costs were not incurred for recruitment, training and employment of a second Deputy Commissioner (this recruitment has been delayed until the 2016-17 financial year).	142
• Fewer attendees at Local Commissioner Development Week than included in budgeted.	16
• Other reductions in budgeted costs (cancellations in scheduled conferencing in some communities and short term vacancies in certain positions).	41
	<u>269</u>
4. Actual supplies and services expenses are lower than the budgeted figure due to a combination of the following factors:	
• Reduced costs for Local Commissioner Development Week (fewer attendees and more competitive rates offered by new venue).	27
• Software support (following upgrade) included in budget but not incurred.	10
• Budgeted reprint costs of Local Commissioner publication did not occur.	9
• Intra-community visits included in budget but not fully incurred.	25
• Reduced costs in communications, internet and IT generally as a result of changed services and renegotiated contracts.	23
• Other reductions generally in budgeted costs (e.g. cancellations in scheduled conferencing in some communities resulting in less staff travel).	60
	<u>154</u>

19. Budget vs actual comparison (cont'd)

Explanations of major variances (cont'd)

5. The Commission is almost entirely grant funded. Accordingly, in any year, it would normally be expected that the expenditure of the grant funding would more or less match the grant funding received with a net break-even result. Following is a high level reconciliation of the grant funding received and expended which shows that the Commission had a net under-expenditure of grant funds for 2015-16.

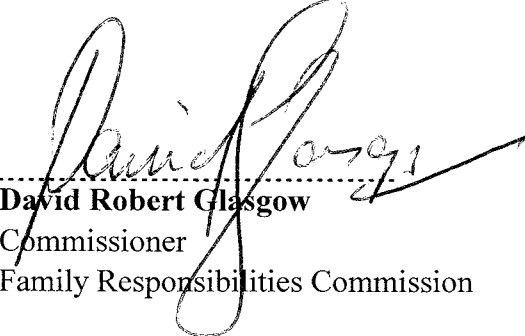
	\$'000
Operating result for the year	274
Adjustments:	
Communications - account credit received from service provider	(52)
One off retrospective payment - new remuneration guidelines	44
Customer relationship management software capitalised	(83)
Amortisation of customer relationship management software	18
Total adjustments	<u>(73)</u>
Operating result as adjusted	<u>201</u>

The above is consistent with the statement of cash flows which, although prepared on a strictly cash basis, shows a net increase in cash held for 2015-16 of \$190,000.

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), section 43 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 financial year ended 30 June 2016 and of the financial position of the Commission 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.



David Robert Glasgow
Commissioner
Family Responsibilities Commission

Date: 11-08-2016



Andrea Cotten FCA
Accountant
Family Responsibilities Commission

Date: 11/8/16

QAO
certified statements

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 2016, 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; and
- (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; and
 - (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 2015 to 30 June 2016 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

