



Financial Statements

For the Year Ended 30 June 2020

Financial Statements

For the year ended 30 June 2020

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Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 \$000	2019 \$000
Income from continuing operations			
Grants and other contributions	2	4,962	3,270
Other revenue		29	64
Total income from continuing operations		4,991	3,334
Expenses from continuing operations			
Employee expenses	3	2,454	2,586
Supplies and services	4	1,011	877
Depreciation and amortisation	5	17	14
Finance/borrowing costs	9	2	-
Other expenses	6	43	40
Total expenses from continuing operations		3,527	3,517
Operating result from continuing operations		1,464	(183)
Total other comprehensive income		-	-
Total comprehensive income		1,464	(183)

Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$000	2019 \$000
Current assets			
Cash and cash equivalents	7	3,112	1,695
Receivables		12	31
Other current assets		56	21
Total current assets		3,180	1,747
Non-current assets			
Plant and equipment	8	8	16
Right-of-use assets	9	17	-
Total non-current assets		25	16
Total assets		3,205	1,763
Current liabilities			
Payables	10	139	143
Accrued employee benefits	11	153	191
Lease liabilities	9	20	-
Total current liabilities		312	334
Total liabilities		312	334
Net assets		2,893	1,429
Equity			
Accumulated surplus		2,893	1,429
Total equity		2,893	1,429

The accompanying notes form part of these statements.

Statement of Changes in Equity

For the year ended 30 June 2020

	Accumulated surplus \$000
Balance as at 1 July 2018	1,612
Operating result from continuing operations	(183)
Total other comprehensive income	-
Total comprehensive income	(183)
Balance as at 30 June 2019	<u>1,429</u>
Balance as at 1 July 2019	1,429
Operating result from continuing operations	1,464
Total other comprehensive income	-
Total comprehensive income	1,464
Balance as at 30 June 2020	<u>2,893</u>

Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 \$000	2019 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Grants and other contributions		4,962	3,270
Interest receipts		26	42
Other receipts		4	6
GST input tax credits from ATO		97	82
<i>Outflows:</i>			
Payments to suppliers and employees		(3,664)	(3,543)
GST remitted to ATO		-	(1)
Net cash from operating activities	12	<u>1,425</u>	<u>(144)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		-	(22)
Acquisition of intangible assets		-	-
Net cash used in investing activities		<u>-</u>	<u>(22)</u>
Cash flows from financing activities			
Lease payments		(8)	-
Net cash used in financing activities		<u>(8)</u>	<u>-</u>
Net increase in cash held		1,417	(166)
Cash at beginning of financial year		1,695	1,861
Cash at end of financial year	7	<u>3,112</u>	<u>1,695</u>

The accompanying notes form part of these statements.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 – Basis of financial statement preparation

(a) General information and statement of compliance

The Commission is an independent statutory body established under the *Family Responsibilities Commission Act 2008*. The Commission does not have any controlled entities.

The head office and principal place of business of the Commission is:
Level 3, Commonwealth Building, 107 Lake Street
CAIRNS QLD 4870

(b) Authorisation of financial statements for issue

The financial statements are authorised for issue by the Commissioner and Executive Officer (Finance) at the date of signing the Management Certificate.

(c) Compliance with prescribed requirements

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 39 of the *Financial and Performance Management Standard 2019*.

The Commission is a not-for-profit entity and these financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations applicable to not-for-profit entities.

The financial statements are prepared on an accrual basis (with the exception of the statement of cash flows which is prepared on a cash basis).

(d) Underlying measurement basis

The financial statements are prepared using the historical cost convention.

(e) 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 \$499 or less, to zero, unless disclosure of the full amount is specifically required.

Current / Non-current classification – Assets are classified as ‘current’ where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as ‘current’ when they are due to be settled within 12 months after the reporting date, or the Commission does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(f) 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.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 – Basis of financial statement preparation (continued)

(f) Accounting estimates and judgements (continued)

Accruals for employee benefits is an area where some estimates and judgements are applied, further details are included in Note 11. Management is not aware of any further assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(g) 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.

(h) 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.

(i) Economic dependency and going concern

The Commission is a not-for-profit entity and is reliant on government funding in order to continue its operations.

The Australian and Queensland Governments entered into a Memorandum of Understanding during the 2019-20 year. This memorandum continues the operations of the Commission through to 30 June 2021 with funding to be provided by both parties.

In accordance with this memorandum, the Australian Government will provide the sum of \$1.8million with the Queensland Government providing the remaining funding balance to ensure continued operations. It is anticipated that this amount will be similar to that provided in the current year as set out in Note 2.

The Commission's strategic partners in Welfare Reform, the Queensland Government, Australian Government and Cape York Institute, continue their discussions on the future of Welfare Reform and the Commission. Currently there is no agreement between the parties beyond 30 June 2021, however, there is no current stated intention to cease operations of the Commission.

Funding for 2021-22 and later years is unknown at the date of preparing these statements. Should no further funding be received for 2021-22, the Commission has protection under the *Crown Proceedings Act 1980* for any debts owing.

The statutory appointment of the Commissioner has been renewed for the period 1 July 2020 through to 30 June 2021 together with the statutory appointments of the Local Commissioners.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 – Basis of financial statement preparation (continued)

(i) Economic dependency and going concern (continued)

After consideration of all of the above factors, management have assessed that, while uncertainty exists in relation to Commission's ability to continue all operations in their current form beyond 1 July 2021, should government funding beyond that time be significantly reduced or curtailed, it is appropriate to prepare the financial statements on a going concern basis, which contemplates continuity of a significant portion of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

(j) New and revised accounting standards

Changes in significant accounting policies

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.

AASB 16 Leases

AASB 16 *Leases* requires all leases to be accounted for on balance sheet as right-of-use assets and lease liabilities, except for short-term leases and leases of low value assets.

The Commission conducted a review on the impact of adoption of AASB 16 having regard to the application guidance issued by Queensland Treasury. This review determined that the Commission had a number of leases that fell within the substantive substitution exemption set out in the guidance. Accordingly, the Commission expensed these costs as supplies and services during the year and will continue to do so.

The remaining leases held by the Commission were then assessed in accordance with AASB 16. The Commission adopted the new guidance using the modified retrospective approach and as such the comparatives have not been restated. AASB 16 allows the use of a number of practical expedients on transition of which the Commission applied the following:

- Contracts previously assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Leases with an expiry date prior to 30 June 2020 were excluded on transition with lease expenses being recorded on a straight-line basis over the remaining term.
- Hindsight was used when determining the lease term.

There were no adjustments required to the opening retained surplus on transition.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 – Basis of financial statement preparation (continued)

(j) New and revised accounting standards (continued)

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

Together AASB 15 and AASB 1058 establish a comprehensive framework for determining whether, how much and when revenue is recognised.

AASB 15 provides a single comprehensive model for recognising revenue from contracts with customers. The Commission is required to assess its contracts and identify performance obligations with customers. Revenue is then recognised as or when any identified performance obligations are satisfied.

AASB 1058 sets out a framework in respect of revenue recognition requirements for not-for-profit entities. Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the assets are received. The Commission considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the asset and any related liability or equity items are recognised, then income is recognised for any remaining asset value at the time the asset is received.

Grants received by the Commission that are governed by an enforceable agreement that are sufficiently specific in their performance obligations would be accounted for under AASB 15. Other grants will generally be accounted for under AASB 1058.

While AASB 15 and AASB 1058 represent significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue or income recognised by the Commission during the year.

All grants received during the financial year were recognised under AASB 1058 upon receipt by the Commission.

The Commission's grant funding arrangements are currently on a year by year basis with no amounts received in advance for future years. Therefore, the Commission was not required to make any transitional adjustments to its financial statements upon adoption.

No accounting pronouncements were early adopted in the 2019-20 financial year.

No voluntary changes in accounting policies occurred during the 2019-20 financial year.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 2 – Grants and other contributions

	2020	2019
	\$000	\$000
Other grants and contributions		
Queensland Government grants	1,636	1,744
Doomadgee funding - Queensland Government	626	626
Australian Government grants	2,700	900
Total	4,962	3,270

Accounting policy

Grants and contributions arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return).

Where a grant agreement is enforceable and contains sufficiently specific performance obligations for the Commission to transfer goods and services to a third-party on the grantor's behalf, the grant would be accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred as unearned revenue (contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant or contribution is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised in the year in which the Commission obtains control over them.

There were no changes to the accounting policy as a result of the first-time implementation of the new Accounting Standards.

Disclosure – Grants and other contributions

Australian and Queensland Government Grants – recognised upfront

The Commission received a total of \$4.962 million in respect of its operations for the 2019-20 year. This funding has been recognised as revenue on receipt under AASB 1058 as the Commission's obligations are not sufficiently specific. The grants funds received are to be used to fund the operations of the Commission. Specifically, the operations of the Commission are to support welfare reform community members and restore socially responsible standards of behaviour, local authority and wellbeing for themselves and their families. A welfare reform community is prescribed by regulation. The Commission has full discretion as to how and when it conducts these operations during the financial year.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 – Employee expenses

	2020	2019
	\$000	\$000
Employee benefits		
Wages and salaries*	1,867	1,984
Recreation leave expense	174	173
Employer superannuation contributions	228	234
Long service leave levy	30	31
Other employee benefits	-	6
Employee related expenses		
Workers' compensation premium	10	10
Payroll tax and fringe benefits tax	114	125
Other employee related expenses	31	23
Total	2,454	2,586

* Wages and salaries includes \$11,875 worth of \$1,250 one-off payments for 9.5 full-time equivalent employees (announced in September 2019).

Disclosure – Employee numbers

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

	2020	2019
Number of employees:	16	13

Accounting policies

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.

Other long-term employee benefits – 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*.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 – Employee expenses (continued)

Accounting policies (continued)

Superannuation – Local Commissioners

Obligations for contributions to defined contribution (accumulation) plans are recognised as a personnel expense in the periods during which services are rendered by employees. Contributions to a defined contribution (accumulation) 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.

Note 4 – Supplies and services

	2020	2019
	\$000	\$000
Communications	13	13
Internet and IT	212	202
Materials and running costs	376	227
Fleet vehicle expenses	33	34
Office accommodation	115	112
Employee housing	8	8
Lease expenses	75	85
Staff travel	179	196
Total	1,011	877

Notes to the Financial Statements

For the year ended 30 June 2020

Note 4 – Supplies and services (continued)

2020 Accounting policy – leases

Lease expenses include lease rentals for short-term leases and leases of low value assets. 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.

Operating leases are entered into as a means of acquiring access to office and staff accommodation, storage facilities and motor vehicles. Current lease terms at year end range from 1 month to 1 year. On conclusion of the lease terms, the lease terms are renegotiated on an as needs basis having regard to the going concern uncertainty referred to in Note 1(i).

Lease payments are generally fixed but some agreements include annual escalation clauses for predetermined percentages or the Consumer Price Index (CPI) changes upon which future year rentals are determined.

Refer to Note 9 for breakdown of leases expenses and other lease disclosures.

2019 Accounting policy – leases

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

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

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

Operating leases are entered into as a means of acquiring access to office and staff accommodation, storage facilities and motor vehicles. Current lease terms at year end range from 1 month to 1 year. On conclusion of the lease terms, the lease terms are renegotiated on an as needs basis having regard to the going concern uncertainty referred to in Notes 1(i). Lease payments are generally fixed but some agreements include annual escalation clauses for predetermined percentages or the Consumer Price Index (CPI) changes upon which future year rentals are determined.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 – Depreciation and amortisation

	Notes	2020 \$000	2019 \$000
Depreciation- plant and equipment	8	8	14
Depreciation – right-of-use assets	9	9	-
Total		17	14

Accounting policies

Depreciation

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost of each asset progressively over its estimated useful life to the Commission. The estimation of the useful lives of assets is based on historical experience with similar assets.

Reassessments of useful lives are undertaken annually by the Commission. Any consequential adjustments to remaining useful life estimates are implemented prospectively. Where the estimated useful life of the asset is greater than the estimated remaining funded life of the Commission, the lesser of the two has been deemed the useful life.

Amortisation

Intangible assets are amortised on the same basis as plant and equipment.

For each class of asset the following rates are used:

Plant and equipment	20 - 50%
Software	33.33 - 50%

Note 6 – Other expenses

	2020 \$000	2019 \$000
Queensland Audit Office – external audit fees ⁽¹⁾	30	29
Insurance premiums - QGIF	13	11
Total	43	40

⁽¹⁾ Total audit fees due to the Queensland Audit Office relating to the 2019-20 financial year are estimated to be \$29,500 (2018-19: \$28,800). There are no non-audit services included in this amount.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 – Cash and cash equivalents

	2020	2019
	\$000	\$000
Imprest accounts	1	-
Cash at bank	3,111	1,695
Total	3,112	1,695

Interest earned on cash held with the Commonwealth Bank was between 0.25% to 1.25% in 2019-20 (between 0.50% to 2.0% in 2018-19).

Accounting policy

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.

Note 8 – Plant and equipment

	2020	2019
	\$000	\$000
Gross	46	46
Less: Accumulated depreciation	(38)	(30)
Carrying amount at 30 June	8	16
<i>Represented by movements in carrying amount:</i>		
Carrying amount at 1 July	16	8
Acquisitions	-	22
Depreciation	(8)	(14)
Carrying amount at 30 June	8	16

Accounting policy

Actual cost is used for the initial recording of all non-current physical 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.

Items of plant and equipment with a cost equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition in the following classes.

Plant and equipment - computer and other technology equipment	\$5,000
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Items with a lesser value are expensed in the year of acquisition.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 8 – Plant and Equipment (continued)

Assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset.

Plant and equipment is measured at depreciated cost in accordance with the non-current asset policies. The carrying amounts for plant and equipment approximate their fair value.

Note 9 – Right-of-use assets and lease liabilities

	Buildings \$000	Plant and equipment \$000	Total \$000
Right-of-use assets			
Opening balance at 1 July	-	-	-
Additions	16	10	26
Depreciation charge	(6)	(3)	(9)
Closing balance at 30 June	10	7	17
		2020	2019
		\$000	\$000
Lease liabilities			
Current		20	-
Non-current		-	-
Total		20	-

Accounting policy - Leases

Right-of-use assets are measured at cost on initial recognition and measured at cost subsequently.

The Commission has elected not to recognise right-of-use assets and lease liabilities from short-term leases and leases of low value assets (<\$10,000 when new). The lease payments are recognised as expenses on a straight-line basis over the lease term. Refer to Note 4 for disclosure of these expenses.

The Commission uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined. To determine the incremental borrowing rate, the Commission uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 9 – Right-of-use assets and lease liabilities (continued)

Disclosures - Leases

	2020	2019
	\$000	\$000
<i>(i) Amounts recognised in profit and loss</i>		
Interest expense on lease liabilities	2	-
Breakdown of 'lease expenses' included in Note 4		
- Expenses relating to short-term leases	75	-
- Expenses relating to leases of low value assets	-	-
<i>(ii) Total cash outflows for leases</i>	8	-
<i>(iii) Details of leasing arrangements</i>		

On 1 July 2019, the existing leased office space had less than 12 months to the expiry date and in accordance with AASB 16, this has been treated as a short-term lease and is exempt from being recognised as a right-of-use asset at that date. Following the confirmation of renewed funding for the Commission a new lease was entered into during the year.

The renewed agreement entered into by the Commission is for a term of 19 months, with an additional option of 6 months. It is currently uncertain as to whether this option will be exercised. On renewal, the terms of the lease will be renegotiated. The Commission also leases plant and equipment under an agreement of 3 years.

(iv) Office accommodation, employee housing and motor vehicles

The Department of Housing and Public Works (DHPW) provides the Commission with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than leases because DHPW has substantive substitution rights over the assets. The related service expenses are included in Note 4.

2018-19 disclosures under AASB 117.

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:	2019
	\$000
Not later than one year	119
Later than one year and not later than five years	-
Total	119

Notes to the Financial Statements

For the year ended 30 June 2020

Note 10 – Payables

	2020	2019
	\$000	\$000
Payables		
Trade creditors	47	70
Sundry creditors	-	3
Accruals	92	70
	<hr/>	<hr/>
Total	139	143
	<hr/>	<hr/>

Accounting policy

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.

Note 11 – Accrued employee benefits

	2020	2019
	\$000	\$000
Salary and wage related	12	11
Recreation leave	141	180
	<hr/>	<hr/>
Total	153	191
	<hr/>	<hr/>

Accounting policies

Short-term employee benefits – 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.

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.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 12 – Reconciliation of operating result to net cash from operating activities

	2020	2019
	\$000	\$000
Operating surplus	1,464	(183)
Non-cash items included in operating result:		
Depreciation	17	14
Interest expense	2	-
	1,483	(169)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	19	(22)
Decrease/(increase) in other current assets	(35)	9
Increase/(decrease) in payables	(4)	1
Increase/(decrease) in accrued employee benefits	(38)	37
	1,425	(144)
Net cash from operating activities	1,425	(144)

Note 13 – Commitments

There are no significant matters known to the Commission as at 30 June 2020 which would give rise to the disclosure of any commitments.

Note 14 – Contingencies

There are no significant matters known to the Commission as at 30 June 2020 which would give rise to the recognition of a contingent asset or liability.

Note 15 – Events occurring after balance date

There were no significant events occurring after balance date.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 16 – Financial instruments

Accounting policy

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.

Financial instruments are classified under Accounting Standard AASB 9 as follows:

	Notes	2020 \$000	2019 \$000
Financial assets			
Cash and cash equivalents	7	3,111	1,695
Receivables and other current assets at amortised cost (excluding prepayments)		14	33
Total		3,125	1,728
Financial liabilities			
Payables	10	139	143
Total		139	143

Note 17 – Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2019-20 and 2018-19.

Position	Responsibilities	Contract classification and appointment authority	Appointment Details
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>	Current incumbent – appointed 2 September 2019 Previous Commissioner – retired 1 September 2019

Notes to the Financial Statements

For the year ended 30 June 2020

Note 17 – Key management personnel (continued)

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 2.0% in remuneration for the Commissioner in the 2019-20 year (effective from 1 July 2019). There was a 2.0% increase in remuneration for the Commissioner in the 2018-19 year (effective from 1 July 2018).

Remuneration packages for key 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.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment.
- 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.

2019-20

Position	Short term employee expenses		Long term employee expenses	Post employ-ment expenses	Termination benefits	Total expenses
	Monetary expenses \$000	Non-monetary benefits \$000	\$000	\$000	\$000	\$000
Commissioner (from 2 September 2019)	336	-	8	30	-	374
Commissioner (to 1 September 2019)	343	-	4	6	-	353

Notes to the Financial Statements

For the year ended 30 June 2020

Note 17 – Key management personnel (continued)

2018-19

Position	Short term employee expenses		Long term employee expenses	Post employment expenses	Termination benefits	Total expenses
	Monetary expenses \$000	Non-monetary benefits \$000	\$000	\$000	\$000	\$000
Commissioner	376	-	8	33	-	417

Performance payments

No performance payments are available or made to any key management personnel.

Note 18 – Related party transactions

The Commission did not transact with any people or entities related to its key management personnel during the year.

Note 19 – Impact of COVID-19 on the Commission

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility and disruption to the Australian economy and some organisations' ability to operate. In the areas where the Commission operates additional bio-security restrictions meant the Commission had to operate in different ways without the ability to travel between Cairns and the relevant communities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19.

In balancing the Commission's business continuity with community needs, non-essential travel to our communities was suspended. The Commission determined that due to the uncertainty, it was particularly important that operations continued in our communities in order to meet our obligations to the children and vulnerable people residing there. As an essential service, the Commission continued to conference, supported by the Cairns Registry through the use of remote technology linking Local Commissioners sitting in conference with members of the Cairns Registry team and the Commissioner. Necessary restrictions were put in place and process adjustments made in order to comply with the various Government issued health directives. Measures were implemented in all Registry offices to support social distancing including working from home and enhanced hygiene.

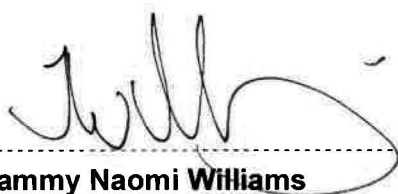
Whilst the COVID-19 pandemic challenged our operating model, with some logistics changes we were able to continue to meet our obligations. Additional expenses were incurred in relation to the Commission's COVID-19 response however these were offset by reduced expenditure in other areas. Overall, the Commission's financial result has not been significantly impacted by COVID-19.

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 39 of the *Financial and Performance Management Standard 2019* 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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Family Responsibilities Commission for the financial year ended 30 June 2020 and of the financial position of the Commission at the end of that year.

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Tammy Naomi Williams
Commissioner
Family Responsibilities Commission



Tracey Leigh Paterson CA
Executive Officer (Finance)
Family Responsibilities Commission

Date: 20/08/20

Date: 20/8/20

INDEPENDENT AUDITOR'S REPORT

To the Commissioner of Family Responsibilities Commission

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Family Responsibilities Commission.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Material uncertainty related to going concern

I draw attention to Note 1(i) of the financial report, which indicates that funding for the Commission beyond 30 June 2021 and later years is uncertain. These circumstances, along with other matters as set forth in Note 1(i), indicate that a material uncertainty exists that may cast significant doubt on the Commission's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Responsibilities of the entity 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 the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Melissa Fletcher
as delegate of the Auditor-General

21 August 2020

Queensland Audit Office
Brisbane