



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### Office Of The Protective Commissioner-Administration Fund

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the Office of the Protective Commissioner-Administration Fund:

- (a) presents fairly the Office's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

#### The Protective Commissioner's Role

The financial report is the responsibility of the Protective Commissioner. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

#### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Office in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Protective Commissioner had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

## Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



John Viljoen  
Director, Financial Audit Services

SYDNEY  
19 October 2005

**OFFICE OF THE PROTECTIVE COMMISSIONER ADMINISTRATION FUND  
STATEMENT IN ACCORDANCE WITH SECTION 41C  
PUBLIC FINANCE AND AUDIT ACT, 1983**

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act, 1983* I declare that in my opinion:

- a) The financial statements of the Administration Fund and notes thereon exhibit a true and fair view of the financial position and transactions for the year ended 30 June 2005;
- b) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act, 1983* and the *Public Finance and Audit Regulation 2000* and the Treasurer's Directions; and
- c) I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Ken Gabb  
PROTECTIVE COMMISSIONER & PUBLIC GUARDIAN  
SYDNEY  
17 October 2005

# Statement of Financial Performance for the year ended 30 June 2005

09

## ADMINISTRATION FUND

	Notes	2005 \$'000	2004 \$'000
<b>REVENUE</b>			
<b>Revenue from Ordinary Activities</b>			
Common Fund transfers	(6)	-	3,386
NSW Government contributions	(7)	14,490	14,844
Fees	(2)	21,046	16,345
Investment Income		1,080	778
Other Revenue		89	295
<b>Total Revenue</b>		<b>36,705</b>	<b>35,648</b>
<b>EXPENSES</b>			
<b>Expenses from Ordinary Activities</b>			
Employee related expenses	(3)	21,766	21,544
Lease - Minimum Lease Rentals		3,562	3,383
Other Operating Expenses	(4)	4,711	3,414
Doubtful Debts Expense		14	7
Depreciation and Amortisation	(11)	1,839	2,015
<b>Total Expenses</b>		<b>31,892</b>	<b>30,363</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>	(13)	<b>4,813</b>	<b>5,285</b>
<b>Total Revenues, Expenses and Valuation Adjustments recognised directly in Equity</b>		<b>-</b>	<b>-</b>
<b>Total changes in Equity other than those resulting from transactions with owners as owners</b>		<b>4,813</b>	<b>5,285</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position for the year ended 30 June 2005

ADMINISTRATION FUND

09

	Notes	2005 \$'000	2004 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash Assets	(14a)	14,743	10,677
Receivables	(8)	2,033	2,200
Other	(9)	3,721	2,452
<b>Total Current Assets</b>		<b>20,497</b>	<b>15,329</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	(11)	5,944	6,871
<b>Total Non Current Assets</b>		<b>5,944</b>	<b>6,871</b>
<b>Total Assets</b>		<b>26,441</b>	<b>22,200</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	(12)	1,086	550
Provisions	(5)	2,304	2,203
<b>Total Current Liabilities</b>		<b>3,390</b>	<b>2,753</b>
<b>Non Current Liabilities</b>			
Provisions	(5)	3,835	3,871
<b>Total Non Current Liabilities</b>		<b>3,835</b>	<b>3,871</b>
<b>Total Liabilities</b>		<b>7,225</b>	<b>6,624</b>
<b>NET ASSETS</b>		<b>19,216</b>	<b>15,576</b>
<b>EQUITY</b>			
Accumulated Funds	(13)	19,216	15,576
<b>Total Equity</b>		<b>19,216</b>	<b>15,576</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows for the year ended 30 June 2005

09

## ADMINISTRATION FUND

	Notes	2005 \$'000	2004 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		21,211	16,143
Receipts from Common Fund		-	3,386
Government contributions		14,490	14,844
GST Refunds from ATO		1,139	891
Interest Received		1,080	779
Payments to Employees and Suppliers		(30,940)	(31,191)
<b>Net Cash provided by Operating Activities</b>	(14b)	<b>6,980</b>	<b>4,852</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Plant and Equipment		(1,742)	(934)
Proceeds from Sale of Plant and Equipment		1	16
<b>Net Cash (used in) Investing Activities</b>		<b>(1,741)</b>	<b>(918)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution to Common Fund		(1,173)	-
<b>Net Cash (used in) Financing Activities</b>		<b>(1,173)</b>	<b>-</b>
Net Increase in Cash held		4,066	3,934
Cash at the Beginning of the Reporting Period		10,677	6,743
<b>Cash at the End of the Reporting Period</b>	(14a)	<b>14,743</b>	<b>10,677</b>

The accompanying notes form part of these financial statements.

## 1. Summary of Significant Accounting Policies

### (A) THE REPORTING ENTITY

The Office of the Protective Commissioner, as a reporting entity, comprises all the operating activities under the control of the Protective Commissioner. It is a controlled entity of the Attorney General's Department and the operations of the Administration Fund and the Public Guardian are included in the financial statements of the Department.

### (B) BASIS OF ACCOUNTING

The financial statements are a general purpose financial report and have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance & Audit Act, 1983 and Public Finance and Audit Regulation 2000*, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### (C) EMPLOYEE BENEFITS AND OTHER PROVISIONS

#### (i) Salaries and Wages, Annual Leave, Sick Leave and on-costs

Liabilities for salaries and wages and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amount expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the entitlements accrued in the future.

The outstanding amounts of payroll tax, employer superannuation contributions, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

#### (ii) Long Service Leave

Long Service Leave is measured using present value methodology based on Treasury Circular TC03/08, which estimates future cash outflows to be made by the Office in respect of services provided by employees up to reporting date.

### (D) INSURANCE

The Office's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

### (E) ACQUISITIONS OF ASSETS

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Office. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at date of acquisition.

*1. Summary of Significant Accounting Policies continued*

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

**(F) PLANT, EQUIPMENT, FURNITURE & FITTINGS AND COMPUTER HARDWARE AND SOFTWARE**

Plant, equipment, furniture and fittings and software costing \$3,000 and above individually, and computer hardware costing \$1,000 and above; with an estimated useful life to the entity in excess of 12 months are capitalised. The assets are measured at depreciated historical costs which is considered to equate with fair value as they have short useful lives.

**(G) DEPRECIATION OF PHYSICAL NON CURRENT ASSETS**

Depreciation is provided for on a straight line basis over the estimated economic life of the asset to the entity. All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

The depreciation rates used for each class of assets are as follows: -

■ Computer Equipment	33.33%
■ Furniture and Fittings	10%
■ Plant and Equipment	10%
■ Leasehold Improvements and Office Refurbishment	10– 20%
■ Leasehold Premium	16.67%
■ Software	14.29%– 33.33%

Leasehold Improvements are amortised over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter.

**(H) LEASED ASSETS**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

**(i) Financial Instruments**

Financial instruments give rise to positions that are a financial asset of the Administration Fund and a financial liability (or equity instrument) of the other party. For the Administration Fund, these include cash at bank, receivables and payables.

In accordance with AAS 33 "Presentation and Disclosure of Financial Instruments", information is disclosed in Note 10 in respect of the credit risk and interest rate risk of financial instruments.

All such amounts are carried in the accounts at net fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise:

- Cash
- Receivables
- Payables

All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accrual basis.

#### **(J) REVENUE RECOGNITION**

##### **(i) Common Fund Transfers**

Transfers from the Common Fund are recognised as revenue in the period in which they are determined by the Protective Commissioner. Refer to Note 6.

##### **(ii) NSW Government Contribution**

The contribution from the Government of NSW is recognised in the period it is received.

##### **(iii) Transfers under Section 57 of the Protected Estates Act, 1983**

Transfers of this type are recognised in the period in which they are determined by the Protective Commissioner.

##### **(iv) Fees**

Fees from clients are recognised on an accrual basis.

##### **(v) Asset Sales**

The revenue on the sale of assets is recognised in the period in which the contract for sale occurs.

##### **(vi) Investment Income**

Investment income is recognised as it accrues.

#### **(K) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where: -

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables are stated with the amount of GST included; and
- the net amount of GST receivable from or payable to the Australian Taxation Office is reported as current asset or liability in the Statement of Financial Position.

Cash flows are recognised on a gross basis in the Statement of Cash Flows. GST receivable from or payable to the Australian Taxation Office relating to cash flows from investing and financing activities is classified as operating cash flows.

#### **(L) MAINTENANCE AND REPAIRS**

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which the costs are capitalised and depreciated.

#### **(M) RECEIVABLES**

Trade debtors are required to be settled within thirty days. Bad debts are written off in the period they are identified. The Office considers that the carrying amounts of trade and other debtors approximate their net fair value. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.

*1. Summary of Significant Accounting Policies continued*

**(N) OTHER ASSETS**

Other assets including prepayments are recognised on a cost basis.

**(O) PAYABLES**

These amounts represent liabilities for goods and services provided to the agency and other amounts.

**(P) ADOPTION OF THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS EXPLANATION OF HOW THE TRANSITION TO AIFRS IS BEING MANAGED**

The OPC will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

The following strategy is being implemented to manage the transition to AEIFRS.

- A Working Party was established by the Attorney General's Department in April 2004 to oversight the transition. The working party on which OPC is represented comprises all senior finance officers and chaired by the Director, Financial Services; Attorney General's Department.
- The Working Party held meetings in 2004 and 2005 to review the Pending Standards and Treasury Analysis papers to identify any potential impacts; and
- An Implementation Strategy was prepared to address any initial reporting requirements and compliance issues from NSW Treasury.

Draft opening balance sheets as at 1 July 2004 were submitted to NSW Treasury as part of the implementation process during March 2005. Further, as a result of the Audit Office review of the opening balance sheets and further revisions advised by Pillar Administration regarding the balances of the defined benefit schemes in June 2005, amended opening balance sheets as at 1 July 2004 were submitted to NSW Treasury on 30 June 2005.

Final balance sheets as at 30 June 2005 were submitted during August 2005 in accordance with NSW Treasury requirements and timeframes.

The OPC has determined the key areas where changes in accounting policies are likely to impact upon the financial reports. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect NSW Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial reports of the estimated financial impacts of AEIFRS on the OPC's equity and surplus/deficit. The OPC does not anticipate any material impacts upon its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG Interpretations and/or emerging accepted practice in their interpretation and application.

The OPC's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005/06.

**(A) RECOGNITION OF KEY AGGREGATES**

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:

	Note	**2005 \$'000	*2004 \$'000
<b>Total Equity under AGAAP</b>		19,216	15,576
<b>Adjustments to accumulated funds</b>			
Defined benefit superannuation adjustment for changes in discount rate	(i)	(4,470)	(2,341)
<b>Total Equity under AEIFRS</b>		<b>14,746</b>	<b>13,235</b>

Reconciliation of Surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS year ended 30 June 2005

	Note	2005 \$'000
<b>Surplus under AGAAP</b>		4,813
Defined benefit superannuation adjustment for changes in discount rate	(i)	(2,129)
<b>Surplus/(deficit) under AEIFRS</b>		<b>2,684</b>

\* adjustments as at the date of transition  
\*\* cumulative adjustments as at date of transition plus the year ended 30 June 2005

Note to tables left

(i) AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.

**(B) PROPERTY, PLANT AND EQUIPMENT**

AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Asset*. These restorations costs must be depreciated and the unwinding of the restoration provision must be recognised as a finance expense. This treatment is not required under current AGAAP.

The Office of the Protective Commissioner is obliged under its long-term agreements to restore leased premises to original condition upon termination of the lease.

At this time, uncertainty exists as to whether the Office will terminate any of these lease agreements. Uncertainty arises as the decision to terminate will be based upon the actions of the parent entity; these actions have not yet occurred and the Office is unable to predict them with certainty.

*1. Summary of Significant Accounting Policies continued*

**(C) FINANCIAL INSTRUMENTS**

In accordance with NSW Treasury's indicative mandates, the OPC will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of surplus / deficit. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

**(D) GRANT RECOGNITION FOR NO-FOR-PROFIT ENTITIES**

The OPC will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and / or expense recognition will not occur until either the OPC supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognized when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

**(E) INTANGIBLE ASSETS**

The adoption of AASB 138 will result in certain classification from property, plant and equipment to intangible assets (e.g. computer software).

## 2. Fees

The Office of the Protective Commissioner introduced a new fee structure from 1 October 2003. The new fee structure is designed to replace The Protective Commissioner's dependency, for a large part of its funding, on contributions from the Common Fund under the provisions of *Section 55 of the Protective Estate's Act 1983*.

The new fee structure replaced a range of fees with Management Fee and Investment fees, whilst retaining the Protective Commissioner's power to recover additional costs incurred by the Office of the Protective Commissioner, where applicable, from the Common Fund.

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Registry Fees	-	168
Private Management Fees/Court Directions and Supervision Fees	1,218	1,246
Income & Capital Fees (Client Activities):		
- Management Fees	13,892	10,800
- Investment Fees	5,936	4,131
	<b>21,046</b>	<b>16,345</b>

Operations of the NSW Supreme Court Equity Division Protective Registry were transferred to the NSW Supreme Court on 1 July 2004. No registry fees were collected in financial year 2004-05.

## 3. Employee & Related Expenses

### (A) EMPLOYEE RELATED EXPENSES

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and Wages	17,802	17,326
Overtime	100	160
Meal Allowances	15	21
Workers' Compensation Insurance	91	86
Payroll Tax	1,227	1,244
Fringe Benefits Tax	1	6
Recreation Leave	1,599	947
Superannuation	427	873
Extended Leave	504	881
	<b>21,766</b>	<b>21,544</b>

3. *Employee & Related Expenses continued*

**(B) SUPERANNUATION**

The Office of the Protective Commissioner fully funds its employee superannuation entitlements. Payments are made based on current month contributions as assessed by Pillar Administration.

The position of the superannuation fund at 30 June 2005 is: -

	(a) <b>SASS</b> \$'000	(b) <b>SANCS</b> \$'000	(c) <b>SSS</b> \$'000	<b>Total</b> <b>2005</b> \$'000	<b>Total</b> <b>2004</b> \$'000
Reserve Account Balance 30 June 2005	2,733	1,211	13,380	17,324	15,460
Less: Liability at 30 June 2005	(2,704)	(1,174)	(9,875)	(13,753)	(13,240)
<b>Assessed surplus/(deficit) at 30 June 2004</b>	<b>29</b>	<b>37</b>	<b>3,505</b>	<b>3,571</b>	<b>2,220</b>

(a) SASS – State Authorities Superannuation Scheme

(b) SANCS – State Authorities Non-Contributory Superannuation Scheme

(c) SSS – State Superannuation Scheme

The increase in the prepayment of \$1.351M has been credited to superannuation expenditure in the Statement of Financial Performance, reducing total superannuation charges for the year to \$0.427M (\$0.873M – 2004).

The Superannuation position is shown in the Statement of Financial Position as follows: -

	<b>2005</b> \$'000	<b>2004</b> \$'000
Prepaid Superannuation (Note 9)	3,638	2,252
Provision for superannuation SASS and SANCS (Note 5)	(67)	(32)
	<b>3,571</b>	<b>2,220</b>

The liability for the various schemes is based on an actuarial assessment for the defined benefit schemes administered by Pillar Administration for the financial year ending 30 June 2005.

Assumptions with regards to rates of mortality, resignation, retirements and other demographics are those used for the 2003 triennial valuation. The economic assumptions used are as follows: -

	2005	2006	2007 and thereafter
	% p.a.	% p.a.	% p.a.
Rates of Investment Return	7.00	7.00	7.00
Rate of General Salary Increase	4.00	4.00	4.00
Rate of Increase in CPI	2.50	2.50	2.50

#### 4. Other Operating Expenses

	2005 \$'000	2004 \$'000
Proceeds from sale of Plant and Equipment	-1	-8
Carrying value of Assets sold	829	16
<b>(Profit)/Loss on disposal of Plant and Equipment</b>	<b>828</b>	<b>8</b>
Repairs & Maintenance	754	866
Energy	99	82
Advertising	63	55
Insurance	77	68
Postal & Telephone	566	520
Printing, Stationery, etc.	208	287
Revenue Waived	6	1
Travel	119	131
General Expenses	218	257
Training & Development	116	129
Payments to Consultants/Contractors	30	-
Internal Audit Fees	70	115
Audit Office of NSW-Audit of Financial Statements:		
- Administration Fund	60	60
- Common Fund	115	100
Security Officers	149	144
Funds Management and Master Custodian Fees	448	82
Client Information Systems	109	95
Sundry Payments for Other Services*	676	414
	<b>4,711</b>	<b>3,414</b>

\*This includes management fees for \$0.450M paid to the Attorney General's Department.

## 5. Provision for Employee Entitlements

The Current and Non Current Liabilities of provisions as follows: -

	2005 \$'000	2004 \$'000
<b>Current Provisions</b>		
Provision for Recreation leave	1,848	1,785
Provision for Extended leave	389	386
Superannuation	67	32
<b>Total Current Provisions</b>	<b>2,304</b>	<b>2,203</b>
<b>Non Current Provisions</b>		
Provision for Recreation leave	100	14
Provision for Extended leave	3,735	3,857
<b>Total Non Current Provisions</b>	<b>3,835</b>	<b>3,871</b>
<b>Total Provisions</b>	<b>6,139</b>	<b>6,074</b>
<b>Aggregate employee benefits and related on-costs</b>		
	2005 \$'000	2004 \$'000
Provisions - Current	2,304	2,203
Provisions - non-current	3,835	3,871
Accrued salaries, wages and on costs (Note 12)	164	344
	<b>6,303</b>	<b>6,418</b>

## 6. Transfers under Section 55 of the *Protected Estates Act, 1983*

Section 55 1(c) of the *Protected Estates Act 1983* enables transfers of money from investment funds to be made towards meeting the cost of exercising the functions of the Office of the Protective Commissioner. Section 55 (2) of the *Protected Estates Act 1983* limits transfers in any one financial year to the budget approved by the Director –General of the Attorney General's Department of NSW. There was no requirement to transfer funds for financial year 2004-05.

	2005 \$'000	2004 \$'000
<b>Transfers under former Section 55 of the <i>Protected Estates Act, 1983</i></b>		
Interim payments: - July	-	3,386
	-	<b>3,386</b>

## 7. Government Contributions

During the year, the Treasurer of NSW contributed \$14.490M (\$14.844M – 2004) to meet the cost of operating the Office of the Public Guardian and the Office of the Protective Commissioner.

## 8. Receivables

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued Income	1,753	1,729
Sundry Debtors	295	490
Less: Provision for Doubtful Debts	(15)	(19)
	<b>2,033</b>	<b>2,200</b>

## 9. Other Assets

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepaid Expenses	84	200
Prepaid Superannuation	3,637	2,252
	<b>3,721</b>	<b>2,452</b>

## 10. Financial Instruments

### (A) INTEREST RATE RISK

	Floating Interest Rate	Non-Interest Bearing	Total carrying amount as per Statement of Financial Position	Weighted Average Effective Interest Rate
<b>2005</b>	\$'000	\$'000	\$'000	%
<b>Financial Assets</b>				
Cash - Current Account	3,119	2	3,121	5.3
Deposits - 11a.m. Account	11,622	-	11,622	5.3
Receivables	-	2,033	2,033	n/a
<b>Total Financial Assets</b>	<b>14,741</b>	<b>2,035</b>	<b>16,776</b>	
<b>Financial Liabilities</b>				
Payables	-	1,086	1,086	n/a
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,086</b>	<b>1,086</b>	
<b>Net Financial Assets/ (Financial Liabilities)</b>	<b>14,741</b>	<b>949</b>	<b>15,690</b>	

10. *Financial Instruments continued*

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Administration Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities are as follows:

	Floating Interest Rate	Non-Interest Bearing	Total carrying amount as per Statement of Financial Position	Weighted Average Effective Interest Rate
2004	\$'000	\$'000	\$'000	%
<b>Financial Assets</b>				
Cash	2,739	2	2,741	4.9
Deposits	7,936	-	7,936	4.9
Receivables	-	2,200	2,200	n/a
<b>Total Financial Assets</b>	<b>10,675</b>	<b>2,202</b>	<b>12,877</b>	
<b>Financial Liabilities</b>				
Payables	-	550	550	n/a
<b>Total Financial Liabilities</b>	<b>-</b>	<b>550</b>	<b>550</b>	
<b>Net Financial Assets/ (Financial Liabilities)</b>	<b>10,675</b>	<b>1,652</b>	<b>12,327</b>	

**(B) CREDIT RISK**

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation thereunder. The Administration Fund's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

The Administration Fund does not have any significant exposure to any individual debtor.

**(C) NET FAIR VALUE**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

### 11. Plant, Equipment, Furniture & Fittings, Hardware and Corporate Software

	2005 \$'000	2004 \$'000
<b>Leasehold Improvements</b>		
Fair Value	2,141	1,462
Less: Accumulated Depreciation	(1,149)	(1,022)
	<b>992</b>	<b>440</b>
<b>Plant and Equipment</b>		
Fair Value	640	619
Less: Accumulated Depreciation	(480)	(436)
	<b>160</b>	<b>183</b>
<b>Computer Hardware and Software</b>		
Fair Value	10,142	11,789
Less: Accumulated Depreciation	(6,313)	(6,062)
	<b>3,829</b>	<b>5,727</b>
<b>Work in Progress</b>		
Fair Value	963	521
Less: Accumulated Depreciation	-	-
	<b>963</b>	<b>521</b>
<b>Total Property, Plant and Equipment at Carrying Value</b>	<b>5,944</b>	<b>6,871</b>

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Hardware & Software \$'000	Work in Progress \$'000	<b>TOTAL</b> \$'000
<b>Reconciliations - 2005</b>					
Carrying amount at start of year	440	183	5,727	521	6,871
Additions	9	21	314	1,397	1,741
Transfers	670	-	285	(955)	-
Disposals (at carrying value)	-	-	(829)	-	(829)
Depreciation Expense	(127)	(44)	(1,668)	-	(1,839)
<b>Carrying amount at end of year</b>	<b>992</b>	<b>160</b>	<b>3,829</b>	<b>963</b>	<b>5,944</b>

## 12. Payables

	2005 \$'000	2004 \$'000
Accrued Salaries	164	344
Other Creditors	922	206
	<b>1,086</b>	<b>550</b>

## 13. Equity

	2005 \$'000	2004 \$'000
At the beginning of the financial year	15,576	10,291
Changes in Equity - Other than Transactions with Owners as Owners:		
Distribution to Common Fund	(1,173)	-
Surplus/(Deficit) for the year	4,813	5,285
<b>At the end of the financial year</b>	<b>19,216</b>	<b>15,576</b>

## 14. Notes to the Statement of Cash Flows

## (A) RECONCILIATION OF CASH

	2005 \$'000	2004 \$'000
Cash at bank and on hand	<b>14,743</b>	10,677

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits at call with Westpac and other financial institutions.

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

## (B) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT

	2005 \$'000	2004 \$'000
Surplus/(Deficit) from Ordinary Activities	4,813	5,285
Depreciation and Amortisation	1,838	2,015
(Profit)/Loss on Disposal of Assets	828	(8)
(Increase)/Decrease in Prepayments	(1,268)	(1,061)
(Increase)/Decrease in Receivables	172	(460)
Increase/(Decrease) in Payables	537	(558)
Increase/(Decrease) in Provisions	60	(361)
<b>Net Cash provided by Operating Activities</b>	<b>6,980</b>	<b>4,852</b>

## 15. Additional Disclosure

## (A) LOANS &amp; ADVANCES

There were no loans or advances due to the Office of the Protective Commissioner by officers or employees.

There were no amounts due by way of loan or otherwise to the Office of the Protective Commissioner by a corporation, a director of which is an officer or employee of the Protective Commissioner.

**(B) CONTINGENT LIABILITIES**

The Office of the Protective Commissioner is obliged under its long term lease agreements to restore lease premises to original condition upon termination of the lease. At this time, uncertainty exists as to whether the office will terminate any of these lease agreements. Uncertainty arises as the decision to terminate will be based upon the actions of the parent entity; these actions have not yet occurred and the Office is unable to predict them with certainty.

**(C) OPERATING LEASE COMMITMENTS**

<b>Commitments Inclusive of GST</b>	<b>2005 \$'000</b>	<b>2004 \$'000</b>
Not later than one year	4,097	3,884
Later than one year and not later than 5 years	5,681	9,126
	<b>9,778</b>	<b>13,010</b>

Operating Lease commitments relate to leases currently held in relation to the occupancy of premises by the Office of the Protective Commissioner and Office of the Public Guardian in Sydney and Regional Offices. They also include Operating Leases of Equipment and Motor Vehicles.

**(D) INPUT TAX RECEIVABLE**

The Office of the Protective Commissioner and the Public Guardian is entitled to claim its input tax credits of \$0.889M (\$1.209M – 2004), which is included in the above commitments.

**(E) CAPITAL COMMITMENTS**

	<b>2005 \$'000</b>	<b>2004 \$'000</b>
Not later than 1 year (Inclusive GST)	-	<b>286</b>

**16. After Balance Date Event**

There are no after balance date events that will affect the financial statements.

**End of Audited Financial Statements.**