

FINANCIAL STATEMENTS

Peel Development Commission 30 June 2011
Statement of Comprehensive Income
 For the year ended 30 June 2011

	Note	2011	2010
		\$	\$
COST OF SERVICES			
Expenses			
Employee benefits expense	6	1,091,344	1,051,692
Supplies and services	7	297,775	295,155
Depreciation and amortisation expense	8	12,128	19,844
Accommodation expenses	9	154,981	179,846
Grants and subsidies	10	4,671,927	3,259,010
Other expenses	11	55,068	76,938
Total cost of services		6,283,223	4,882,485
Income			
<i>Revenue</i>			
Other Revenue	12	207,975	59,754
Total revenue		207,975	59,754
Total income other than income from State Government		207,975	59,754
NET COST OF SERVICES		6,075,248	4,822,731
Income from State Government			
Service Appropriation	13	1,506,000	4,003,000
Resources received free of charge		6,295	5,411
Grants from Government agencies		-	193,700
Royalties for Regions Fund		3,000,000	1,225,000
Total income from State Government		4,512,295	5,427,111
SURPLUS/(DEFICIT) FOR THE PERIOD		(1,562,953)	604,380
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,562,953)	604,380

Refer also to note 31 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	23	1,396,793	967,420
Restricted cash and cash equivalents	14,23	4,199,596	6,191,790
Receivables	15	111,041	141,225
Total Current Assets		5,707,430	7,300,435
Non-Current Assets			
Amounts receivable for services	16	163,000	170,000
Plant and equipment	17	37,530	33,475
Total Non-Current Assets		200,530	203,475
TOTAL ASSETS		5,907,960	7,503,910
LIABILITIES			
Current Liabilities			
Payables	20	246,460	323,056
Provisions	21	213,384	122,702
Total Current Liabilities		459,844	445,758
Non-Current Liabilities			
Provisions	21	20,497	67,580
Total Non-Current Liabilities		20,497	67,580
TOTAL LIABILITIES		480,341	513,338
NET ASSETS		5,427,619	6,990,572
EQUITY			
Contributed Equity	22	137,770	137,770
Accumulated surplus/(deficiency)		5,289,849	6,852,802
TOTAL EQUITY		5,427,619	6,990,572

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM/(TO) STATE GOVERNMENT			
Service appropriations		1,495,000	3,985,000
Holding account drawdowns		18,000	-
Royalties for Regions Fund		3,000,000	1,225,000
Grants from/(to) Government agencies		(470,456)	193,700
Net Cash provided by State Government		4,042,544	5,403,700
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,035,922)	(1,067,920)
Supplies and services		(355,619)	(559,131)
Grants and subsidies		(4,671,927)	(3,187,497)
GST payments on purchases		(525,332)	(374,855)
Other payments		(210,049)	(76,913)
Receipts			
User charges and fees		207,975	65,094
Recoup from Grant recipient		470,456	-
GST receipts on sales		20,631	69,155
GST receipts from taxation authority		510,605	246,697
Net cash provided by/(used in) operating activities	23	(5,589,182)	(4,885,370)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(16,183)	(5,972)
Net cash provided by/(used in) investing activities		(16,183)	(5,972)
Net increase/(decrease) in cash and cash equivalents		(1,562,821)	512,358
Cash and cash equivalents at the beginning of period		7,159,210	6,646,852
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	23	5,596,389	7,159,210

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2011

	Note	Contributed equity	Reserves	Accumulated surplus/(deficit)	Total equity
Balance at 1 July 2009	22	137,770	-	6,248,422	6,386,192
Total comprehensive income for the year		-	-	604,380	604,380
Balance at 30 June 2010		137,770	-	6,852,802	6,990,572
Balance as at 1 July 2010		137,770	-	6,852,802	6,990,572
Total comprehensive income for the year		-	-	(1,562,953)	(1,562,953)
Balance at 30 June 2011		137,770	-	5,289,849	5,427,619

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ending 30 June 2011

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Commission for the annual reporting period ended 30 June 2011.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

The judgements that have been made in the process of applying the Commission's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

(c) Reporting entity

The reporting entity comprises the Commission.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, is designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Service appropriations

Service Appropriations are recognised as revenues at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Commission obtains control over the funds. The Commission obtains control of the funds at the time the funds are deposited into the Commission's bank account.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for plant and equipment. Items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Computing hardware	3 years
Furniture, fixtures & fittings	10 years
Office equipment	5 years

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Commission have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software ^(a)	2 to 5 years
-------------------------	--------------

(a) Software that is not integral to the operation of any related hardware

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

(h) Impairment of assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

(i) Leases

The Commission holds operating leases for its office building and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial instruments

In addition to cash and bank overdraft, the Commission has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services
- Financial Liabilities
 - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand.

(l) Accrued salaries

Accrued salaries (see note 20 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) Amounts receivable for services (holding account)

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS and the GESBS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

(r) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements.

Note 4. Key sources of estimation uncertainty

The Commission makes key estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

In calculating the Commission's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Commission.

AASB 101 *Presentation of Financial Statements* (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038*. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i></p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in the financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013

Notes to the Financial Statements

For the year ending 30 June 2011

Note 6. Employee benefits expense

	2011	2010
	\$	\$
Wages and salaries ^(a)	979,675	949,257
Superannuation - defined contribution plans ^(b)	85,548	76,238
Other employee related expenses ^(c)	26,121	26,197
	1,091,344	1,051,692

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold state and GESB super Scheme (contribution paid).

(c) Includes other work related expenses.

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'.

The employment on-costs liability is included in note 21 'Provisions'.

Note 7. Supplies and Services

	2011	2010
	\$	\$
Communication	15,125	18,997
Consultants & contractors	195,351	157,732
Consumables	33,749	45,950
Vehicle lease costs	24,657	29,339
Other expenses ^(a)	28,893	43,137
	297,775	295,155

(a) The comparative figure for workers compensation insurance has been reclassified to appear as part of 'Other expenses', to be comparable with the figures presented in the current financial year.

Note 8. Depreciation and amortisation expense

	2011	2010
	\$	\$
<u>Depreciation</u>		
Computing hardware	7,801	13,956
Furniture, fixtures & fittings	1,436	1,436
Office equipment	2,621	3,893
Communication equipment	270	-
Total Depreciation	12,128	19,285
<u>Amortisation</u>		
Computer software	-	559
Total amortisation	-	559
Total depreciation and amortisation	12,128	19,844

Note 9. Accommodation expenses	2011	2010
	\$	\$
Lease rentals	140,231	163,364
Cleaning	14,750	16,482
	154,981	179,846

Note 10. Grants and subsidies	2011	2010
	\$	\$
<u>Recurrent/Capital</u>		
Project Related Grants	623,983	982,364
Regional Development Scheme	61,075	195,139
Royalties for Regions Scheme	3,986,869	2,081,507
	4,671,927	3,259,010

Note 11. Other expenses	2011	2010
	\$	\$
Doubtful debts expense	500	25
Other ^(a)	54,568	76,913
	55,068	76,938

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 21 'Provisions'. Superannuation contributions accrued as part of the provision are employee benefits and are not included in employment on-costs.

Note 12. Other revenue	2011	2010
	\$	\$
Recoups - unacquitted grants and subsidies	20,895	53,221
Recoups - other ^(a)	146,550	1,205
Miscellaneous ^(b)	40,530	5,328
	207,975	59,754

(a) Includes leave liability for staff transferred in, and external funding for two Tourism projects.

(b) Miscellaneous income includes contributions from partners for one off projects.

Note 13. Income from State Government	2011	2010
	\$	\$
Appropriation received during the year:		
Service appropriations ^(a)	1,506,000	4,003,000
	1,506,000	4,003,000
Resources received free of charge ^(b)		
DTF - Building Management and Works	6,295	5,411
	6,295	5,411
Grants received from Government agencies		193,700
Royalties for Regions Fund:		
- Regional Infrastructure and Headworks Account ^(c)	3,000,000	1,125,000
- Country Local Government Fund ^(c)		100,000

3,000,000	1,225,000
4,512,295	5,427,111

(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenue equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if they were donated, and those fair values shall be recognised as assets or expenses, as applicable. Where contributions of assets or services are in the nature of contributions by owners, the Commission makes an adjustment direct to equity.

(c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Note 14. Restricted cash and cash equivalents	2011	2010
	\$	\$
<u>Current</u>		
Royalties for Regions Fund ^(a)	2,071,159	3,424,388
Boddington Gold Social Infrastructure Package ^(b)	2,128,437	2,767,402
	4,199,596	6,191,790

(a) These unspent funds are committed to projects and programs in WA regional areas.

(b) Funds held for the completion of the outstanding Boddington Gold Mine Social Infrastructure Package projects.

Note 15. Receivables	2011	2010
	\$	\$
<u>Current</u>		
Receivables	550	24,030
GST Receivable	110,491	116,885
	111,041	140,915
Loans and advances		
Other debtors	-	310
Total Current	111,041	141,225

Note 16. Amounts receivable for services (Holding Account)	2011	2010
	\$	\$
Non-Current	163,000	170,000
	163,000	170,000

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Note 17. Plant and Equipment

	2011	2010
	\$	\$
<u>Communication equipment</u>		
At cost	16,183	-
Accumulated depreciation	(270)	-
	15,913	-
 <u>Computing hardware</u>		
At cost	38,272	38,272
Accumulated depreciation	(35,589)	(27,788)
	2,683	10,484
 <u>Furniture fixtures and fittings</u>		
At cost	27,919	27,919
Accumulated depreciation	(17,268)	(15,831)
	10,651	12,088
 <u>Office equipment</u>		
At cost	13,103	13,103
Accumulated depreciation	(4,820)	(2,200)
	8,283	10,903
	37,530	33,475

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below:

Asset Reconciliation

	Computing hardware	Furniture fixture and fittings	Office equipment	Communicatio n equipment	Total
	\$	\$	\$	\$	\$
2011					
Carrying amount at start of year	10,484	12,088	10,903	-	33,475
Additions	-	-	-	16,183	16,183
Depreciation	(7,801)	(1,436)	(2,621)	(270)	(12,128)
Carrying amount at end of year	2,683	10,652	8,282	15,913	37,530
 2010					
Carrying amount at start of year	26,608	13,524	6,656	-	46,788
Additions	-	-	5,972	-	5,972
Transfers	(2,168)	-	2,168	-	-
Depreciation	(13,956)	(1,436)	(3,893)	-	(19,285)
Carrying amount at end of year	10,484	12,088	10,903	-	33,475

Note 18. Intangible assets	2011	2010
	\$	\$
<u>Computer Software</u>		
At cost	15,603	15,603
Accumulated amortisation	(15,603)	(15,603)
	-	-
Reconciliation		
<u>Computer Software</u>		
Carrying amount at start of year		559
Amortisation expense		(559)
Carrying amount at end of year	-	-

Note 19. Impairment of assets

There were no indications of impairment to plant and equipment, and intangible assets at 30 June 2011.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

Note 20. Payables	2011	2010
	\$	\$
<u>Current</u>		
Trade payables	95,866	84,106
Other payables	4,063	4,821
Accrued expenses	121,658	221,079
Accrued salaries	24,873	13,050
Total current	246,460	323,056

Note 21. Provisions	2011	2010
	\$	\$
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	103,527	82,537
Long service leave ^(b)	109,071	39,566
	212,598	122,103
<i>Other provisions</i>		
Employment on-costs ^(c)	987	599
Purchased Leave scheme	(201)	-
	786	599
	213,384	122,702
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	20,403	67,264
	20,403	67,264

Other provisions

Employment on-costs ^(c)	94	316
	94	316
	20,497	67,580

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period	61,114	57,776
More than 12 months after the reporting period	42,413	24,761
	103,527	82,537

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period	15,212	26,049
More than 12 months after the reporting period	114,262	80,781
	129,474	106,830

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 11 'Other expenses'.

Movement in Other Provisions

	2011	2010
	\$	\$
Movements in each class of provisions during the financial year, other than employee benefits are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	915	956
Additional provisions recognised	166	(41)
Payments/other sacrifices of economic benefits		-
Unwinding of discount		-
Carrying amount at end of period	1,081	915

Note 22. Equity

Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.

Contributed Equity	2011	2010
	\$	\$
Balance at start of period	137,770	137,770
Balance at end of period	137,770	137,770

Accumulated surplus/(deficit)	2011	2010
	\$	\$
Balance at start of period	6,852,802	6,248,422
Result for the period	(1,562,953)	604,380
Balance at end of period	5,289,849	6,852,802
Total Equity at end of period	5,427,619	6,990,572

Note 23. Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2011	2010
	\$	\$
Cash and cash equivalents	1,396,793	967,420
Restricted cash and cash equivalents (refer to note 14)	4,199,596	6,191,790
	5,596,389	7,159,210

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2011	2010
	\$	\$
Net cost of services	(6,075,248)	(4,822,731)

Non-cash items:

Depreciation and amortisation expense (note 8)	12,128	19,844
Doubtful debts expense (note 11)	500	25
Resources received free of charge (note 13 'Income from State government)	6,295	5,411
Recoup from grant recipient	470,456	-
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(c)	23,290	5,340

Increase/(decrease) in liabilities:

Current payables ^(c)	(76,596)	(52,861)
Current provisions	90,682	(29,028)
Non-current provisions	(47,083)	10,860
Net GST receipts/(payments) ^(a)	5,904	(59,003)
Change in GST in receivables/payables ^(b)	490	36,773
Net cash provided by/(used in) operating activities	(5,589,182)	(4,885,370)

(a) This is the net GST paid/received, ie cash transaction.

(b) This reverses out the GST in receivables and payables.

Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

Note 24. Commitments

Lease Commitments

The commitments below are inclusive of GST where relevant.

	2011	2010
	\$	\$
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	117,348	77,479
Later than 1 year and not later than 5 years	60,388	4,571
	177,736	82,050

Representing:

Non-cancellable operating leases	177,736	82,050
	177,736	82,050

Non-cancellable operating lease commitments

	2011	2010
	\$	\$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	177,736	82,050
	177,736	82,050

The non cancellable operating leases represent the Commission's property lease and leases on its motor vehicles. The property lease is a non-cancellable lease with a term expiring January 2014. There is a fixed 3% increase in rent rates at the end of each lease year.

The motor vehicle leases are non-cancellable leases with a two year term, with lease payments monthly. New vehicle leases are negotiated at the end of this period, the number of vehicle leases being subject to the Commission's operational needs.

Note 25. Event occurring after the balance sheet date.

There were no events occurring after the reporting date that impact on the financial statements.

Note 26. Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2011 and between actual results for 2010 and 2011. Significant variations are considered to be those greater than 10% or \$30,000.

Significant variances between estimated and actual results for the financial year

	2011 Estimate	2011 Actual	Variation
	\$	\$	\$
<u>Expenses</u>			
Employee benefits expense	1,167,000	1,091,344	75,656
Supplies and services	228,000	297,775	(69,775)
Grants and subsidies	5,719,000	4,671,927	1,047,073
Other expenses	163,000	55,068	107,932
<u>Income</u>			
Other revenue	30,000	207,975	(177,975)
Royalties for Regions Fund	4,000,000	3,000,000	1,000,000

Employee benefits expense
Variations due to some vacancies through the year.

Supplies and services
The variation reflects an increase in costs due to IT services, board sitting fees and various general expenses.

Grants and subsidies
The variance between estimated and actual Grants expenditure relates to the timing of receipt of funds and expenditure of grant progress payments.

Other expenses
Actuals for current financial year are in line with previous financial year. Estimated actual overstated.

Other revenue
Variation includes income received from partners for one off projects.

Royalties for Regions Fund
Variations due to timing of grant payments.

Significant variances between actual results for 2010 and 2011

	2011 Actual \$	2010 Actual \$	Variance \$
<u>Expenses</u>			
Grants and Subsidies	4,671,927	3,259,010	(1,412,917)
Employee benefits expense	1,091,344	1,051,692	(39,652)

Grants and subsidies

Variation due to the timing of grant payments.

Employee benefits expense

Variation due to increase in salary and increase in some staff training expenses.

Income

Service appropriation	1,506,000	4,003,000	2,497,000
Grants from government agencies	-	193,700	193,700
Royalties for Regions Fund	3,000,000	1,225,000	(1,775,000)

Service appropriation

Service appropriation in 2010 included project funding for Boddington Gold Mine Social Infrastructure Package.

Grants from government agencies

Grants from government agencies in 2010 included one off funding for the Regional Spotlight project.

Royalties for Regions Fund

Variation due to the re cashflowing of the project.

Note 27. Financial instruments

(a) Financial risk management objectives and policies

Financial Instruments held by the Commission are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 27 'Financial instruments disclosures' and note 15 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on a ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2011	2010
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	1,396,793	967,420
Restricted cash and cash equivalents	4,199,596	6,191,790
Loans and receivables ^(a)	163,550	194,030
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	246,460	323,056

Note 27. continued

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

The Commission does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Commission does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets ^(a)

	Weighted average effective interest rate %	Interest rate exposure				Past due but not impaired					Impaired financial assets \$
		Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non- Interest Bearing \$	Up to 3 months \$	3 - 12 months \$	1-2 Years \$	2-5 Years \$	More than 5 Years \$	
Financial assets											
2011											
Cash and cash equivalents		1,396,793	-	-	1,396,793	-	-	-	-	-	-
Restricted cash and cash equivalent		4,199,596	-	-	4,199,596	-	-	-	-	-	-
Receivables(a)		550	-	-	550	550	-	-	-	-	-
Amounts receivable for services		163,000	-	-	163,000	-	-	-	-	-	-
		5,759,939	-	-	5,759,939	550	-	-	-	-	-
2010											
Cash and cash equivalents		967,420	-	-	967,420	-	-	-	-	-	-
Restricted cash and cash equivalent		6,191,790	-	-	6,191,790	-	-	-	-	-	-
Receivables(a)		24,340	-	-	24,340	14,730	500	-	-	-	-
Amounts receivable for services		170,000	-	-	170,000	-	-	-	-	-	-
		7,353,550	-	-	7,353,550	14,730	500	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes both interest and principal cash flows.

Interest rate exposure and maturity analysis of financial liabilities

Weighted average effective interest rate %	<u>Interest rate exposure</u>						<u>Maturity Dates</u>				
	Carrying Amount	Fixed interest rate	Variable interest	Non-Interest Bearing	Adjustment for discounting	Total Nominal Amount	Up to 3 months	3 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Financial Liabilities</u>											
2011											
Payables	246,460	-	-	246,460	-	246,460	246,460	-	-	-	-
	246,460	-	-	246,460	-	246,460	246,460	-	-	-	-
2010											
Payables	323,056	-	-	323,056	-	323,056	323,056	-	-	-	-
	323,056	-	-	323,056	-	323,056	323,056	-	-	-	-

Interest rate sensitivity analysis

None of the Commission's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Commission's surplus or equity.

Fair Values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 28. Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

\$	2011	2010
0 - 15,000	9	11
The total remuneration of members of the accountable authority	\$	\$
	40,773	33,031

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the accountable authority.

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2011	2010
70,001 - 80,000		
100,001 - 110,000	-	1
140,001 - 150,000	-	1
	1	-
The total remuneration of senior officers is:	\$148,867	\$181,923

Note 29. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2011	2010
Auditing the accounts, financial statements and key performance indicators	\$26,000	\$23,500

Note 30. Supplementary financial information

Losses through theft, default and other causes

	2011	2010
Losses of public moneys and public and other property through theft or default.	-	\$900

Note 31. Schedule of income and expenses by service

	Facilitation & Coordination		Information & Advice		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
COST OF SERVICES						
<u>Expenses</u>						
Employee benefit expense	982,209	946,523	109,134	105,169	1,091,343	1,051,692
Supplies and services	267,997	265,639	29,778	29,516	297,775	295,155
Depreciation and amortisation expense	10,915	17,860	1,213	1,984	12,128	19,844
Accommodation expenses	139,483	161,861	15,498	17,985	154,981	179,846
Grants and subsidies	4,204,734	2,933,109	467,193	325,901	4,671,927	3,259,010
Other expenses	49,561	69,244	5,507	7,694	55,068	76,938
Total cost of services	5,654,899	4,394,236	628,323	488,249	6,283,222	4,882,485
<u>Income</u>						
Other revenue	187,177	53,779	20,798	5,975	207,975	59,754
Total income other than income from State Government	187,177	53,779	20,798	5,975	207,975	59,754
NET COST OF SERVICES	5,467,722	4,340,457	607,525	482,274	6,075,247	4,822,731

INCOME FROM STATE GOVERNMENT	2011	2010	2011	2010
Service appropriation	1,355,400	3,602,700	150,600	
Resources received free of charge	5,665	4,870	630	
Grants from Government Agencies	-	174,330	-	
Royalties for Regions Fund	2,700,000	1,102,500	300,000	
Total income from State Government	4,061,065	4,884,400	451,230	
Surplus/(deficit) for the period	(1,406,657)	543,943	(156,295)	

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

Peel Development Commission

Asset Reconciliation	Computing hardware	Furniture fixture and fittings	Office equipment	Comr
2011	\$	\$	\$	
Carrying amount at start of year	10,484	12,088	10,903	
Additions	-	-	-	
Depreciation	(7,801)	(1,436)	(2,621)	
Carrying amount at end of year	2,683	10,652	8,282	

2010	Computing hardware	Furniture fixture and fittings	Office equipment	Comr
	\$	\$	\$	
Carrying amount at start of year	26,608	13,524	6,656	-
Additions	-	-	5,972	-
Transfers	(2,168)	-	2,168	-
Depreciation	(13,956)	(1,436)	(3,893)	-
Carrying amount at end of year	10,484	12,088	10,903	