OFFICE
OF THE
GOVERNOR

Financial Statements

For the year ended

30 June 2012

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TASMANIA 7001

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Office of the Governor are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provision of the Financial Management and Audit Act 1990 to present fairly the transactions for the year ended 30 June 2012 and the financial position as at the end of the year.

At the date of signing, I am not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

David Owen
Official Secretary

15 August 2012

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Office of the Governor Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	2012 Budget $'000	2012 Actual $'000	2011 Actual $'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue - recurrent	1.6(a), 4.1	3,310	3,339	3,259
Contributions received	1.6(b), 4.3	-	-	200
Other revenue	1.6(b), 4.4	-	15	15
Total revenue and other income from transactions		**3,310**	**3,354**	**3,474**
Expenses from transactions				
Employee benefits	1.7(a), 5.1	2,442	2,454	2,442
Depreciation and amortisation	1.7(b), 5.2	262	312	286
Supplies and consumables	5.3, 5.3	855	846	751
Other expenses	1.7(c), 5.4	30	39	26
Total expenses from transactions		**3,589**	**3,651**	**3,505**
Net result from transactions (net operating balance)		**(279)**	**(297)**	**(31)**
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	4.2	-	-	48
Write off – Outdoor equipment		-	-	(139)
Total other economic flows included in net result		-	**(297)**	**(91)**
Net result from continuing operations		**(279)**	**(297)**	**(122)**
Other economic flows – other non-owner changes in equity				
Changes in asset revaluation reserve	9.1	-	2,786	629
Total other economic flows – Other non-owner changes in equity		**-**	**2,786**	**629**
Comprehensive result		**(279)**	**2,489**	**507**

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 3 of the accompanying notes.

Office of the Governor Statement of Financial Position as at 30 June 2012

	Notes	2012 Budget $'000	2012 Actual $'000	2011 Actual $'000
Assets				
Financial assets				
Cash and deposits	1.8(a), 10.1	(11)	(19)	(7)
Other financial assets	1.8(b), 6.1	22	19	26
Non-financial assets				
Property, plant and motor vehicles	1.8(c), 6.2	372	311	365
Land and buildings	1.8(c), 6.2	31,406	34,242	31,714
Heritage assets	1.8(c), 6.2	2,733	3,563	3,563
Total assets		**34,522**	**38,116**	**35,661**
Liabilities				
Payables	1.9(a), 7.1	51	84	61
Employee benefits	1.9(b), 7.2	465	486	523
Other liabilities	1.9(d), 7.3	-	-	20
Total liabilities		**516**	**570**	**604**
Net assets		**34,006**	**37,546**	**35,057**
Equity				
Reserves	9.1	21,951	25,367	22,581
Accumulated funds		12,055	12,179	12,476
Total equity		**34,006**	**37,546**	**35,057**

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 3 of the accompanying notes.

Office of the Governor Statement of Cash Flows for the year ended 30 June 2012

	Notes	2012 Budget $'000	2012 Actual $'000	2011 Actual $'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts - recurrent		3,290	3,319	3,279
GST receipts		60	80	73
Other cash receipts		-	15	15
Total cash inflows		**3,350**	**3,414**	**3,367**
Cash outflows				
Employee benefits		(2,181)	(2,293)	(2,154)
Superannuation		(245)	(202)	(195)
GST payments		(60)	(72)	(78)
Other cash payments		(884)	(859)	(783)
Total cash outflows		**(3,370)**	**(3,426)**	**(3,210)**
Net cash from (used by) operating activities	10.2	**(20)**	**(12)**	**157**
Cash outflows				
Payments for acquisition of non-financial assets		-	-	(153)
Total cash outflows		**-**	**-**	**(153)**
Net cash from (used by) investing activities		**-**	**(12)**	**(153)**
Net increase (decrease) in cash and cash equivalents held		**(20)**	**(12)**	**4**
Cash and deposits at the beginning of the reporting period		**9**	**(7)**	**(11)**
Cash and deposits at the end of the reporting period	10.1	**(11)**	**(19)**	**(7)**

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

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 3 of the accompanying notes.

Office of the Governor Statement of Changes in Equity for the year ended 30 June 2012

	Notes	Reserves $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2011		**22,581**	**12,476**	**35,057**
Total comprehensive result		2,786	(297)	2,489
Balance as at 30 June 2012		**25,367**	**12,179**	**37,546**

	Notes	Reserves $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2010		**21,951**	**12,598**	**34,549**
Total comprehensive result		630	(122)	508
Balance as at 30 June 2011		**22,581**	**12,476**	**35,057**

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

Note 1 Significant Accounting Policies

1.1 Objectives and Funding

The Office's objectives are to:

- Provide a high standard of policy advice and administrative support to the Governor, including the organisation of his constitutional and ceremonial duties, and his program of community engagements;
- Enable the efficient and effective interaction of the Office of the Governor with the Parliament, the Executive Government and the State Service; and
- Maintain and operate Government House, its associated buildings and the Estate generally at a high level of repair and presentation.

The Office's activities contributing towards these outcomes are classified as controlled.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Office in its own right.

The Office is totally funded through Parliamentary appropriations. The financial report encompasses all funds through which the Office controls resources to carry on its functions.

1.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards issued by the Australian Accounting Standards Board and Interpretations; and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the Official Secretary on 15th August 2012.

Compliance with the Australian Accounting Standards may not result in compliance with International Financial Reporting Standards, as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Office is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 1.5.

The Financial Statements have been prepared as a going concern. The continued existence of the Office in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Office's administration and activities.

1.3 Reporting Entity

The Financial Statements include all the controlled activities of the Office. The Financial Statements consolidate material transactions and balances of the Office.

1.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Office's functional currency.

1.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Office has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1054 *Australian Additional Disclosures* – This Standard in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2009-12 *Amendments to Australian Accounting Standards* – This Standard makes editorial amendments to a range of Australian Accounting Standards and interpretations. There is no financial impact.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* – This Standard amends a range of Australian Accounting Standards and Interpretation as a consequence of the annual improvements project.

  The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired, whose terms have been renegotiated, is no longer required to be disclosed. There is no financial impact.

  The amendments to AASB 101 clarify the presentation of the Statements of Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.
- AASB 2010-5 *Amendments to Australian Accounting Standards* – This Standard makes editorial amendments to a range of Australian Accounting Standards. There is no financial impact.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* – This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.
- AASB2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* – This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Office has not yet determined the potential financial impact of the standard.
- AASB 13 *Fair Value Measurement* – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.
- AASB 119 *Employee Benefits* – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2011. The Office has not yet determined the application or the potential impact of the Standard.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* – This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Office. However, it may affect disclosures if reduced disclosure requirements apply.

- *AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* – This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.
- *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) – This Standard makes consequential amendments to other Australian Accounting Standards and interpretations as a result of issuing AASB 9 in December 2010. It is not anticipated that there will be any financial impact.
- *AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements*. This Standard makes amendments to introduce reduced disclosure requirements for certain types of entities. There is no expected financial impact of applying these changes, as the Office is a Tier 1 entity.
- *AASB 2011*-8 *Amendments to Australian Accounting Standards arising from AASB 13* – This Standard replaces the existing definition of fair value guidance in other Australian Accounting Standards and interpretations as a result of issuing AASB 13 in September 2011. There is no expected financial impact.
- *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* – This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). It is not expected to have a financial impact.
- *AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* – This Standard makes amendments to other Australian Accounting Standards and Interpretation as a result of issuing AASB 119 *Employee Benefits* in September 2011. It is not expected to have a financial impact.
- *AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* – This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.

(c) Voluntary changes in accounting policy

There has been no voluntary change to accounting policy.

1.6 Income from transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

(a) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Office gains control of the appropriated funds. Except for any amounts identified as carried forward in Notes 4.1, control arises in the period of appropriation.

(b) Contributions received

Services received free of charge by the Office, are recognised as income when a fair value can be reliably determined and at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the Office obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the Office and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, where they are recognised as contributions by owners directly within equity. In these circumstances, book values from the transferor agency have been used.

(c) Other revenue

Revenue from any other source is recognised when the obligation to pay arises.

1.7 Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

(a) Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation periods are:

Plant and equipment and vehicles	5 years
Buildings	100 years
Other - Piano	20 years
Tractor	10 years
Under carpet heating	15 years
Service Lift	20 years

Heritage assets are not depreciated on the basis that they have an unlimited useful life.

Depreciation rates have been adjusted to reflect the life of each asset.

(c) Other expenses

Expenses from acquisition of supplies and services are recognised when the obligation to pay is identified, usually at the time of supply of such supplies and services.

1.8 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Office and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Deposits are recognised at amortised cost, being their face value.

(b) Other financial assets

Tax assets are recognised when the related transactions occur and are measured at the nominal amount.

Prepayments are recognised when they occur and are measured at the nominal amount.

(c) Property, plant, equipment and infrastructure

(i) Valuation basis

Land, buildings, infrastructure, heritage and cultural assets and other long-lived assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Office and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

Other than heritage assets, including art works, the asset capitalisation threshold adopted by the Office is $10,000. Assets valued at less than $10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

The Office has adopted a revaluation threshold of $10,000 for assets other than heritage assets above which assets are revalued on a fair value basis. All heritage assets are subject to revaluation.

Heritage assets are revalued every five years.

Land and buildings are revalued with sufficient regularity to ensure they reflect fair value at balance date. Indices are applied between formal valuations.

Assets are grouped on the basis of having a similar nature or function in the operations of the Office.

1.9 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

(a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Office becomes obliged to make future payments as a result of a purchase of assets or services.

(b) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2012, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(c) Superannuation

The Office does not recognise a liability for the accruing superannuation benefits of Office employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

(d) Other liabilities

Revenue in advance and discounts held are recognised at the time of receipt and treated as revenue in the period to which they relate.

1.10 Leases

The Office has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Office is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

1.11 Judgements and Assumptions

In the application of Australian Accounting Standards, the Office is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Office that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

The Office has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.12 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.13 Budget Information

Budget information refers to original estimates as disclosed in the 2011-12 Budget Papers and is not subject to audit.

1.14 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.15 Taxation

The Office is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

1.16 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the Australian Taxation Office is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Note 2 Office Output Schedules

2.1 Output Group Information

The Office only has a single output called Office of the Governor to fulfil its Outcome Statement of ensuring that it provides support of the Governor. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Explanations of material variances between budget and actual outcomes are provided in Note 3 below. A reconciliation of the net result of the Output Group to the net surplus on the Statement of Comprehensive Income is not necessary as the Office only has one output group. For the same reason there is no separate reconciliation between the total net assets deployed for the Output Group to net assets on the Statement of Financial Position.

Note 3 Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and $40,000.

3.1 Statement of Comprehensive Income

	Note	Budget $'000	Actual $'000	Variance $'000	Variance %
Depreciation and amortisation	(a)	262	312	50	19

Notes to Statement of Comprehensive Income variances

(a) Depreciation exceeded budget because the budget did not take into account Building revaluation increments.

3.2 Statement of Financial Position

	Note	Budget $'000	Actual $'000	Variance $'000	Variance %
Property, plant and motor vehicles	(a)	372	311	(61)	(16)
Heritage assets	(b)	2,733	3,563	830	30
Reserves	(c)	21,951	25,367	3,416	15

Notes to Statement of Financial Position variances

(a) There were no additions, as budgeted, to Property, plant and motor vehicles during the year.
(b) The revaluation increments and heritage bookcase received from another agency in 2011 were not included in the budget.
(c) The revaluation increments to Land and Buildings were not included in the budget.

3.3 Statement of Cash Flows

	Note	Budget $'000	Actual $'000	Variance $'000	Variance %
Superannuation	(a)	245	202	(43)	(17)

Notes to Statement of Cash Flows variances

(a) The budget overestimated the superannuation expense.

Note 4 Income from transactions

4.1 Revenue from Government

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

The Budget information is based on original estimates and has not been subject to audit.

	2012 Budget $'000	2012 Actual $'000	2011 Actual $'000
Continuing operations			
Appropriation revenue - recurrent			
Current year	3,290	3,319	3,259
Revenue from Government - other			
Appropriation carried forward under section 8A(2) of the *Public Account Act 1986* taken up as revenue in the current year	20	20	-
Total revenue from Government	**3,310**	**3,339**	**3,259**

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

4.2 Net gain/(loss) on non-financial assets

	2012 $'000	2011 $'000
Gain on sale of motor vehicle	-	48
Total	**-**	**48**

4.3 Contributions received

	2012 $'000	2011 $'000
Heritage asset received free of charge	-	200
Total	**-**	**200**

4.4 Other revenue

	2012 $'000	2011 $'000
Other fees and recoveries	15	15
Total	**15**	**15**

Note 5 Expenses from transactions

5.1 Employee benefits

	2012 $'000	2011 $'000
Wages and salaries	2,036	2,042
Annual leave	121	120
Long service leave	65	51
Sick leave	20	22
Superannuation	202	195
Other employee expenses *(Training, uniforms, memberships)*	10	12
Total	**2,454**	**2,442**

Superannuation expenses relating to defined benefits schemes relate to payments into the Superannuation Provision Account held centrally and recognised within the Finance-General Division of the Department of Treasury and Finance. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.3 per cent of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9 per cent of salary.

5.2 Depreciation and amortisation

(a) Depreciation

	2012 $'000	2011 $'000
Plant, equipment and motor vehicles	54	43
Buildings	258	243
Total	**312**	**286**

5.3 Supplies and consumables

	2012 $'000	2011 $'000
Audit fees – financial audit	15	8
Operating lease costs	61	62
Property services	237	182
Maintenance	236	126
Communications	35	36
Information technology	25	84
Travel and transport	7	11
Other supplies and consumables	230	242
Total	**846**	**751**

5.4 Other expenses

	2012 $'000	2011 $'000
Salary on-costs	11	7
Insurance	28	19
Total	**39**	**26**

Note 6 Assets

6.1 Other financial assets

	2012 $'000	2011 $'000
Tax assets	18	25
Prepayments	1	1
Total	**19**	**26**
Settled within 12 months	19	26
Settled in more than 12 months	-	-
Total	**19**	**26**

6.2 Property, plant and equipment

(a) Carrying amount

	2012 $'000	2011 $'000
Land		
At fair value 1 July 2011	8,700	7,900
Total	**8,700**	**7,900**
Buildings		
At fair value 1 July 2011	25,800	24,300
Less: Accumulated depreciation	(258)	(486)
Total	**25,542**	**23,814**
Plant, equipment and motor vehicles		
At cost	412	412
Less: Accumulated depreciation	(101)	(46)
Total	**311**	**365**
Heritage and cultural assets		
At fair value at dates detailed below	3,563	3,563
Total	**3,563**	**3,563**
Total property, plant and equipment	**38,116**	**35,642**

Assets have been revalued independently as listed below:

Heritage and cultural assets consisting of:

- Paintings (Heritage Assets) – Rosanna Cameron BA, Registered Valuer as at 30 June 2010
- Furniture (Heritage Assets) – A.F. Coleman, Approved Commonwealth Government Valuer as at 30 June 2011
- China, silver, etc. (Heritage Assets) – Berenice Clark FGAA, JVCQ, Registered Valuer as at 24 March 2010; and

Land and Buildings – Valuer General's Office as at 1 July 2011

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

2012	Land $'000	Buildings $'000	Plant equipment and motor vehicles $'000	Heritage and cultural assets $'000	Total $'000
Carrying value at 1 July	**7,900**	**23,814**	**365**	**3,563**	**35,642**
Additions	-	-			
Disposals	-	-	-	-	-
Revaluation increments (decrements)	800	1,986	-		2,786
Depreciation and amortisation	-	(258)	(54)	-	(312)
Carrying value at 30 June	**8,700**	**25,542**	**311**	**3,563**	**38,116**

2011	Land $'000	Buildings $'000	Plant equipment and motor vehicles $'000	Heritage and cultural assets $'000	Total $'000
Carrying value at 1 July	**7,900**	**24,057**	**346**	**2,733**	**35,036**
Additions	-	-	229	201	430
Disposals	-	-	(167)	-	(167)
Revaluation increments (decrements)	-	-	-	629	629
Depreciation and amortisation	-	(243)	(43)	-	(286)
Carrying value at 30 June	**7,900**	**23,814**	**365**	**3,563**	**35,642**

Note 7 Liabilities

7.1 Payables

	2012 $'000	2011 $'000
Creditors	41	20
Accrued expenses	43	41
Total	**84**	**61**
Settled within 12 months	84	61
Settled in more than 12 months	-	-
Total	**84**	**61**

Settlement is usually made within 28 days.

7.2 Employee benefits

	2012 $'000	2011 $'000
Accrued salaries	68	84
Annual leave	128	131
Long service leave	290	308
Total	**486**	**523**
Settled within 12 months	222	256
Settled in more than 12 months	264	268
Total	**486**	**523**

7.3 Other liabilities

	2012 $'000	2011 $'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the *Public Account Act 1986*	-	20
Total	**-**	**-**
Settled within 12 months	-	20
Settled in more than 12 months	-	-
Total	**-**	**20**

Note 8 Commitments and Contingencies

8.1 Schedule of Commitments

	2012 $'000	2011 $'000
By type		
Lease Commitments		
Operating leases	29	69
Total lease commitments	**29**	**69**
By maturity		
Operating lease commitments		
One year or less	27	39
From one to five years	2	30
More than five years	-	-
Total operating lease commitments	**29**	**69**
Total	**29**	**69**

Motor Vehicles

- The Office's motor vehicle fleet is managed by LeasePlan Australia Pty Ltd
- Lease payments vary according to the type of vehicle and where applicable the price received for replaced vehicles
- Lease terms are for a maximum of two years, with the exception of one vehicle leased for a five year term, with no change to the lease rate
- No restrictions or purchased options are contained in the lease arrangements

Equipment

Photocopiers

- Lease payments are determined at the time of lease agreement and are paid quarterly
- Lease terms are for three years with no change to the lease rate
- No restrictions or purchased options are contained in the lease arrangements

8.2 Contingent Assets and Liabilities

As at the 30th June 2012, the Office had no known contingent assets or liabilities.

Note 9 Reserves

9.1 Reserves

2012	Land $'000	Buildings $'000	Heritage and cultural assets $'000	Total $'000
Asset Revaluation Reserve				
Balance at the beginning of financial year	3,900	13,541	5,140	22,581
Revaluation increments/(decrements)	800	1,986		2,786
Balance at end of financial year	**4,700**	**15,527**	**5,140**	**25,367**

2011	Land $'000	Buildings $'000	Heritage and cultural assets $'000	Total $'000
Asset Revaluation Reserve				
Balance as the beginning of financial year	3,900	13,541	4,511	21,952
Revaluation increments (decrements)	-	-	629	629
Balance at end of financial year	**3,900**	**13,541**	**5,140**	**22,581**

(a) Nature and purpose of reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-financial assets, as described in Note 1.8(c).

Note 10 Cash Flow Reconciliation

10.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Account held by the Office, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2012 $'000	2011 $'000
Special Deposits and Trust Fund balance		
Operating account	(20)	(8)
Total	**(20)**	**(8)**
Other cash held		
Petty cash	1	1
Total	**1**	**1**
Total cash and deposits	**(19)**	**(7)**

10.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2012 $'000	2011 $'000
Net result	(297)	(31)
Depreciation and amortisation	312	286
Resource received free of charge	-	(200)
Decrease (increase) in Prepayments	-	1
Decrease (increase) in Tax Assets	7	(7)
Increase (decrease) in Employee entitlements	(37)	89
Increase (decrease) in Payables	21	(5)
Increase (decrease) in Accrued Expenses	2	4
Increase (decrease) in Other liabilities	(20)	20
Net cash from (used by) operating activities	**(12)**	**157**

Note 11 Financial Instruments

11.1 Risk exposures

(a) Risk management policies

The Office does not hold any derivative financial instruments.

The Head of Agency has overall responsibility for the establishment and oversight of the Office's risk management framework. Risk management policies are established to identify and analyse risks faced by the Office, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

(b) Credit risk exposures

The credit risk on financial assets to the Office which have been recognised in the Statement of Financial Position is generally the carrying amount, net of any provision for impairment.

The Office's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Comprehensive Income.

11.2 Net Fair Values of Financial Assets and Liabilities

2012

	2012 Total Carrying Amount $'000	Net Fair Value $'000	2011 Total Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Cash at Bank	1	1	1	1
Cash in Special Deposits and Trust Fund	(20)	(20)	(8)	(8)
Total financial assets	**(19)**	**(19)**	**(7)**	**(7)**
Financial liabilities				
Payables	84	84	81	81
Total financial liabilities	**84**	**84**	**81**	**81**

Financial Assets

The net fair values of cash approximate their carrying amounts.

Financial Liabilities

The net fair values for accrued expenses are based on its carrying amounts.

The net fair values for trade creditors are approximated by their carrying amounts.