OFFICE OF THE GOVERNOR

Financial Statements

For the year ended

30 June 2014

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GOVERNMENT HOUSE
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 2014 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

26 September 2014

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Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 Budget $'000	2014 Actual $'000	2013 Actual $'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue - recurrent	1.6(a), 4.1	3,618	3,585	3,290
Other revenue	1.6(b), 4.2	-	15	15
Total revenue and other income from transactions		**3,618**	**3,600**	**3,305**
Expenses from transactions				
Employee benefits	1.7(a), 5.1	2,654	2,716	2,522
Depreciation and amortisation	1.7(b), 5.2	297	343	317
Supplies and consumables	5.3	950	773	759
Other expenses	1.7(c), 5.4	31	58	51
Total expenses from transactions		**3,932**	**3,890**	**3,649**
Net result from transactions (net operating balance)		**(314)**	**(290)**	**(344)**
Other comprehensive income				
Land and buildings revaluation surplus	9.1	300	2,762	758
Total other comprehensive income		**300**	**2,762**	**758**
Comprehensive result		(14)	2,472	414

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.

Statement of Financial Position as at 30 June 2014

	Notes	2014 Budget $'000	2014 Actual $'000	2013 Actual $'000
Assets				
Financial assets				
Cash and deposits	1.8(a), 10.1	(19)	(14)	(10)
Other financial assets	1.8(b), 6.1	18	14	14
Non-financial assets				
Property, plant and motor vehicles	1.8(c), 6.2	250	246	273
Land and Buildings	1.8(c), 6.2	34,312	37,247	34,738
Heritage Assets	1.8(c), 6.2	3,563	3,563	3,563
Total assets		**38,124**	**41,056**	**38,578**
Liabilities				
Payables	1.9(a), 7.1	88	80	124
Employee benefits	1.9(b), 7.2	518	544	494
Total liabilities		**606**	**624**	**618**
Net assets		**37,518**	**40,432**	**37,960**
Equity				
Reserves	9.1	25,967	28,887	26,125
Accumulated funds		11,551	11,545	11,835
Total equity		**37,518**	**40,432**	**37,960**

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.

Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 Budget $'000	2014 Actual $'000	2013 Actual $'000
		Inflows	Inflows	Inflows
Cash flows from operating activities		(Outflows)	(Outflows)	(Outflows)
Cash inflows				
Appropriation receipts - recurrent		3,618	3,585	3,290
GST receipts		60	67	67
Other cash receipts		-	15	15
Total cash inflows		**3,678**	**3,667**	**3,372**
Cash outflows				
Employee benefits		(2,381)	(2,448)	(2,326)
Superannuation		(257)	(221)	(179)
GST payments		(60)	(72)	(58)
Other cash payments		(980)	(867)	(783)
Total cash outflows		**(3,678)**	**(3,608)**	**(3,346)**
Net cash from (used by) operating activities	10.2	**-**	**59**	**26**
Cash flows from investing activities				
Cash outflows				
Payments for acquisition of non-financial assets		-	(63)	(17)
Total cash outflows		**-**	**(63)**	**(17)**
Net cash from (used by) investing activities		**-**	**(63)**	**(17)**
Net increase (decrease) in cash and cash equivalents held		**-**	**(4)**	**9**
Cash and deposits at the beginning of the reporting period		**(19)**	**(10)**	**(19)**
Cash and deposits at the end of the reporting period	10.1	**(19)**	**(14)**	**(10)**

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.

Statement of Changes in Equity for the year ended 30 June 2014

	Reserves $'000	Accumulated Funds $'000	Total Equity $'000
Balance as at 1 July 2013	**26,125**	**11,835**	**37,960**
Total comprehensive result	2,762	(290)	2,472
Balance as at 30 June 2014	**28,887**	**11,545**	**40,432**

	Reserves $'000	Accumulated Funds $'000	Total Equity $'000
Balance as at 1 July 2012	**25,367**	**12,179**	**37,546**
Total comprehensive result	758	(344)	414
Balance as at 30 June 2013	**26,125**	**11,835**	**37,960**

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 2014

Note 1 Significant Accounting Policies

1.1 Objectives and Funding

The Office's objectives are to support the Governor in the performance of his constitutional, administrative, ceremonial and community responsibilities by:

- providing a high standard of policy advice and administrative support to the Governor, including the organisation of constitutional and ceremonial duties, and his program of community engagements;
- facilitating the efficient and effective interaction between the Office of the Governor, the Parliament, the Executive and the State Service; and
- maintaining Government House estate.

The Office is structured to meet the following outcomes:

- safeguarding the integrity of the State's democratic system of government;
- promoting community involvement in government and understanding of the democratic process;
- promoting community understanding of the role of Governor;
- fostering activities in rural areas through speeches, visits, functions and other events;
- encouraging the involvement of young people in the community;
- supporting activities which promote a multi-cultural, diverse and tolerant society;
- stimulating culture and the arts;
- promoting the State's exports and its tourism industry; and
- protecting and maintaining the heritage values of Government House and its grounds.

The Office's activities 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 a Tasmanian Government not-for-profit entity that is predominantly funded through Parliamentary appropriations. The financial statements encompass 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 and Interpretations issued by the Australian Accounting Standards Board; 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 the 13th August 2014 and resigned on the 26th September 2014.

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 on the basis that the Office is 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 13 *Fair Value Measurement* (AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*)– This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Department's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value.

  The Office has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to ensure those methodologies comply with AASB 13. There has been no financial impact on the Office's property, plant and equipment.

  However, AASB 13 requires increased disclosures in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Office, the disclosures are significantly greater.

- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* - replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13

- AASB 119 *Employee Benefits* (2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*)– This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. The Office has determined that there has been no financial impact.

- 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]* – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

- 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]* – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any 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 Standard was issued in August 2011 but is not yet available for application by not-for-profit entities. The Office has not yet determined the potential financial impact of the standard.
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* – This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. It is anticipated that there will not be any financial impact.
- AASB 2013-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. It is anticipated that there will not be any 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) 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, equipment and vehicles		5 years
Buildings		100 years
Other -	Piano	20 years
	Tractor	10 years
	Convotherm Oven	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, being short term of three months or less and highly liquid. 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, 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

The asset capitalisation thresholds adopted by the Office are:

Vehicles	$10,000
Plant and Equipment	$10,000
Land & Buildings	$10,000
Heritage assets	$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 above which assets are revalued on a fair value basis. All heritage assets are subject to revaluation and are revalued every 3 to 5 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.

Revaluations are shown on a net basis.

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 2014, 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.

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 as follows:

- Basis of assets valuation (refer Notes 1.8(c), 6.2(a)).

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 2013-14 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)	297	343	46	15
Supplies and consumables	(b)	950	773	(177)	19
Changes in land and buildings revaluation	(c)	300	2,762	2,462	821

Notes to Statement of Comprehensive Income variances

(a) Higher than anticipated depreciation on buildings as a result of a higher than expected indexation.
(b) Lower than expected spending in travel and transport, property services and information technology.
(c) Higher than anticipated revaluation of buildings, revalued by indexation.

3.2 Statement of Financial Position

	Note	Budget $'000	Actual $'000	Variance $'000	Variance %
Reserves	(a)	25,967	28,887	2,920	11

Notes to Statement of Financial Position variances

(a) Higher than anticipated indexation of buildings.

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.

	2014 Budget $'000	2014 Actual $'000	2013 Actual $'000
Continuing operations			
Appropriation revenue - recurrent			
Current year	3,618	3,585	3,290
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	-	-	-
Total revenue from Government	**3,618**	**3,585**	**3,290**

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 Other revenue

	2014 $'000	2013 $'000
Other fees and recoveries	15	15
Total	**15**	**15**

Note 5 Expenses from transactions

5.1 Employee benefits

	2014 $'000	2013 $'000
Wages and salaries	2,268	2,137
Annual leave	121	116
Long service leave	64	48
Sick leave	28	19
Superannuation	221	179
Other employee expenses *(Training, uniforms, memberships)*	14	23
Total	**2,716**	**2,522**

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. 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 12.75 per cent (2013: 12.5 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.25 per cent (2013: 9 per cent) of salary. In addition, the Office is also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

5.2 Depreciation and amortisation

(a) Depreciation

	2014 $'000	2013 $'000
Plant, equipment and motor vehicles	56	55
Buildings	287	262
Total	**343**	**317**

5.3 Supplies and consumables

	2014 $'000	2013 $'000
Audit fees – financial audit	10	10
Operating lease costs	52	52
Property services	229	225
Maintenance	166	144
Communications	39	43
Information technology	22	33
Travel and transport	5	7
Other supplies and consumables	250	245
Total	**773**	**759**

5.4 Other expenses

	2014 $'000	2013 $'000
Salary on-costs	14	12
Insurance	44	39
Total	**58**	**51**

Note 6 Assets

6.1 Other financial assets

	2014 $'000	2013 $'000
Tax assets	12	12
Prepayments	2	2
Total	**14**	**14**
Settled within 12 months	14	14
Settled in more than 12 months	-	-
Total	**14**	**14**

6.2 Property, plant, equipment and motor vehicles

(a) Carrying amount

	2014 $'000	2013 $'000
Land		
At fair value (1 July 2013)	8,800	8,800
Total	**8,800**	**8,800**
Buildings		
At fair value (1 July 2013)	28,734	26,200
Less: Accumulated depreciation	(287)	(262)
Total	**28,447**	**25,938**
Plant, equipment and motor vehicles		
At cost	458	429
Less: Accumulated depreciation	(212)	(156)
Total	**246**	**273**
Heritage and cultural assets		
At fair value (dates detailed below)	3,563	3,563
Total	**3,563**	**3,563**
Total property, plant, equipment and motor vehicle	**41,056**	**38,574**

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. Based on fair value.
- Furniture (Heritage assets) – A.F. Coleman, Approved Commonwealth Government Valuer as at 30 June 2011. Based on replacement value.
- China, silver etc. (Heritage assets) – Berenice Clark FGAA, JVCQ, Registered Valuer as at 24 March 2010. Based on replacement value; and

Land and Buildings were last fully revalued as at 1 July 2011. The Valuer General provides indexation factors for the intervening years based on fair value for existing use.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of Property, plant, equipment and motor vehicles 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.

2014	**Land $'000**	**Buildings $'000**	**Plant equipment and motor vehicles $'000**	**Heritage and cultural assets $'000**	**Total $'000**
Carrying value at 1 July	**8,800**	**25,938**	**273**	**3,563**	**38,574**
Additions	-	34	29	-	63
Disposals	-	-	-	-	-
Revaluation increments (decrements)	-	2,762	-	-	2,762
Depreciation and amortisation	-	(287)	(56)	-	(343)
Carrying value at 30 June	**8,800**	**28,447**	**246**	**3,563**	**41,056**

2013	**Land $'000**	**Buildings $'000**	**Plant equipment and motor vehicles $'000**	**Heritage and cultural assets $'000**	**Total $'000**
Carrying value at 1 July	**8,700**	**25,542**	**311**	**3,563**	**38,116**
Additions	-	-	17	-	17
Disposals	-	-	-	-	-
Revaluation increments (decrements)	100	658	-	-	758
Depreciation and amortisation	-	(262)	(55)	-	(317)
Carrying value at 30 June	**8,800**	**25,938**	**273**	**3,563**	**38,574**

Note 7 Liabilities

7.1 Payables

	2014 $'000	**2013 $'000**
Creditors	29	76
Accrued expenses	51	48
Total	**80**	**124**
Settled within 12 months	80	124
Settled in more than 12 months	-	-
Total	**80**	**124**

Settlement is usually made within 30 days.

7.2 Employee benefits

	2014 $'000	2013 $'000
Accrued salaries	85	70
Annual leave	130	143
Long service leave	329	281
Total	**544**	**494**
Settled within 12 months	217	187
Settled in more than 12 months	327	307
Total	**544**	**494**

Note 8 Commitments and Contingencies

8.1 Schedule of Commitments

	2014 $'000	2013 $'000
By type		
Lease Commitments		
Operating leases	153	199
Total lease commitments	**153**	**199**
By maturity		
Operating lease commitments		
One year or less	41	45
From one to five years	72	103
More than five years	40	51
Total operating lease commitments	**153**	**199**
Total	**153**	**199**

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 three years, with the exception of one vehicle leased for a ten 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 the lease agreement and are paid quarterly
- Lease terms are for four 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 2014, the Office had no known contingent assets or liabilities.

Note 9 Reserves

9.1 Reserves

2014	Land $'000	Buildings $'000	Heritage and cultural assets $'000	Total $'000
Asset revaluation reserve				
Balance at the beginning of financial year	4,800	16,185	5,140	26,125
Revaluation increments/ (decrements)	-	2,762	-	2,762
Balance at end of financial year	**4,800**	**18,947**	**5,140**	**28,887**

2013	Land $'000	Buildings $'000	Heritage and cultural assets $'000	Total $'000
Asset revaluation reserve				
Balance at the beginning of financial year	4,700	15,527	5,140	25,367
Revaluation increments/ (decrements)	100	658	-	758
Balance at end of financial year	**4,800**	**16,185**	**5,140**	**26,125**

(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.

	2014 $'000	2013 $'000
Special Deposits and Trust Fund balance		
Operating account	(15)	(11)
Total	**(15)**	**(11)**
Other cash held		
Petty cash	1	1
Total	**1**	**1**
Total cash and deposits	**(14)**	**(10)**

10.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2014 $'000	2013 $'000
Net result from transactions (net operating balance)	(290)	(344)
Depreciation and amortisation	343	317
(Gain) loss from sale of non-financial assets	-	-
Decrease (increase) in Prepayments	-	(1)
Decrease (increase) in Tax assets	-	6
Increase (decrease) in Employee entitlements	50	8
Increase (decrease) in Payables	(47)	35
Increase (decrease) in Accrued expenses	3	5
Increase (decrease) in Other liabilities	-	-
Net cash from (used by) operating activities	**59**	**26**

Note 11 Financial Instruments

11.1 Risk exposures

(a) Risk management policies

The Office does not hold any derivative financial instruments.

The Official Secretary 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

2014

	Total Carrying Amount $'000	Net Fair Value $'000
Financial assets		
Petty Cash	1	1
Cash in Special Deposits and Trust Fund	(15)	(15)
Total financial assets	**(14)**	**(14)**
Financial liabilities		
Payables	80	80
Total financial liabilities	**80**	**80**

2013

	Total Carrying Amount $'000	Net Fair Value $'000
Financial assets		
Petty Cash	1	1
Cash in Special Deposits and Trust Fund	(11)	(11)
Total financial assets	**(10)**	**(10)**
Financial liabilities		
Payables	124	124
Total financial liabilities	**124**	**124**

Financial Assets

The net fair values of cash approximate their carrying amounts.

Financial Liabilities

The net fair values of accrued expenses are based on their carrying amounts.

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

Note 12 Fair Value Measurements

12.1 Fair Value

The Office measures and recognises the following assets at fair value on a recurring basis:

- Land
- Buildings
- Heritage and Cultural

The Office does not measure any liabilities at fair value on a recurring basis.

12.2 Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset held at fair value by the Office. The table presents the Office's assets measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for heritage furniture and china, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued at replacement value using a combination of observable and unobservable inputs.

As at 30 June 2014	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Land	6.2	-	8,800	-	8,800
Buildings	6.2	-	28,734	-	28,734
Heritage and Cultural	6.2	-	422	3,141	3,563
Total		**-**	**37,956**	**3,141**	**41,097**

12.3 Transfers between levels of the hierarchy

There were no transfers between levels of hierarchy in 2013-14.

12.4 Valuation techniques and significant inputs used to derive fair values

The Office adopted AASB 13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Land

Land fair values were determined by the Valuer General effective as at 1 July 2011 and with an indexation factor for periods between revaluations as determined by the Valuer General. There were no adjustments for 2013-14.

Buildings

The fair value of buildings was also determined by the Valuer General effective as at 1 July 2011 and with an indexation factor for periods between revaluations as determined by the Valuer General. There was adjustment of $2.762 million in 2013-14. Where there is a market for the Office building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

Heritage and Cultural

The fair value of heritage and cultural assets were determined by qualified independent valuer at dates outlined in note 6.2. There are no adjustment factors for periods between revaluations.

12.5 Valuation basis

The Office's current policy for the valuation of land, buildings and heritage and cultural assets is set out in note 1.8.

12.6 Unobservable Inputs and Sensitivities

Asset category*	Carrying amount (at fair value)	Key unobservable inputs *	Description of how changes in inputs will affect the fair value
Heritage and Cultural	$3,141	Cost of replacement	The higher the cost to acquire similar assets the higher the fair value

*There were no significant interrelationships between unobservable inputs that materially affect fair values.