

APPENDIX 7

Financial statements

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APPENDIX 7 FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Cabinet Secretary and Special Minister of State

Scope

I have audited the accompanying financial statements of the Office of the Commonwealth Ombudsman for the year ended 30 June 2009, which comprise: a Statement by the Commonwealth Ombudsman and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Commonwealth Ombudsman for the Financial Statements

The Commonwealth Ombudsman is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Commonwealth Ombudsman's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

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circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Commonwealth Ombudsman's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commonwealth Ombudsman, as well as evaluating the overall presentation of the financial statements.

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

Independence

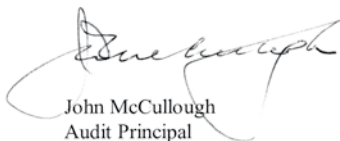
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Office of the Commonwealth Ombudsman:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Commonwealth Ombudsman's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John McCullough
Audit Principal

Delegate of the Auditor-General

Canberra
1 September 2009

OFFICE OF THE COMMONWEALTH OMBUDSMAN

STATEMENT BY THE COMMONWEALTH OMBUDSMAN AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2008 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed  Signed 

Professor John McMillan
Commonwealth Ombudsman

Jill Jenson
Chief Finance Officer

1 September 2009

/ September 2009

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INCOME STATEMENT for the Office of the Commonwealth Ombudsman for the period ended 30 June 2009

	Notes	2009 \$	2008 \$
INCOME			
Revenue			
Revenue from Government	3A	19,364,000	17,881,000
Sale of goods and rendering of services	3B	1,391,538	1,513,253
Total revenue		20,755,538	19,394,253
Gains			
Sale of assets	3C	919	-
Other gains	3D	66,810	21,000
Total gains		67,729	21,000
Total Income		20,823,267	19,415,253
EXPENSES			
Employee benefits	4A	14,499,340	14,146,030
Suppliers	4B	4,484,606	5,103,123
Depreciation and amortisation	4C	783,224	783,203
Write-down and impairment of assets	4D	-	11,857
Losses from asset sales	4E	91,983	27,915
Other expenses	4F	34,765	-
Total Expenses		19,893,918	20,072,128
Surplus (Deficit)		929,349	(656,875)

The above statement should be read in conjunction with the accompanying notes.

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BALANCE SHEET for the Office of the Commonwealth Ombudsman as at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	128,080	159,590
Trade and other receivables	5B	6,618,520	5,144,485
Total financial assets		6,746,600	5,304,075
Non-Financial Assets			
Infrastructure, plant and equipment	6A, B	1,364,126	1,411,558
Intangibles	6C, D	438,009	311,337
Other non-financial assets	6E	323,148	149,858
Total non-financial assets		2,125,283	1,872,753
Total Assets		8,871,883	7,176,828
LIABILITIES			
Payables			
Suppliers	7A	756,476	623,352
Other payables	7B	1,068,693	586,158
Total payables		1,825,169	1,209,510
Provisions			
Employee provisions	8A	3,371,894	3,116,739
Other provisions	8B	468,201	366,877
Total provisions		3,840,095	3,483,616
Total Liabilities		5,665,264	4,693,126
Net Assets		3,206,619	2,483,702
EQUITY			
Contributed equity		2,013,000	2,145,000
Reserves		60,735	135,167
Retained surplus (accumulated deficit)		1,132,884	203,535
Total Equity		3,206,619	2,483,702
Current Assets		7,069,748	5,453,933
Non-Current Assets		1,802,135	1,722,895
Current Liabilities		4,500,374	3,882,343
Non-Current Liabilities		1,164,890	810,783

The above statement should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY for the Office of the Commonwealth Ombudsman
as at 30 June 2009

	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	203,535	860,410	135,167	215,252	2,145,000	1,996,000	2,483,702	3,071,662
Income and expenses	-	-	(74,432)	(80,085)	-	-	(74,432)	(80,085)
Revaluation adjustment								
Sub-total income and expenses recognised directly in equity	203,535	860,410	60,735	135,167	2,145,000	1,996,000	2,409,270	2,991,577
Surplus (Deficit) for the period	929,349	(656,875)	-	-	-	-	929,349	(656,875)
Total income and expenses	1,132,884	203,535	60,735	135,167	2,145,000	1,996,000	3,338,619	2,334,702
Transactions with owners								
<i>Contributions by Owners</i>								
Appropriation (equity injection)	-	-	-	-	(132,000)	149,000	(132,000)	149,000
Sub-total transactions with owners	-	-	-	-	(132,000)	149,000	(132,000)	149,000
Transfers between equity components	-	-	-	-	-	-	-	-
Closing balance as at 30 June	1,132,884	203,535	60,735	135,167	2,013,000	2,145,000	3,206,619	2,483,702

The above statement should be read in conjunction with the accompanying notes.

*This disclosure is not required if an entity does not have minority interests

CASH FLOW STATEMENT for the Office of the Commonwealth Ombudsman for the period ended 30 June 2009

	Notes	2009 \$	2008 \$
OPERATING ACTIVITIES			
Cash received			
Goods and services		2,339,153	2,549,997
Appropriations		17,767,445	17,829,290
Interest		-	-
Dividends		-	-
Net GST received		297,192	335,076
Other cash received		-	-
Total cash received		20,403,790	20,714,363
Cash used			
Employees		(14,358,450)	(14,742,760)
Suppliers		(5,159,257)	(5,644,006)
Borrowing costs		-	-
Income taxes paid		-	-
Net GST paid		-	-
Other cash used		-	-
Total cash used		(19,517,707)	(20,386,766)
Net cash from (used by) operating activities	9	886,082	327,597
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		1,200	-
Proceeds from sales of financial instruments		-	-
Investments		-	-
Other cash received		-	-
Total cash received		1,200	-
Cash used			
Purchase of property, plant and equipment		(572,874)	(146,034)
Purchase of intangibles		(345,918)	(139,607)
Investments		-	-
Total cash used		(918,792)	(285,641)
Net cash from (used by) investing activities		(917,592)	(285,641)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	59,000
Proceeds from issuing financial instruments		-	-
Other cash received		-	-
Total cash received		-	59,000
Cash used			
Repayment of borrowings		-	-
Dividends paid		-	-
Other cash used		-	-
Total cash used		-	-
Net cash from (used by) financing activities		-	59,000
Net increase (decrease) in cash held		(31,510)	100,956
Cash and cash equivalents at the beginning of the reporting period		159,590	58,634
Cash and cash equivalents at the end of the reporting period	5A	128,080	159,590

The above statement should be read in conjunction with the accompanying notes.

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SCHEDULE OF COMMITMENTS for the Office of the Commonwealth Ombudsman as at 30 June 2009

	2009	2008
	\$	\$
BY TYPE		
Commitments receivable		
Sale of goods and services	1,006,055	1,014,075
Grant income	-	753,605
Net GST recoverable on commitments	186,781	196,303
Total commitments receivable	1,192,836	1,963,983
Capital commitments		
Other commitments		
Operating leases ¹	3,060,647	3,927,010
Net commitments by type	1,867,811	1,963,027
BY MATURITY		
Commitments receivable		
Sale of goods and services		
One year or less	1,006,055	1,014,075
Total sale of goods and services	1,006,055	1,014,075
Grant income		
One year or less	-	366,791
From one to five years	-	386,814
Total grant income	-	753,605
Net GST recoverable		
One year or less	16,271	(14,945)
From one to five years	170,510	211,248
Total net GST recoverable	186,781	196,303
Commitments payable		
Operating leases		
One year or less	1,185,040	1,216,466
From one to five years	1,875,607	2,710,544
Total capital commitments	3,060,647	3,927,010
Net commitments by maturity	1,867,811	1,963,027

NB: Commitments were GST inclusive where relevant.

1. Operating leases included are effectively non-cancellable and comprise leases for office accommodation and motor vehicles for senior executive officers.

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Summary of Significant Accounting Policies

1.1 Ombudsman Objectives

The Office of the Commonwealth Ombudsman is an Australian Government controlled entity. The objective of the Office of the Commonwealth Ombudsman seeks to provide a cost-effective form of independent administrative review, which is timely, informal and involves no direct cost to individuals. Coverage is comprehensive, embracing almost all of the administrative activity of the Commonwealth departments and agencies.

Through the handling of complaints and the conduct of own motion investigations, the office contributes to continuous improvement in the performance of agencies and their accountability to Government, the Parliament and the community.

The Agency is structured to meet one outcome:

Outcome 1: Administrative action by Australian Government agencies is fair and accountable.

The office's activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the office in its own right. The office has no administered activities.

Departmental activities are identified under two Outputs for Outcome 1. Output 1 is Review of administrative action and Output 2 is Review of statutory compliance in specified areas.

The continued existence of the Ombudsman's office in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the office's administration and programs.

1.2 Basis of Preparation of the Financial Report

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2008; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments and the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the income statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The office has had no administered revenues, expenses, assets, liabilities or cash flows in the year ended 30 June 2009 or in the comparative financial year.

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates or other judgements have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Changes in Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the respective standard.

Future Australian Accounting Standard Requirements

New standards, reissued standards, amendments to standards or interpretations ("the new requirements") applicable to future reporting periods have been issued by the Australian Accounting Standards Board during the year. It is anticipated that the new requirements will have no material financial impact on future reporting periods.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the office gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and 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 as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.6).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.6 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and 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 as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2008-09, by agreement with the Department of Finance and Deregulation, the Ombudsman returned \$132,000 to the Official Public Account.

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Ombudsman's office is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Ombudsman's office employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the estimated future cash flows to be made in respect to all employees as at 30 June 2009. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Ombudsman's office recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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Superannuation

Staff of the Ombudsman's office are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Ombudsman's office makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Ombudsman's offices employees. The office's accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2009 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.12 Financial Assets

The office classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at Fair Value Through Profit or Loss

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future;
- are a part of an identified portfolio of financial instruments that the Agency manages together and has a recent actual pattern of short-term profit-taking; or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments cost is used. The office has no such instruments.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

- *financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the income statement.
- *available-for-sale financial assets* - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the income statement.
- *available-for-sale financial assets (held at cost)* - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.17 Property, Plant and Equipment**Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the office where there exists an obligation to restore the property to its original condition. These costs are included in the value of the office's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset Class</i>	<i>Fair value measured at:</i>
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the office using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	Lease term	Lease term
Plant and Equipment	3 to 9 years	3 to 9 years

Impairment

All assets are assessed for impairment at 30 June 2009. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the office was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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1.18 Intangibles

The Ombudsman's office intangibles comprise externally and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of office's software are 1 to 8 years (2007-08: 1 to 8 years).

All software assets are assessed for indications of impairment as at 30 June 2009.

1.19 Taxation

The Agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2: Events After the Balance Sheet Date

No significant events occurred after balance date that would materially affect the financial statements

Note 3: Income

	2009	2008
	\$	\$

Revenue

Note 3A: Revenue from Government

Appropriations:

Departmental outputs	19,364,000	17,881,000
Total revenue from Government	19,364,000	17,881,000

Note 3B: Sale of Goods and Rendering of Services

Rendering of services - related entities	384,610	506,666
Rendering of services - external parties	1,006,928	1,006,587
Total sale of goods and rendering of services	1,391,538	1,513,253

Gains

Note 3C: Sale of Assets

Infrastructure, plant and equipment:

Proceeds from sale	1,200	-
Carrying value of assets sold	(281)	-
Net gain from sale of assets	919	-

Note 3D: Other Gains

Resources received free of charge	23,000	21,000
Reversal of makegood provision	43,810	-
Total other gains	66,810	21,000

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 4: Expenses

	2009	2008
	\$	\$
Note 4A: Employee Benefits		
Wages and salaries	10,687,183	10,694,718
Superannuation:		
Defined contribution plans	496,356	424,557
Defined benefit plans	1,522,145	1,499,569
Leave and other entitlements	1,793,656	1,527,186
Total employee benefits	14,499,340	14,146,030
Note 4B: Suppliers		
Provision of goods – related entities	-	-
Provision of goods – external parties	321,269	325,833
Rendering of services – related entities	214,738	600,825
Rendering of services – external parties	2,582,134	2,826,280
Operating lease rentals - external parties	1,294,052	1,224,260
Workers compensation premiums	72,413	125,925
Total supplier expenses	4,484,606	5,103,123
Note 4C: Depreciation and Amortisation		
Depreciation:		
Infrastructure, plant and equipment	564,803	548,921
Amortisation:		
Intangibles - Computer Software	218,422	234,282
Total depreciation and amortisation	783,224	783,203
Note 4D: Write-Down and Impairment of Assets		
Impairment on financial instruments	-	11,857
Total write-down and impairment of assets	-	11,857
Note 4E: Losses from Assets Sales		
Infrastructure, plant and equipment:		
Proceeds from sale	(350)	-
Carrying value of assets sold	91,509	27,915
Intangibles:		
Carrying value of assets sold	824	-
Total losses from assets sales	91,983	27,915
Note 4F: Other Expenses		
Change in the value of restoration	34,765	-
Total other expenses	34,765	-

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5: Financial Assets

	2009	2008
	\$	\$

Note 5A: Cash and Cash Equivalents

Cash on hand or on deposit	128,080	159,590
Total cash and cash equivalents	128,080	159,590

Note 5B: Trade and Other Receivables

Goods and services - related entities	205,883	-
Goods and services - external parties	23,295	273,483
Total receivables for goods and services	229,178	273,483

Appropriations receivable for existing outputs	6,297,000	4,832,445
GST receivable from the Australian Taxation Office	92,342	50,414
Total trade and other receivables (gross)	6,618,520	5,156,342

Less impairment allowance account:

Goods and services	-	11,857
Total trade and other receivables (net)	6,618,520	5,144,485

All receivables are current assets. Credit terms are net 30 days.

Receivables are aged as follows:

Not overdue	6,440,028	5,091,479
Overdue by:		
Less than 30 days	102,317	64,863
30 to 60 days	66,157	-
61 to 90 days	-	-
More than 90 days	10,018	-
Total receivables (gross)	6,618,520	5,156,342

The impairment allowance account is aged as follows:

Not overdue	-	11,857
Total impairment allowance account	-	11,857

Reconciliation of the impairment allowance account:

	Goods and services 2009	Goods and services 2008
	\$	\$
Opening balance	11,857	-
Amounts written off	(11,857)	-
Amounts recovered and reversed	-	-
Increase/decrease recognised in net surplus	-	11,857
Closing balance	-	11,857

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 6: Non-Financial Assets

	2009 \$	2008 \$
Note 6A: Infrastructure, Plant and Equipment		
Leasehold improvements:		
Gross carrying value (at fair value)	1,591,584	1,468,624
Accumulated depreciation	(828,972)	(716,712)
Total leasehold improvements	762,612	751,912
Plant and equipment		
Fair value	1,666,459	1,481,867
Accumulated depreciation	(1,064,945)	(822,221)
Total plant and equipment	601,514	659,646
Total infrastructure, plant and equipment (non-current)	1,364,126	1,411,558

Formal valuations are generally undertaken where management considers there is a material or significant difference between the carrying value of the asset and its fair value. In between formal revaluations the office monitors the assets ensuring the fair value of the assets is materially correct. This is conducted annually.

No indicators of impairment were found for infrastructure, plant and equipment.

Note 6B: Analysis of Property, Plant and Equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

	Leasehold Improvements \$	Plant and Equipment \$	Total \$
As at 1 July 2008			
Gross book value	1,468,624	1,481,867	2,950,491
Accumulated depreciation	(716,712)	(822,221)	(1,538,933)
Net book value 1 July 2008	751,912	659,646	1,411,558
Additions:			
By purchase	363,219	238,518	601,737
By finance lease	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Revaluations recognised in the operating result	-	-	-
Impairments recognised in the operating result	-	-	-
Reversal of impairments recognised in the operating result	-	-	-
Reclassification	-	-	-
Assets held for sale or in a disposal group held for sale	-	-	-
Depreciation expense	(274,656)	(290,147)	(564,803)
Other movements (give details below)	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	-	-
Other disposals	(77,863)	(6,503)	(84,366)
Net book value 30 June 2009	762,612	601,514	1,364,126
Net book value as of 30 June 2009 represented by:			
Gross book value	1,591,584	1,666,459	3,258,043
Accumulated depreciation	(828,972)	(1,064,945)	(1,893,917)
	762,612	601,514	1,364,126

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

TABLE B – Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

Item

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
As at 1 July 2007			
Gross book value	1,430,288	1,455,286	2,885,574
Accumulated depreciation	(459,036)	(584,178)	(1,043,214)
Net book value 1 July 2007	971,252	871,108	1,842,360
Additions:			
By purchase	38,336	107,698	146,034
By finance lease	-	-	-
From acquisition of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Revaluations recognised in the operating result	-	-	-
Impairments recognised in the operating result	-	-	-
Reversal of impairments recognised in the operating result	-	-	-
Reclassification	-	-	-
Assets held for sale or in a disposal group held for sale	-	-	-
Depreciation expense	(257,676)	(291,245)	(548,921)
Other movements (give details below)	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	-	-
Other disposals	-	(27,915)	(27,915)
Net book value 30 June 2008	751,912	659,646	1,411,558
Net book value as of 30 June 2008 represented by:			
Gross book value	1,468,624	1,481,867	2,950,491
Accumulated depreciation	(716,712)	(822,221)	(1,538,933)
	751,912	659,646	1,411,558

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 6: Non-Financial Assets

	2009	2008
	\$	\$
Note 6C: Intangibles		
Computer software:		
Purchased - at cost	1,357,739	1,061,520
Accumulated amortisation	(919,730)	(750,183)
Accumulated impairment losses	-	-
Total intangibles (non-current)	438,009	311,337

No indicators of impairment were found for intangible assets.

Note 6D: Analysis of Intangibles

TABLE C: Reconciliation of the opening and closing balances of intangibles (2008-09)

Item	Computer software purchased \$
As at 1 July 2008	
Gross book value	1,061,520
Accumulated amortisation	(750,183)
Net book value 1 July 2008	311,337
Additions:	
By purchase or internally developed	345,918
Amortisation	(218,422)
Disposals:	
Other disposals	(824)
Net book value 30 June 2009	438,010

Net book value as of 30 June 2009 represented by:

Gross book value	1,357,739
Accumulated amortisation	(919,730)
Net book value 30 June 2009	438,010

TABLE D: Reconciliation of the opening and closing balances of intangibles (2007-08)

Item	Computer software purchased \$
As at 1 July 2007	
Gross book value	1,128,915
Accumulated amortisation	(722,903)
Net book value 1 July 2007	406,012
Additions:	
By purchase or internally developed	139,607
Amortisation	(234,282)
Net book value 30 June 2008	311,337

Net book value as of 30 June 2008 represented by:

Gross book value	1,061,520
Accumulated amortisation	(750,183)
Net book value 30 June 2008	311,337

	2009	2008
	\$	\$
Note 6E: Other Non-Financial Assets		
Prepayments	323,148	149,858
Total other non-financial assets	323,148	149,858

All other non-financial assets were current assets.

No indicators of impairment were found for other non-financial assets.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 7: Payables

	2009	2008
	\$	\$
Note 7A: Suppliers		
Trade creditors	756,476	623,352
Total supplier payables	756,476	623,352
Supplier payables - related entities are represented by:		
Current	118,074	
Non-current	-	-
Supplier payables - external parties are represented by:		
Current	638,402	623,352
Non-current	-	-
Total supplier payables	756,476	623,352

All supplier payables are current liabilities. Settlement is usually made net 30 days.

Note 7B: Other Payables

Salaries and wages	197,956	146,822
Superannuation	31,024	23,365
Unearned income	532,378	329,839
Lease incentives	299,610	86,132
Fixed lease increase	7,725	-
Total Other Payables	1,068,693	586,158

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 8: Provisions

	2009	2008
	\$	\$
Note 8A: Employee Provisions		
Leave	3,371,894	3,116,739
Total employee provisions	3,371,894	3,116,739
Employee provisions are represented by:		
Current	2,910,778	2,669,393
Non-current	461,116	447,346
Total employee provisions	3,371,894	3,116,739

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date were \$1,125,809 (2008: \$947,091), and in excess of one year \$2,069,089 (2008: \$2,028,648).

Note 8B: Other Provisions

Restoration obligations	468,201	366,877
Other provisions are represented by:		
Current		63,610
Non-current	468,201	303,267
Total other provisions	468,201	366,877

Carrying amount at beginning of year	366,877	286,792
Additional provisions made	164,934	80,085
Amounts used	(63,610)	
Closing balance at end of year	468,201	366,877

The Agency currently has six agreements for the leasing of premises which have provisions requiring the Agency to restore the premises to their original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 9: Cash Flow Reconciliation

	2009	2008
	\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash flow statement	128,080	159,590
Balance sheet	128,080	159,590
<i>Difference</i>	-	-
Reconciliation of operating result to net cash from operating activities:		
Operating result	929,349	(656,875)
Depreciation /amortisation	783,224	783,203
Other expenses	34,765	-
Net write down of non-financial assets	(43,810)	27,915
(Gain) / Loss on disposal of assets	91,064	-
Deterioration of financial condition of guarantee during period	-	-
(Increase) / decrease in net receivables	(1,606,035)	37,852
(Increase) / decrease in inventories	-	-
(Increase) / decrease in prepayments	(173,290)	61,543
Increase / (decrease) in employee provisions	255,155	208,072
Increase / (decrease) in supplier payables	133,124	(33,712)
Increase / (decrease) in prepayments received	-	-
Increase / (decrease) in GST payable	-	-
Increase / (decrease) in accrued expenses	-	-
Increase / (decrease) in appropriation deferred	-	-
Increase / (decrease) in other provisions	482,535	(100,401)
Increase / (decrease) in tax liabilities	-	-
Increase / (decrease) in competitive neutrality payments payable	-	-
<i>Net cash from / (used by) operating activities</i>	886,082	327,597

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 10: Contingent Liabilities and Assets

The office has no contingent liabilities.

The Office of the Commonwealth Ombudsman has identified in its contracts and leases a number of indemnity provisions. None of these are quantifiable, and all are considered remote. There are no existing or likely claims of which the office is aware.

Note 11: Senior Executive Remuneration

	2009	2008
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130 000 to \$144 999	-	1
\$145 000 to \$159 999	-	1
\$175 000 to \$189 999	2	-
\$190 000 to \$204 999	2	1
\$205 000 to \$219 999	2	-
\$235 000 to \$249 999	-	1
\$250 000 to \$264 999	-	1
\$265 000 to \$279 999	2	-
\$340 000 to \$354 999	1	1
Total	9	6

	2009	2008
	\$	\$
The aggregate amount of total remuneration of senior executives shown above.	2,071,919	1,342,125

Note 12: Remuneration of Auditors

	2009	2008
	\$	\$
Financial statement audit services were provided free of charge to the Agency.		
The fair value of the services provided was:	23,000	21,000
	23,000	21,000

No other services were provided by the Auditor-General.

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 13: Financial Instruments

	2009 \$	2008 \$
Note 13A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Trade and other receivables	229,178	261,626
Cash and cash equivalents	128,080	159,590
Carrying amount of financial assets	357,258	421,216
Financial Liabilities		
At amortised cost:		
Trade and other payables	756,476	623,352
Unearned income	532,378	329,839
	1,288,853	953,191
Carrying amount of financial liabilities	1,288,853	953,191

Note 13B: Net Income and Expense from Financial Assets

Loans and receivables		
Impairment	-	(11,857)
Net gain/(loss) loans and receivables	-	(11,857)
Net gain/(loss) from financial assets	-	(11,857)

The net income/expense from financial assets not at fair value from profit and loss is nil (2008: -\$11,857).

Note 13C: Net Income and Expense from Financial Liabilities

The net income/expense from financial liabilities not at fair value from profit and loss is nil.

Note 13D: Fair Value of Financial Instruments

	Carrying amount 2009 \$	Fair value 2009 \$	Carrying amount 2008 \$	Fair value 2008 \$
Financial Assets				
Trade and other receivables	229,178	229,178	261,626	261,626
Cash and cash equivalents	128,080	128,080	159,590	159,590
Total	357,258	357,258	421,216	421,216
Financial Liabilities				
Trade and other payables	756,476	756,476	623,352	623,352
Unearned income	532,378	532,378	329,839	329,839
Total	1,288,853	1,288,853	953,191	953,191

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 13E: Credit Risk

Credit risk is defined as 'the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation'. The office's maximum exposures 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 Balance sheet.

A significant portion of the 'loans and receivables' are appropriations receivable from the Australian Government, therefore the credit risk for these amounts is low. The 'loans and receivables' are monitored on an ongoing basis by the office.

The following table illustrates the office's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2009 \$	2008 \$
Financial assets		
Trade and other receivables	229,178	261,626
Cash and cash equivalents	128,080	159,590
Total	357,258	421,216

The office does not hold any collateral or other credit enhancement facilities against these assets.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2009 \$	Not past due nor impaired 2008 \$	Past due or impaired 2009 \$	Past due or impaired 2008 \$
Trade and other receivables	50,686	196,763	178,492	76,720
Total	50,686	196,763	178,492	76,720

Ageing of financial assets that were past due but not impaired for 2009

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	102,317	66,157	-	10,018	178,492
Total	102,317	66,157	-	10,018	178,492

Ageing of financial assets that were past due but not impaired for 2008

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	64,863	-	-	-	64,863
Total	64,863	-	-	-	64,863

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 13F: Liquidity Risk

Liquidity risk is defined as the risk that the office is not able to meet its obligations at a reasonable time. The office monitors the amount of cash available in its bank account and the appropriations receivable which it is able to drawdown from the Department of Finance and Deregulation. An estimate of the amount payable by the office is made on a weekly basis. A drawdown is submitted to ensure that there is sufficient cash in the office's bank account to meet its obligations.

Maturities for financial liabilities 2009

	On demand 2009 \$	within 1 year 2009 \$	1 to 2 years 2009 \$	2 to 5 years 2009 \$	> 5 years 2009 \$	Total 2009 \$
Trade and other payables	756,476	-	-	-	-	756,476
Unearned income	532,378	-	-	-	-	532,378
Total	1,288,853	-	-	-	-	1,288,853

Maturities for financial liabilities 2008

	On demand 2008 \$	within 1 year 2008 \$	1 to 2 years 2008 \$	2 to 5 years 2008 \$	> 5 years 2008 \$	Total 2008 \$
Trade and other payables	623,352	-	-	-	-	623,352
Unearned income	329,839	-	-	-	-	329,839
Total	953,191	-	-	-	-	953,191

Note 13G: Market Risk

The office has no significant exposure to market risk in terms of currency or interest rate risks.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 14: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs	
	2009	2008
	\$	\$
Balance brought forward from previous period (<i>Appropriation Acts</i>)	4,893,449	4,782,970
<i>Appropriation Act:</i>		
<i>Appropriation Act (No. 1) 2008-2009</i> as passed	17,737,000	17,763,000
<i>Appropriation Act (No. 3) 2008-2009</i> as passed	261,000	-
<i>Other Appropriation Act:</i>	-	-
<i>NTER Appropriation Act (No. 1) 2008-2009</i>	-	200,000
Comcover receipts (<i>Appropriation Act</i> section 12)	-	71,962
Departmental appropriations reduced (<i>Appropriation Act</i> section 10)	-	(82,000)
<i>FMA Act:</i>		
Repayments to the Commonwealth (<i>FMA Act</i> section 30)	123,640	170,426
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	502,269	292,889
Relevant agency receipts (<i>FMA Act</i> s 31)	2,038,267	2,307,609
Adjustment of appropriations on change of agency function (<i>FMA Act</i> s 32)	-	-
Total appropriation available for payments	25,555,625	25,506,856
Cash payments made during the year (GST inclusive)	20,419,499	20,613,407
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations and as represented by:	5,136,126	4,893,449
Cash at bank and on hand	128,080	159,590
Departmental appropriations receivable	4,931,000	4,683,445
GST Receivable from the ATO	77,046	50,414
Total as at 30 June	5,136,126	4,893,449

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

Particulars	Non – operating				Total	
	<i>Equity</i>		<i>Previous Years' Outputs</i>		2009	2008
	2009	2008	2009	2008		
	\$	\$	\$	\$	\$	\$
Balance brought forward from previous period (<i>Appropriation Acts</i>)	149,000	59,000	-	-	149,000	59,000
<i>Appropriation Act:</i>						
<i>Appropriation Act (No. 2) 2008-09</i> as passed	-	-	566,000	-	566,000	-
<i>Appropriation Act (No. 4) 2008-09</i> as passed	-	-	-	-	-	-
<i>Other Appropriation Act:</i>						
<i>NTER Appropriation Act (No. 2) 2008-2009</i>		149,000				149,000
Appropriation reduction (<i>NTER Appropriation Act (No. 2) 2008-09 s11(1)</i>)	(132,000)		-	-	(132,000)	-
<i>Appropriation Act (No.2) 2009-10</i> as passed	-	-	800,000	-	800,000	-
Total appropriations available for payments	17,000	208,000	1,366,000	-	1,383,000	208,000
Cash payments made during the year (GST inclusive)	17,000	59,000	-	-	17,000	59,000
Appropriations credited to special accounts (GST exclusive)	-	-	-	-	-	-
Balance of authority to draw cash from the consolidated revenue fund for other than ordinary annual services appropriations and as represented by:	-	149,000	1,366,000	-	1,366,000	149,000
Departmental appropriation receivable	-	149,000	1,366,000	-	1,366,000	149,000
Total as at 30 June	-	149,000	1,366,000	-	1,366,000	149,000

OFFICE OF THE COMMONWEALTH OMBUDSMAN

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2009

Note 15: Compensation and Debt Relief

No Act of Grace payments were made during the reporting period (2008: nil).

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2008: nil).

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APPENDIX 7 FINANCIAL STATEMENTS

OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 16: Reporting of Outcomes

Note 16A: Net Cost of Outcome Delivery

	Outcome 1	
	2009	2008
	\$	\$
Expenses		
Administered	-	-
Departmental	19,893,918	20,072,128
Total expenses	19,893,918	20,072,128
Costs recovered from provision of goods and services to the non government sector		
Administered	-	-
Departmental	1,006,928	1,006,587
Total costs recovered	1,006,928	1,006,587
Other external income		
Administered	-	-
Departmental	384,610	506,666
Total other external income	384,610	506,666
Net cost/(contribution) of outcome	18,502,380	18,558,875

Note 16B: Major Classes of Departmental Income and Expenses by Output Groups and Outputs

Outcome 1	Output 1		Output 2		Outcome 1 Total	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Departmental expenses						
Employees	13,803,372	13,410,436	695,968	735,594	14,499,340	14,146,030
Suppliers	4,269,345	4,837,761	215,261	265,362	4,484,606	5,103,123
Depreciation and amortisation	745,630	742,476	37,595	40,727	783,224	783,203
Other	120,664	37,704	6,083	2,068	126,747	39,772
Total departmental expenses	18,939,011	19,028,377	954,907	1,043,751	19,893,918	20,072,128
Funded by:						
Departmental income						
Revenue from government	18,363,976	16,872,512	1,000,024	1,008,488	19,364,000	17,881,000
Sale of goods and services	1,391,538	1,513,253	-	-	1,391,538	1,513,253
Total departmental income	19,755,514	18,385,765	1,000,024	1,008,488	20,755,538	19,394,253

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APPENDIX 7 FINANCIAL STATEMENTS

OFFICE OF THE COMMONWEALTH OMBUDSMAN

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Note 16C: Major Classes of Departmental Assets and Liabilities by Outcomes

	Outcome 1	
	2009	2008
	\$	\$
Departmental assets		
Cash and cash equivalents	128,080	159,590
Trade and other receivables	6,618,520	5,144,485
Total Financial assets	6,746,600	5,304,075
Infrastructure, plant and equipment	1,364,126	1,411,558
Intangibles	438,009	311,337
Other non-financial assets	323,148	149,858
Total Non financial assets	2,125,283	1,872,753
Total departmental assets	8,871,883	7,176,828
Departmental liabilities		
Suppliers	756,476	623,352
Other payables	1,068,693	586,158
Total payables	1,825,169	1,209,510
Employee provisions	3,371,894	3,116,739
Other provisions	468,201	366,877
Total Provisions	3,840,095	3,483,616
Total departmental liabilities	5,665,264	4,693,126

The Office of the Commonwealth Ombudsman uses a cost allocation methodology based on staff numbers to determine the attribution of its shared items. The basis of attribution in the above table is consistent with the basis used for the Budget.

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