

# financial statements



### INDEPENDENT AUDIT REPORT

To the Prime Minister

#### Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Office of the Commonwealth Ombudsman for the year ended 30 June 2004. The Commonwealth Ombudsman is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Office of the Commonwealth Ombudsman's annual report.

#### Scope

The financial statements comprise:

- Statement by the Commonwealth Ombudsman
- Statements of Financial Position, Financial Performance and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Office of the Commonwealth Ombudsman for the year ended 30 June 2004.

The Commonwealth Ombudsman is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

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### **Audit approach**

I have conducted an independent audit in order to express an opinion to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit did not involve an analysis of the prudence of business decisions made by the Chief Executive or management.

Procedures were performed to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Office of the Commonwealth Ombudsman's performance as represented by the statements of financial performance, financial position and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chief Executive.

### **Independence**

In conducting the audit, I have followed the independence requirements of the ANAO, which incorporate Australian professional ethical pronouncements.

### Audit Opinion

In my opinion, the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Office of the Commonwealth Ombudsman as at 30 June 2004, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Richard Rundle  
Executive Director

Delegate of the Auditor-General  
Canberra  
6 September 2004

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	Notes	2003-04 \$	2002-03 \$
<b>Revenues from ordinary activities</b>			
Revenues from government	5A	9,461,675	8,466,675
Goods and services	5B	1,000,379	888,171
Revenue from sale of assets	5C	2,877	2,012
Interest	5D	-	11,823
Other revenues	5E	55,376	31,956
<b>Revenues from ordinary activities</b>		<b>10,520,307</b>	<b>9,400,637</b>
<b>Expenses from ordinary activities (excluding borrowing cost expense)</b>			
Employees	6A	6,882,664	6,145,709
Suppliers	6B	3,199,116	2,709,072
Depreciation and amortisation	6C	274,145	268,822
Value of assets sold	5C	12,310	2,195
Write-down of assets	6D	195,000	-
<b>Expenses from ordinary activities (excluding borrowing cost expense)</b>		<b>10,563,235</b>	<b>9,125,798</b>
<b>Borrowing costs expense</b>	7	-	-
<b>Net surplus/(deficit)</b>		<b>(42,928)</b>	<b>274,839</b>
Net credit to asset revaluation reserve	9C	-	-
<b>Total revenues, expenses and valuation adjustments attributable recognised directly in equity</b>		<b>(42,928)</b>	<b>274,839</b>
<b>Total changes in equity other than those resulting from transactions with the Australian Government as owner</b>		<b>(42,928)</b>	<b>274,839</b>

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

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	Notes	2003-04 \$	2002-03 \$
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	8A	2,477,239	1,050,604
Receivables	8B	<u>384,141</u>	<u>125,259</u>
<b>Total financial assets</b>		<b>2,861,380</b>	<b>1,175,863</b>
<b>Non-financial assets</b>			
Infrastructure, plant and equipment	9A	641,254	582,475
Intangibles	9B	192,495	395,987
Other non-financial assets	9D	<u>36,121</u>	<u>38,910</u>
<b>Total non-financial assets</b>		<b>869,870</b>	<b>1,017,372</b>
<b>Total assets</b>		<b>3,731,250</b>	<b>2,193,235</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employees	11A	<u>2,294,559</u>	<u>1,952,369</u>
<b>Total provisions</b>		<b>2,294,559</b>	<b>1,952,369</b>
<b>Payables</b>			
Suppliers	10A	703,432	251,496
Other payables	10B	<u>479,484</u>	<u>122,667</u>
<b>Total payables</b>		<b>1,182,916</b>	<b>374,163</b>
<b>Total liabilities</b>		<b>3,477,475</b>	<b>2,326,532</b>
<b>NET ASSETS</b>		<b>253,775</b>	<b>(133,297)</b>
<b>EQUITY</b>			
Contributed equity		848,000	418,000
Reserves		116,930	116,930
Accumulated deficits		<u>(711,155)</u>	<u>(668,227)</u>
<b>Total equity</b>	12	<b>253,775</b>	<b>(133,297)</b>
<b>Current liabilities</b>		<b>2,011,566</b>	<b>1,052,636</b>
<b>Non-current liabilities</b>		<b>1,465,909</b>	<b>1,273,896</b>
<b>Current assets</b>		<b>2,897,501</b>	<b>1,214,773</b>
<b>Non-current assets</b>		<b>833,749</b>	<b>978,462</b>

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

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	Notes	2003-04 \$	2002-03 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		9,071,000	8,450,000
Goods and services		1,315,331	1,022,574
Interest		-	11,823
GST received from ATO		215,509	167,941
<b>Total cash received</b>		10,601,840	9,652,338
<b>Cash used</b>			
Employees		(6,540,474)	(6,564,011)
Suppliers		(2,714,219)	(2,824,880)
GST paid to the ATO		(16,647)	(36,291)
<b>Total cash used</b>		(9,271,340)	(9,425,182)
<b>Net cash from/(used by) operating activities</b>	13	1,330,500	227,156
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		2,877	2,012
<b>Total cash received</b>		2,877	2,012
<b>Cash used</b>			
Purchase of property, plant and equipment		(336,742)	(163,869)
<b>Total cash used</b>		(336,742)	(163,869)
<b>Net cash from/(used by) investing activities</b>		(333,865)	(161,857)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations – contributed equity		430,000	-
<b>Total cash received</b>		430,000	-
<b>Net cash from financing activities</b>		430,000	-
<b>Net increase in cash held</b>		1,426,635	65,299
Cash at the beginning of the reporting period		1,050,604	985,305
<b>Cash at the end of the reporting period</b>	8A	2,477,239	1,050,604

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

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### SCHEDULE OF COMMITMENTS

as at 30 June 2004

	2003-04 \$	2002-03 \$
<b>BY TYPE</b>		
Capital commitments	-	-
<b>Total capital commitments</b>	-	-
<b>Other commitments</b>		
Operating leases	4,641,233	2,057,544
<b>Total other commitments</b>	4,641,233	2,057,544
<b>Commitments receivable</b>	(513,720)	(1,118,017)
<b>Net commitments</b>	<u>4,127,513</u>	<u>939,527</u>
<b>BY MATURITY</b>		
<b>All net commitments</b>		
One year or less	359,843	(292,802)
From one to five years	2,622,237	1,200,819
Over five years	1,145,433	31,510
<b>Net commitments</b>	<u>4,127,513</u>	<u>939,527</u>
<b>Operating lease commitments</b>		
One year or less	873,563	825,215
From one year to five years	2,622,237	1,200,819
Over five years	1,145,433	31,510
<b>Total operating lease commitments</b>	<u>4,641,233</u>	<u>2,057,544</u>

NB: Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise:

- leases for office accommodation;
- agreements for the provision of motor vehicles to senior executive officers; and
- leases for computer equipment.

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



## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### SCHEDULE OF CONTINGENCIES

*as at 30 June 2004*

	2003-04 \$	2002-03 \$
<b>CONTINGENT LIABILITIES</b>	-	-
<b>CONTINGENT ASSETS</b>	-	-
<b>Net contingent liabilities</b>	-	-

The Ombudsman has no contingent liabilities.

The Office 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.

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

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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##### Note 1 - Ombudsman Objectives

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 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 Office is structured to meet one outcome:

Outcome 1: To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies.

Office activities contributing towards these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Office in its own right. The Office has no administered activities.

Departmental activities are identified under two headings for Outcome 1: Output 1 is Provision of a complaint management service for government and Output 2 is Provision of advice to government to improve public administration.

##### Note 2 - Summary of Significant Accounting Policies

###### 2.1 Basis of Accounting

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMO's, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.1 Basis of Accounting (Cont'd)

Assets and liabilities are recognised in the Ombudsman's Statement of Financial Position when and only when it is probable that future economic benefits will flow 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 which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Ombudsman Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

The Ombudsman has had no administered revenues, expenses, assets, liabilities or cash flows in the year ended 30 June 2004 or in the comparative financial year.

##### 2.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-2003, except in respect of:

Property plant and equipment assets are being revalued progressively as explained in Note 2.10. Revaluations up to 30 June 2002 were done on a 'deprival' basis; since that date, revaluations will be performed on a fair value basis. Revaluation increments and decrements in each year of transition to fair value that would otherwise be accounted for as revenue or expenses will be taken directly to accumulated results in accordance with transitional provisions of AASB 1041 *Revaluation of Non-current Assets*.

In 2002-2003, the Finance Minister's Orders introduced an impairment test for non-current assets which were carried at cost and not subject to AAS 10 *Recoverable Amount of Non-current Assets*. In 2003-2004, under this policy a write-down of \$195,000 (2002-03: \$nil) has been recorded against software which will be replaced earlier than previously expected.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.3 Revenue

###### *(a) Revenues from Government*

Amounts appropriated for departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No 3 of 2003-04.

Appropriations received are recognised at their nominal amounts.

###### *(b) Resources Received Free of Charge*

Services 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 these resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

###### *(c) Other Revenue*

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.4 Transactions with the Government as Owner

###### *Equity injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that year.

###### *Restructuring of Administered Arrangements*

Net assets received from or relinquished to another Commonwealth 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 2003-2004, no amounts were returned to the Official Public Account.

##### 2.5 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 wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also 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 as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

###### *(a) 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 is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2004 and is recognised at the nominal amount.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.5 Employee Benefits (Cont'd)

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2004. In determining the present value of the liability, the Ombudsman has taken into account attrition rates and pay increases through promotion and inflation.

##### *(b) Separation and redundancy*

Provision is also made for separation and redundancy payments in circumstances where the Ombudsman has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

##### *(c) Superannuation*

Staff of the Ombudsman are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Ombudsman makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Ombudsman's employees.

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

##### 2.6 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 benefits incidental to ownership of leased non-current assets. 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 the present value of minimum lease payments at the beginning of the lease and a liability recognised at the same time for the same amount. 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 basis which is representative of the pattern of benefits derived from the leased assets. The net present value of the future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.6 Leases (Cont'd)

Lease incentives taking the form of 'free' leasehold improvements and rent-free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

##### 2.7 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

##### 2.8 Other Financial Instruments

Accounting policies for financial instruments are stated at note 18.

##### 2.9 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.

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

##### 2.10 Property, Plant and Equipment

###### *Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, 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).

###### *Revaluations*

###### *Basis*

Land, buildings, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*. Valuations undertaken in any year are as at 30 June.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.10 Property, Plant and Equipment (Cont'd)

Fair and deprival values for each class of asset will be determined as shown below:

*Asset class*

*Fair value measured at:*

*Deprival value measured at:*

Leasehold improvements

Depreciated replacement cost

Depreciated replacement cost

Plant and equipment

Market selling price

Depreciated replacement cost

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2004, the Ombudsman had no assets surplus to requirements.

The financial effect for 2003-04 is nil as no assets have been recognised at fair value at 30 June 2004.

*Frequency*

Land, buildings, plant and equipment are revalued progressively in successive three-year cycles. All current cycles commenced on 1 July 2002 and finish on 30 June 2005.

Freehold land, buildings on freehold land and leasehold improvements are each revalued progressively on a geographical basis.

Plant and equipment (P&E) assets were revalued as at 30 June 2002. All valuations were completed by an independent valuer, Hyman Valuations Pty Limited.

*Depreciation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Ombudsman using, in most cases, the straight line method of depreciation. Leasehold improvements are depreciated over the lesser of the estimated useful life of the improvements or the unexpired period of the lease taking into consideration options available at the end of lease.



### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

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#### Note 2 - Summary of Significant Accounting Policies (Cont'd)

##### 2.10 Property, Plant and Equipment (Cont'd)

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6C.

The useful lives of plant and equipment are 3 to 8 years (2002-03: 3 to 8 years).

##### 2.11 Intangibles

The Ombudsman's intangibles comprise purchased software.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the software is 5 to 8 years (2002-03: 5 to 8 years).

##### 2.12 Taxation

The Ombudsman is exempt from all forms of taxation except fringe benefits tax 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.

##### 2.13 Insurance

The Ombudsman has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

##### 2.14 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The Ombudsman does not have any qualifying assets.

##### 2.15 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

##### Note 2 - Summary of Significant Accounting Policies (Cont'd)

###### 2.16 Reporting of Administered Activities

The Ombudsman has had no administered revenues, expenses, assets, liabilities or cash flows in the year ended 30 June 2004 or in the comparative financial year.

##### Note 3 - Adoption of AASB Equivalents to International Financial Standards from 2005-2006

The Australian Accounting Standards Board has issued replacement Australian Accounting standards to apply from 2005-06. The new standards are the AASB Equivalents to International Financial Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The Standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

The purpose of issuing AASB Equivalents to IFRSs is to enable Australian entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For profit entities complying fully with the AASB Equivalents will be able to make an explicit and unreserved statement of compliance with IFRSs as well as with the AASB Equivalents.

It is expected the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the AASB Equivalents to IFRSs, in his Orders for the Preparation of Agency financial statements for 2005-06 and beyond.

The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the Ombudsman will only be able to assert compliance with the AASB Equivalents to the IFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 *Financial Reporting by Government Departments*.

Accounting Standard AASB 1047 *Disclosing the impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2003-04 disclose:

- An explanation of how the transition to the AASB Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

##### Note 3 - Adoption of AASB Equivalents to International Financial Standards from 2005-2006 (Cont'd)

###### *Management of the transition to AASB Equivalents to IFRSs*

The Ombudsman has taken the following steps for the preparation towards the implementation of AASB Equivalents:

- The Agency's Audit Committee is tasked with oversight of the transition to and implementation of the AASB Equivalents to IFRSs. The Chief Finance Officer is responsible for the project and reports regularly to the Audit Committee on progress.
- The following key steps will be undertaken as part of implementing the AASB Equivalents
  - Identification of all major accounting policy differences between current AASB standards and the AASB Equivalents to IFRSs progressively to 30 June 2004.
  - Identification of systems changes necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes.
  - Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents.
  - Preparation of an AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
  - Meeting reporting deadlines set by Finance for 2005-06 balance sheet under AASB Equivalent Standards.
- The Ombudsman has addressed the risks to successful achievement of the above objectives and continues to monitor the implementation.
- To date, all major accounting and disclosure differences and system changes have been identified.
- External assistance has been engaged where necessary to assist with each of the above steps.

###### *Major changes in accounting policy*

Changes in accounting policies under AASB Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-06 financial statements to report comparatives under the AASB Equivalents also.

Changes to major accounting policies are discussed in the following paragraphs.

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

#### **Note 3 - Adoption of AASB Equivalents to International Financial Standards from 2005-2006 (Cont'd)**

##### *Property plant and equipment*

It is expected that the Finance Minister's Orders will require property plant and equipment assets carried at valuation in 2003-04 to be measured at up-to-date fair value from 2005-06. This differs from the accounting policies currently in place for these assets which, up to and including 2003-04, have been revalued progressively over a 3-year cycle and which currently include assets at cost (for purchases since the commencement of a cycle) and at deprival value (which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is available).

However, it is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

##### *Impairment of Non-Current Assets*

The Ombudsman's policy on impairment of non-current assets is at note 2.10.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. "Value in use" is the depreciated replacement cost for other assets which would be replaced if the Ombudsman were deprived of them.

The most significant change is that assets carried at up-to-date fair value, may be required to be written down if costs to sell are significant.

##### *Employee Benefits*

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

Under the new AASB Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

#### Note 4 - Events Occurring after Balance Date

No significant events occurred after balance date.

	2003-04 \$	2002-03 \$
<b>Note 5 – Operating Revenues</b>		
<u>Note 5A – Revenues from Government</u>		
Appropriations for outputs	9,445,000	8,450,000
Resources received free of charge		
Australian National Audit Office		
Provision of audit services	16,675	16,675
Total revenues from government	9,461,675	8,466,675
<u>Note 5B – Goods and Services</u>		
Goods	-	-
Services	1,000,379	888,171
Total sales of goods and services	1,000,379	888,171
Provision of goods to:		
Related entities	-	-
External entities	-	-
Total sales of goods	-	-
Rendering of services to:		
Related entities	202,000	107,742
External entities	798,379	780,429
Total rendering of services	1,000,379	888,171
Costs of sales of goods	-	-
<u>Note 5C – Net Gain/(Loss) From Sales of Assets</u>		
Infrastructure, plant and equipment		
Proceeds from disposal	2,877	2,012
Net book value of assets disposed	(12,310)	(2,195)
Net gain/(loss) from disposal of infrastructure, plant and equipment	(9,433)	(183)

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04 \$	2002-03 \$
<b>Note 5 – Operating Revenues (Cont'd)</b>		
<u>Note 5D – Interest Revenue</u>		
Interest on deposits	-	11,823
<u>Note 5E – Other Revenue</u>		
Other	55,376	31,956
<b>Note 6 – Operating Expenses</b>		
<u>Note 6A – Employee Expenses</u>		
Wages and salary	5,562,986	5,668,300
Superannuation	967,414	748,788
Leave and other entitlements	69,519	(474,496)
Separation and redundancy	-	-
Other employee expenses	245,850	187,436
Total employee benefits expense	6,845,769	6,130,028
Worker compensation premiums	36,895	15,681
Total employee expenses	6,882,664	6,145,709
<u>Note 6B – Supplier Expenses</u>		
Goods from related entities	-	-
Goods from external entities	293,586	144,214
Services from related entities	386,137	296,166
Services from external entities	1,771,447	1,571,328
Operating lease rentals <sup>1</sup>	747,946	697,364
Total supplier expenses	3,199,116	2,709,072

<sup>1</sup> These comprise minimum base payments only.

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04 \$	2002-03 \$
<b>Note 6 – Operating Expenses (Cont'd)</b>		
<u>Note 6C – Depreciation and Amortisation</u>		
Depreciation		
Other infrastructure, plant and equipment	166,355	157,268
Total depreciation	166,355	157,268
Amortisation		
Intangibles – Computer Software	107,790	111,554
Total depreciation and amortisation	274,145	268,822
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable assets are as follows:		
Leasehold improvements	72,105	68,483
Plant and equipment	94,250	88,785
Computer software	107,790	111,554
Total depreciation and amortisation	274,145	268,822
No depreciation or amortisation was allocated to the carrying amounts of other assets.		
<u>Note 6D – Write down of assets</u>		
Financial assets		
Bad and doubtful debts expense	-	-
Non-financial assets		
Net write off of intangibles	195,000	-
Total write-down of assets	195,000	-
<b>Note 7 – Borrowing Cost Expenses</b>		
Overdraft	-	-

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04	2002-03
	\$	\$
<b>Note 8 – Financial Assets</b>		
<u>Note 8A – Cash</u>		
Cash on hand:		
Cash at bank and on hand	2,477,239	1,050,604
Total cash	2,477,239	1,050,604

Under banking arrangements in place up to 1 July 2003, monies in the Agency's bank accounts were swept into the Official Public Account nightly and earned interest on the daily balance at rates based on money market call rates. Since 1 July 2003, no interest is earned on the Ombudsman's bank balances.

<u>Note 8B – Receivables</u>		
Goods and services	-	104,557
GST receivable from ATO	10,141	20,702
Appropriation receivable – undrawn	374,000	-
Total receivables	384,141	125,259

All receivables are current assets. There is no requirement for a provision for doubtful debts.

All receivables are with entities external to the Commonwealth. Credit terms are net 30 days (2003: 30 days)

Appropriations receivable undrawn are appropriations controlled by the Agency but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Receivables (gross) are aged as follows:

Not overdue	384,141	125,044
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	-	215
	384,141	125,259



## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04 \$	2002-03 \$
<b>Note 9 – Non-Financial Assets</b>		
<u>Note 9A – Infrastructure, Plant and Equipment</u>		
Leasehold improvements		
- at 2002 independent revaluation (deprival)	255,031	255,031
Accumulated amortisation	(122,630)	(61,399)
	<u>132,401</u>	<u>193,632</u>
Leasehold improvements – at cost	69,402	39,920
Accumulated amortisation	(17,958)	(7,084)
	<u>51,444</u>	<u>32,836</u>
Plant and equipment		
- at 2002 independent revaluation (deprival)	141,104	141,104
- at 2002 Ombudsman's revaluation (deprival)	407,520	419,325
Accumulated depreciation	(291,116)	(244,149)
	<u>257,508</u>	<u>316,280</u>
Plant and equipment – at cost	227,952	44,963
Accumulated depreciation	(28,051)	(5,236)
	<u>199,901</u>	<u>39,727</u>
<b>Total Infrastructure, Plant and Equipment</b>	<u><u>641,254</u></u>	<u><u>582,475</u></u>
<u>Note 9B - Intangibles</u>		
Computer software – at deemed cost	451,585	672,514
Accumulated amortisation	(259,090)	(276,527)
<b>Total Intangibles</b>	<u><u>192,495</u></u>	<u><u>395,987</u></u>

The independent revaluations in 2002 were completed by an independent valuer, Hyman Valuations Pty Limited, for all tangible non-financial assets with a carrying value in excess of \$20,000. The Ombudsman's revaluations were performed by the Commonwealth Ombudsman for all other tangible non-financial assets. All revaluations were in accordance with the revaluation policy stated in Note 2.

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

Note 9C - Analysis of Infrastructure, Plant, Equipment and Intangibles

**TABLE A**

**Reconciliation of the opening and closing balances of property, plant and equipment and intangibles**

Item	Infrastructure, plant and equipment \$	Intangibles \$	Total \$
<b>Gross value as at 1 July 2003</b>	900,343	672,514	1,572,857
Additions: purchase of assets	237,444	99,298	336,742
Revaluations: increment/(decrement)	-	-	-
Write back on accumulated depreciation on revaluation	-	-	-
Write-offs	-	(195,000)	(195,000)
Disposals	(36,778)	(125,227)	(162,005)
<b>Gross value as at 30 June 2004</b>	<b>1,101,009</b>	<b>451,585</b>	<b>1,552,594</b>
<b>Accumulated Depreciation/Amortisation as at 1 July 2003</b>	317,868	276,527	594,395
Depreciation/ amortisation charge for the year	166,355	107,790	274,145
Write back on accumulated depreciation on revaluation	-	-	-
Write-offs	-	-	-
Disposals	(24,468)	(125,227)	(149,695)
<b>Accumulated Depreciation/Amortisation as at 30 June 2004</b>	<b>459,755</b>	<b>259,090</b>	<b>718,845</b>
<b>Net book value as at 30 June 2004</b>	<b>641,254</b>	<b>192,495</b>	<b>833,749</b>
Net book value as at 1 July 2003	582,475	395,987	978,462

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

Note 9C - (cont)

**TABLE B**  
**Summary of balances of assets at valuation as at 30 June 2004**

Item	Infrastructure, plant and equipment \$
<b>As at 30 June 2004</b>	
Gross value	803,655
Accumulated Depreciation/Amortisation	(413,746)
Net book value	389,909
<b>As at 30 June 2003</b>	
Gross value	815,460
Accumulated Depreciation/Amortisation	(305,548)
Net book value	509,912

	2003-04 \$	2002-03 \$
<u>Note 9D – Other Non-Financial Assets</u>		
Prepayments	<u>36,121</u>	<u>38,910</u>

All other non-financial assets are current assets.

#### **Note 10 – Payables**

Note 10A – Supplier Payables

Trade creditors and accruals (including GST payable)	<u>703,432</u>	<u>251,496</u>
--	----------------	----------------

All supplier payables are current liabilities

Note 10B – Other Payables

Prepaid income	450,400	85,000
Lease incentives	29,084	37,667
Total other payables	<u>479,484</u>	<u>122,667</u>
Current	458,983	93,583
Non Current	20,501	29,084

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04 \$	2002-03 \$
<b>Note 11 - Provisions</b>		
<u>Note 11A – Employee Provisions</u>		
Salaries and wages	270,060	195,826
Leave	1,840,505	1,599,611
Superannuation	183,994	156,932
Separation and redundancy	-	-
Aggregate employee entitlement liability	2,294,559	1,952,369
Workers' compensation	-	-
Aggregate employee benefit liability and related on-costs	2,294,559	1,952,369
Current	849,151	707,557
Non-current	1,445,408	1,244,812

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 June 2004

**Note 12 - Equity**

Note 12A – Analysis of Equity

Item	Accumulated results		Asset revaluation reserves		Contributed Equity		TOTAL EQUITY	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$
Balance 1 July	(668,227)	(943,066)	116,930	116,930	418,000	418,000	(133,297)	(408,136)
Net surplus/deficit	(42,928)	274,839	-	-	-	-	(42,928)	274,839
Net revaluation increments/(decrements)	-	-	-	-	-	-	-	-
Contributions by owner:								
Appropriations (equity injection)	-	-	-	-	430,000	-	430,000	-
Closing Balance as at 30 June	(711,155)	(668,227)	116,930	116,930	848,000	418,000	253,775	(133,297)

The Ombudsman has no Administered equity.

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04 \$	2002-03 \$
<b>Note 13 - Cash Flow Reconciliation</b>		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	2,477,239	1,050,604
Statement of Financial Position items comprising above cash: "Financial Asset – Cash"	2,477,239	1,050,604
Reconciliation of net surplus to net cash from operating activities:		
Net surplus/(deficit)	(42,928)	274,839
Depreciation/Amortisation	274,145	268,822
Net loss/(gain) on disposal of assets	9,433	183
Net write down of assets	195,000	-
(Increase)/Decrease in receivables	(269,443)	(4,882)
(Increase)/Decrease in prepayments	2,789	40,071
Increase/(Decrease) in employee provisions	342,190	(418,302)
Increase/(Decrease) in supplier and other payables	808,753	66,425
Increase/(Decrease) in GST receivable	10,561	-
Net cash from/(used by) operating activities	<u>1,330,500</u>	<u>227,156</u>

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

	2003-04	2002-03
<b>Note 14 - Executive Remuneration</b>		
The number of executives who received or were due to receive total remuneration of \$100,000 or more:		
	<b>Number</b>	<b>Number</b>
\$140,001 to \$150,000	-	2
\$150,001 to \$160,000	-	1
\$160,001 to \$170,000	3	1
\$210,001 to \$220,000	1	1
\$280,001 to \$290,000	1	-
The aggregate amount of total remuneration of executives shown above	<b>\$ 988,972</b>	<b>\$ 825,132</b>
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above	<b>\$ -</b>	<b>\$ -</b>
<b>Note 15 - Remuneration of Auditors</b>		
Financial statement audit services are provided free of charge to the Ombudsman.		
The fair value of the services provided was:	<b>\$ 16,675</b>	<b>\$ 16,675</b>
No other services were provided by the Auditor-General.		
<b>Note 16 - Act of Grace Payments, Waivers and Defective Administration Scheme</b>		
No Act of Grace payments were made during the reporting period.		
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .		
<b>Note 17 - Average Staffing Levels</b>	<b>Number</b>	<b>Number</b>
The average staffing levels for the Ombudsman during the year were :	<b>85</b>	<b>81</b>

## OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 June 2004

## Note 18 - Financial Instruments

## Note 18A - Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<b>Financial Assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	8A	Cash is recognised at their nominal amounts. Interest is credited to revenue as it accrues.	The Ombudsman holds bank accounts with a commercial bank. Monies in the Ombudsman's bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on money market call rates. Interest is paid at month end.
Receivables for goods and services	8B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	All receivables are with entities external to the Commonwealth. Credit terms are net 30 days (2003: 30 days).



## OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 June 2004

## Note 18 Financial Instruments (cont)

## Note 18A - Terms, Conditions and Accounting Policies (cont)

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
<b>Financial Liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors and accruals	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	All creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made net 30 days.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 June 2004

Note 18 Financial Instruments (cont.)

Note 18B - Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate						Non- Interest Bearing		Total		Weighted Average Effective Interest Rate	
			1 year or less		1 to 5 years		> 5 years							
			03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03	03-04	02-03
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Financial Assets														
Cash at Bank	8A	2,474,538	1,047,903						2,701	2,701	2,477,239	1,050,604	0.0	2.0
Receivables for goods and services	8B	-	-	-	-	-	-	-	-	1,240	-	1,240	n/a	n/a
Appropriation Receivable	8B	-	-	-	-	-	-	-	374,000	-	374,000	-	n/a	n/a
Total		2,474,538	1,047,903	-	-	-	-	-	376,701	3,941	2,851,239	1,051,844		
Total Assets											3,731,250	2,193,235		
Financial Liabilities														
Trade creditors	10A	-	-	-	-	-	-	-	703,432	114,444	703,432	114,444	n/a	n/a
Total		-	-	-	-	-	-	-	703,432	114,444	703,432	114,444		
Total liabilities											3,477,475	2,326,532		

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

##### Note 18 Financial Instruments (cont.)

##### Note 18C - Net Fair Values of Financial Assets and Liabilities

	Note	2003-04		2002-03	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash at Bank	8A	2,477,239	2,477,239	1,050,604	1,050,604
Receivables for Goods and Services	8B	-	-	1,240	125,259
Appropriation Receivable	8B	374,000	374,000	-	-
<b>Total Financial Assets</b>		<b>2,851,239</b>	<b>2,851,239</b>	<b>1,051,844</b>	<b>1,175,863</b>
<b>Financial Liabilities</b>					
Trade creditors	10A	703,432	703,432	114,444	237,892
<b>Total Financial Liabilities</b>		<b>703,432</b>	<b>703,432</b>	<b>114,444</b>	<b>237,892</b>

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

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

##### Note 18D – Credit Risk Exposures

The Ombudsman'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 Statement of Financial Performance.

The Ombudsman has no significant exposures to or concentrations of credit risk.

All figures for credit risk do not take into account the value of any collateral or other security.

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

##### Note 19 Appropriations

Note 19A – Acquittal of Authority to Draw cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3.

Particulars	Departmental Outputs
<b>Year ended 30 June 2004</b>	<b>\$</b>
Balance carried from previous year	1,058,485
Appropriation for reporting period (Act 1)	9,376,000
Appropriation for reporting period (Act 3)	69,000
Adjustments by the Finance Minister	-
Advance to the Finance Minister	-
Refunds credited (FMAAs30)	-
GST credited (FMAAs30A)	320,057
Annotations to 'net appropriations' (FMA s31)	1,162,380
Transfer to/from other agencies (FMA s32)	-
Available for payments	11,985,922
Payments made	9,178,082
Balance carried to next year	2,807,840
Represented by:	
Cash at bank and on hand	2,477,239
Add: Appropriations receivable	374,000
Add: Receivables – Goods and Services – GST receivable from customers	10,141
Add: Return of contributed equity	-
Less: Other payables – Net GST payable to the ATO	-
Less: Payable – Supplies – GST portion	(53,540)
Add: Savings in Portfolio Additional Estimates Statement	-
Total	2,807,840
<i>Reconciliation for Appropriation Acts (Nos. 1 and 3)</i>	
Paid to the entity from the OPA	9,071,000
Add: Finance Minister reduction of Appropriations in the current year	-
Add: Administered Appropriation lapsed in current year	-
Not Drawn from the OPA	374,000
Total Appropriation Acts	9,445,000
<b>Year ended 30 June 2003</b>	
Balance carried from previous year	985,305
Total annual appropriation – basic appropriations	8,734,123
Adjustments and annotations to appropriations	891,817
Transfers to/from other agencies (FMAAs32)	-
Estimated Administered appropriation to be lapsed	-

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

##### Note 19 Appropriations (cont.)

Available for payments	10,611,245
Payments made during the year	9,552,760
Appropriations credited to special accounts	-
Balance carried to next year	1,058,485
Represented by:	
Cash	1,050,604
Add: Appropriations not drawn from OPA	-
Add: Receivables – Goods and Services – GST receivable from customers	20,702
Add: Return of contributed Equity	-
Add: Receivables – Net GST receivable from the ATO	-
Less: Payable – Suppliers – GST portion	(12,821)
Total	1,058,485

There was no savings offered up during the year and there have been no savings offered up in previous years that are still ongoing.

Note 19B – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 2 and 4

Particulars	Non-Operating: Equity
<b>Year ended 30 June 2004</b>	<b>\$</b>
Balance carried from previous year	-
Appropriation Act (No. 2) 2003-2004	430,000
Appropriation Act (No. 4) 2003-2004	-
Available for payments	430,000
Payments made (GST inclusive)	430,000
Balance carried to next year	-
Represented by:	-
Cash	-
Total	-
<i>Reconciliation for Appropriation Acts (Nos. 2 and 4)</i>	
Paid to the entity from the OPA	430,000
Not drawn from the OPA	-
<b>Total Appropriation Acts</b>	<b>430,000</b>

## FINANCIAL STATEMENTS

### OFFICE OF THE COMMONWEALTH OMBUDSMAN

#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2004

#### Note 20 – Reporting of Outcomes

##### Note 20A – Net Cost of Outcome Delivery

	Outcome 1	
	2004	2003
	\$	\$
Administered expenses	-	-
Departmental expenses	10,563,235	9,125,798
<b>Total expenses</b>	<b>10,563,235</b>	<b>9,125,798</b>
<i>Costs recovered from provision of goods and services to the non-government sector</i>		
Administered	-	-
Departmental	798,379	780,429
<b>Total costs recovered</b>	<b>798,379</b>	<b>780,429</b>
<i>Other external revenues</i>		
Administered	-	-
<i>Total Administered</i>	<i>-</i>	<i>-</i>
Departmental		
Interest on cash deposits	-	11,823
Revenue from disposal of assets	2,877	2,012
Reversals previous asset write-downs	-	-
Other	55,376	31,956
Goods and Services Revenue from Related Entities	202,000	107,742
<i>Total Departmental</i>	<i>260,253</i>	<i>153,533</i>
<b>Total other external revenues</b>	<b>260,253</b>	<b>153,533</b>
<b>Net cost/(contribution) of outcome</b>	<b>9,504,603</b>	<b>8,191,836</b>

## OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 June 2004**Note 20 – Reporting of Outcomes (cont.)****Note 20B – Major Classes of Departmental Revenues and Expenses by Output**

	Output Group 1		Output Group 2		Outcome 1 Total	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
<b>Departmental expenses</b>						
Employees	5,506,131	4,916,567	1,376,533	1,229,142	6,882,664	6,145,709
Suppliers	2,559,293	2,167,258	639,823	541,814	3,199,116	2,709,072
Depreciation and amortisation	219,316	215,058	54,829	53,764	274,145	268,822
Other	165,848	1,756	41,462	439	207,310	2,195
<b>Total departmental expenses</b>	<b>8,450,588</b>	<b>7,300,639</b>	<b>2,112,647</b>	<b>1,825,159</b>	<b>10,563,235</b>	<b>9,125,798</b>
<b>Funded by:</b>						
Revenues from government	7,569,340	6,773,340	1,892,335	1,693,335	9,461,675	8,466,675
Sales of goods and services	800,303	710,537	200,076	177,634	1,000,379	888,171
Other non-taxation revenues	46,602	36,633	11,651	9,158	58,253	45,791
<b>Total departmental revenues</b>	<b>8,416,245</b>	<b>7,520,510</b>	<b>2,104,062</b>	<b>1,880,127</b>	<b>10,520,307</b>	<b>9,400,637</b>

Direct costs for Outputs 1 and 2 are allocated primarily on staff numbers.

Indirect costs, such as corporate support expenses, are allocated on staff numbers and square metres occupied. The provision of services by corporate support areas is predominantly driven by staff demands. Some exceptions exist, but testing has shown that other, more complex allocation methods do not produce a materially different result from that produced by this simple allocation method.