

Financials

The financial statements provide an overview of our financial activities during 2010-2011. These statements, our supporting documentation, and our systems and processes have all been reviewed by the Audit Office. We received an unqualified audit report.

As a response to legislative changes, we received additional funding from the Government for our new public interest disclosure responsibilities as well as for the transfer of the Child Death Review Team to our office. In the reporting year, these funds were used primarily to establish these roles, which included the recruitment of staff.

Our staff expenses such as salaries, payroll tax and superannuation continued to account for just under 80% of all our expenses. The running of the office cost us about \$4.6 million.

We focused on increasing the level of revenue we generate – a strategy to assist us deal with the ongoing budget pressures we face. Through better co-ordination, we were able to increase revenue from our training and education activities by 83% over the previous year.

This year we continued to refine our internal budget management processes, devolving more responsibility to cost centre managers. We also consolidated our audit and risk activities, with the Audit and Risk Committee providing an increased level of assurance to the Ombudsman that our processes comply with legislative requirements and accounting standards.

Highlights

- Strengthened our financial governance framework through the work of our Audit and Risk Committee. [SEE PAGE 114](#)
- Secured additional funding for our new responsibilities with respect to public interest disclosures and supporting the work of the Child Death Review Team. [SEE PAGE 114](#)
- Generated \$861,000 in revenue, up from \$436,000 the previous year, enabling us to extend our community outreach and project work and other core activities. [SEE PAGE 115](#)
- Received an unqualified audit report from the NSW Audit Office for our financial records and systems. [SEE PAGE 116](#)
- Paid 99.84% of our accounts on time, exceeding our performance indicator. [SEE PAGE 115](#)
- Included financial management as a compulsory training course in our leadership development program. [SEE PAGE 115](#)
- Through better management of our claims, reduced our workers compensation expenses by 11%. [SEE PAGE 115](#)



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Our financials

We have previously reported about the effects of ongoing efficiency dividends as well as the impact of unfunded pay increases. This year was the first full year of our major structural change, which we implemented to cut costs to relieve our ongoing funding issues. A successful strategy of the restructure was the better coordination of our training and education activities, and the development of fee based training courses. Our revenue generated by training has allowed the office to undertake significant proactive project work as well as supporting other core work.

We have continued to refine our internal budget management processes and have devolved responsibility for financial management to all cost centre managers. To support our managers we organised financial management and budgeting training.

Our Audit and Risk Committee continued its role in providing assurance that our financial processes comply with legislative and office requirements. See Corporate governance on page 15 for more details on our Audit and Risk Committee.

This year we began a review of our chart of accounts as well as our accounting manual. Our chart of accounts categorises our expenses and revenues as well assets and liabilities to assist with the reporting and analysis of our financial position. We need to make sure that the categories we use are relevant not only to us but link to how we need to report to NSW Treasury. Our accounting manual outlines our accounting policies as well as internal processes. It guides our accounting staff in their day to day work and provides a guide for our auditors. We will finish our review of both these documents in 2011-2012.

The Ombudsman receives funding from the NSW Government. Although we account for these funds on an office wide basis - as reflected in our financials - internally we allocate them between our three business branches and corporate. The NSW state budget reports expenses and allocations against service groups. In previous years we had four service groups. From 2010-2011 NSW Treasury has determined that we will only be reporting against one group - 'Complaint Advice, Referral, Resolution or Investigation'. Figure 59 shows the net cost of services by service group for the last five years.

Figure 57: Net cost of services by service group

Service groups	06/07 \$'000	07/08 \$'000	08/09 \$'000	09/10 \$'000	10/11 \$'000
Complaint advice, referral, resolution or investigation	n/a	n/a	n/a	n/a	23,425
Complaint advice, referral, resolution or investigation	9,263	9,755	10,405	9,447	n/a
Oversight of agency investigation of complaints	4,124	4,344	4,633	4,206	n/a
Scrutiny of complaint-handling systems	6,272	6,604	7,043	6,814	n/a
Review of the implementation of legislation	1,194	1,087	273	233	n/a
Total	20,853	21,790	22,354	20,700	23,425

Revenue

Most of our revenue comes from the government in the form of a consolidated fund appropriation. This is used to meet both recurrent and capital expenditure. Consolidated funds are accounted for on the statement of comprehensive income, after the net cost of service is calculated to allow for the movement in accumulated funds to be determined for the year. The government also makes provision for certain employee entitlements such as long service leave.

Our initial 2010-2011 recurrent consolidated fund allocation was \$21.460 million and our final allocation was \$21.804 million. We received additional funding to establish the public interest disclosures (PID) unit and to support the child death review team following its transfer to our office.

Included in our allocation is funding for our review of the implementation of new police powers. Details of these reviews can be found in the Policing chapter. \$275,000 was provided for our legislative review work in 2010-2011, which represents 1.26% of the Ombudsman's total recurrent allocation.

In 2010-2011 we budgeted that the Crown Entity would accept \$964,000 of employee benefits and other entitlements. However, the actual acceptance was about \$1,394,000. This variance is primarily due to adjustments to our long service leave liability after actuarial advice in June 2011.

We were initially allocated \$314,000 for our capital program but spent \$369,000 following a supplementation to establish the PID function at the office. Our capital program included buying desktop and laptop computers, upgrading hardware, purchasing new office equipment, and updating and improving our fit-out.

We generated \$861,000 through sales of our publications, bank interest, fee for service training courses and the consultancy services we provide to other ombudsman offices through AusAid programs. We needed to adopt a proactive approach to generating revenue to help with ongoing budget pressures. By coordinating our activities and identifying training needs in agencies and the non-government sector, we have been able to significantly increase our revenue. This additional revenue has enabled us to undertake more proactive project work as well as supporting other core work. See figure 60.

Figure 58: Revenue from other sources

Revenue from other sources	Revenue \$'000
Workshops and publication sales	583
Bank interest	85
Grants and contributions	46
Other revenue	147
Total	861

There is a breakdown of our revenue, including capital funding and acceptance of employee entitlements, in figure 61.

Figure 59: Total revenue 2010-2011

Government	Revenue \$'000
Recurrent appropriation	21,804
Capital appropriation	369
Acceptance of certain employee entitlements	1,394
Total government	23,567
From other sources	861
Total	24,428

Expenses

Most of our revenue is spent on employee-related expenses such as salaries, superannuation entitlements, long service leave and payroll tax. Our statement of comprehensive income shows that last year we spent more than \$19.2 million - or 79.1% of our total expenses - on employee-related items.

Salary payments to staff were 11.6% higher than the previous year. As a result, our superannuation expenses also increased as did our payroll tax related items. Our long service leave expenses increased by \$460,000 - this was partly due to adjustments requested after an actuarial review. Our workers compensation costs were \$71,000, over 11% lower than the previous year.

The day-to-day running of our office costs us over \$4.6 million. Our significant operating items are rent, fees such as contractor costs, travel, maintenance, training, printing and stores. There were no consultants engaged during 2010-2011.

The financial statements show that \$463,000 was expended for depreciation and amortisation. As we spent \$369,000 on our capital program, we had an decrease in our non-current asset base.

Although capital funding is shown on the operating statement, capital expenditure is not treated as an expense - it is reflected on the balance sheet.

Figure 60: Total expenses 2010-2011

Expenses category	Total \$'000
Employee-related	19,222
Depreciation and amortisation	463
Other operating expenses	4,612
Total	24,297

Performance indicator: Accounts paid on time

Quarter	Target %	Paid on time %	Paid on time \$'000	Paid \$'000
September 2010	98	100	2,305	2,305
December 2010	98	99.75	2,011	2,016
March 2011	98	99.61	2,529	2,539
June 2011	98	100	1,151	1,151
Total	98	99.84	7,996	8,011

Note: this table does not include direct salary payments to staff – but includes some employee-related payments such as payments to superannuation funds.

We have an accounts payable policy that requires us to pay accounts promptly and within the terms specified on the invoice. However, there are some instances where this may not be possible - for example, if we dispute an invoice or don't receive it with enough time to pay within the specified timeframe. We therefore aim to pay all our accounts within the specified timeframe 98% of the time. During 2010-2011 we paid 99.84% of our accounts on time. This exceeded our target and is a slight decline in our performance from last year. We have not had to pay any penalty interest on outstanding accounts.

Assets

Our statement of financial position shows that we had \$3.25 million in assets at 30 June 2011. The value of our current assets decreased by \$25,000 from the previous year, while the value of our non-current asset base decreased by \$85,000.

Just under 52% of our assets are current assets, which are categorised as cash or receivables. Receivables are amounts owing to us and include bank interest that has accrued but not been received, fees for services that we have provided on a cost recovery basis, and GST to be recovered from the Australian Taxation Office. Also included in receivables are amounts that we have prepaid. We had \$400,000 in prepayments at 30 June 2011. The most significant prepayments were for rent and maintenance renewals for our office equipment and software support.

Our cash balance includes a \$33,000 advance payment from the New Zealand, Commonwealth and other state Ombudsman to cover costs for developing guidelines and training Ombudsman staff in dealing with unreasonable complainant conduct. We cannot use these funds for any other purpose so it is classified as a 'restricted asset'.

Our non-current assets, which are valued at \$1,566 million are categorised as:

- | plant and equipment - our network infrastructure, computers and laptops, fit-out, office equipment and
- | intangible assets - network operating and case management software.

We were allocated \$314,000 in 2010-2011 for asset purchases and spent \$369,000 following a supplementation for the establishment of the PID unit. This is reflected in our capital consolidated fund appropriation. We used this money to buy computer hardware and office equipment as well as undertaking some fit-out modifications. We also upgraded our network infrastructure to position us for implementing a virtual desktop environment.

Liabilities

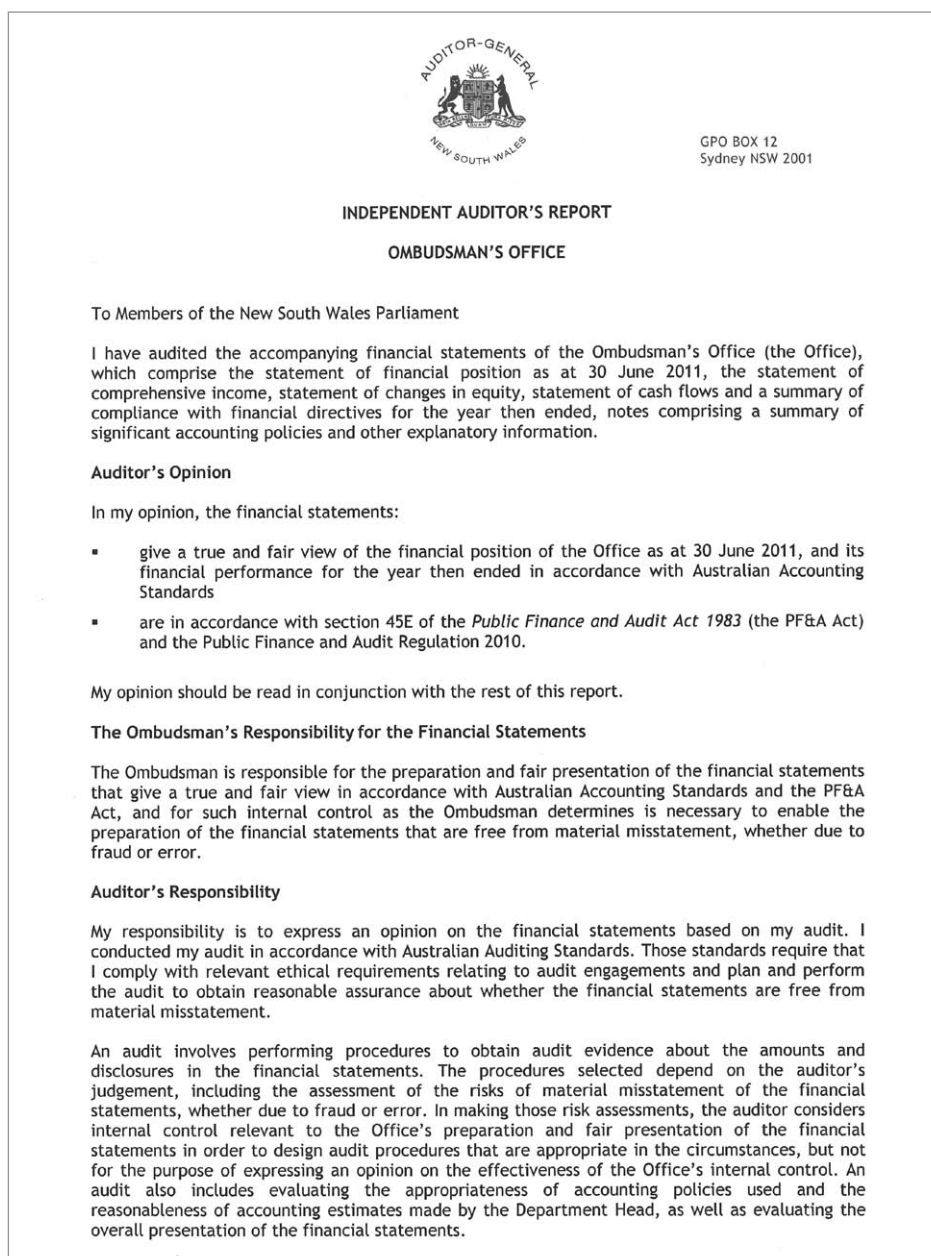
Our total liabilities at 30 June 2010 are \$2.423 million, a decrease of \$252,000 over the previous year. Over 86% of this is the provision that we make for employee benefits and related on-costs, including untaken recreation (annual) leave plus on-costs. The Crown Entity accepts the liability for long service leave. We owe about \$271,000 for goods or services that we have received but have not yet been invoiced. The value of accounts on hand at 30 June 2010 was \$127,551. Please see figure 63. We monitor the amounts that we owe on a regular basis to make sure that we are paying accounts within terms.

Figure 61: Analysis of accounts on hand at the end of each quarter

	Sep-10	Dec-10	Mar-11	Jun-11
Current (ie within due date)	188,589	27,140	301,811	127,551
Less than 30 days overdue	-	3,675	-	-
Between 30 days and 60 days overdue	-	-	-	-
Between 60 days and 90 days overdue	-	-	-	-
More than 90 days overdue	-	-	-	-
Total accounts on hand	188,589	30,815	301,811	127,551

Financial statements

Our financial statements are prepared in accordance with legislative provisions and accounting standards. They are audited by the NSW Auditor General, who is required to express an opinion as to whether the statements fairly represent the financial position of our office. We received an unqualified audit report. The audit report as well as the financials follow.



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

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

21 September 2011
SYDNEY

20 September 2011

Statement by the Ombudsman

Pursuant to section 45F of the *Public Finance and Audit Act 1983* and to the best of my knowledge and belief I state that:

- (a) the accompanying financial statements have been prepared in accordance with the provisions of the Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the applicable clauses of the Public Finance and Audit Regulation 2010 and the Treasurer's Directions;
- (b) the statements exhibit a true and fair view of the financial position of the Ombudsman's Office as at 30 June 2011, and transactions for the year then ended; and
- (c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Bruce Barbour
Ombudsman

Start of the audited financial statements

Ombudsman's Office

Statement of comprehensive income for the year ended 30 June 2011

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Actual 2010 \$'000
Expenses excluding losses				
Operating expenses				
Employee-related	2(a)	19,222	18,724	16,997
Other operating expenses	2(b)	4,612	4,044	3,808
Depreciation and amortisation	2(c)	463	453	330
Total Expenses excluding losses		24,297	23,221	21,135
Revenue				
Sale of goods and services	3(a)	583	100	317
Investment revenue	3(b)	85	36	50
Grants and contributions	3(c)	46	-	-
Other revenue	3(d)	147	-	69
Total Revenue		861	136	436
(Gain)/loss on disposal	4	(11)	-	1
Net Cost of Services	17	23,425	23,085	20,700
Government Contributions				
Recurrent appropriation	5(a)	21,804	21,460	19,833
Capital appropriation	5(b)	369	314	751
Acceptance by the Crown Entity of employee benefits and other liabilities	6	1,394	964	948
Total Government Contributions		23,567	22,738	21,532
Surplus/(deficit) for the year		142	(347)	832
Other comprehensive income				
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		142	(347)	832

The accompanying notes form part of these financial statements.

Ombudsman's Office

Statement of changes in equity for the year ended 30 June 2011

	Notes	Accumulated funds 2011 \$'000	Accumulated funds 2010 \$'000
Balance at 1 July		688	(144)
Surplus/(deficit) for the year		142	832
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income for the year		142	832
Balance at 30 June		830	688

The accompanying notes form part of these financial statements.

Ombudsman's Office

Statement of financial position as at 30 June 2011

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Actual 2010 \$'000
Assets				
Current Assets				
Cash and cash equivalents	8	1,073	1,189	1,084
Receivables	10	614	651	628
Total Current Assets		1,687	1,840	1,712
Non-Current Assets				
Plant and equipment	11	1,145	1,123	1,173
Intangible assets	12	421	389	478
Total Non-Current Assets		1,566	1,512	1,651
Total Assets		3,253	3,352	3,363
Liabilities				
Current Liabilities				
Payables	13	697	695	585
Provisions	14	1,652	1,650	1,482
Other	15	54	590	590
Total Current Liabilities		2,403	2,935	2,657
Non-Current Liabilities				
Provisions	14	20	20	18
Total Non-Current Liabilities		20	20	18
Total Liabilities		2,423	2,955	2,675
Net Assets/(Net Liabilities)		830	397	688
Equity				
Accumulated funds		830	397	688
Total Equity		830	397	688

The accompanying notes form part of these financial statements.

Ombudsman's Office

Statement of cash flows for the year ended 30 June 2011

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Actual 2010 \$'000
Cash flows from operating activities				
Payments				
Employee-related		(17,524)	(17,485)	(15,950)
Other		(5,696)	(4,488)	(4,368)
Total Payments		(23,220)	(21,973)	(20,318)
Receipts				
Sale of goods and services		665	100	358
Interest received		96	23	23
Other		642	505	474
Total Receipts		1,403	628	855
Cash Flows from Government				
Recurrent appropriation		21,804	21,460	20,352
Capital appropriation (excluding equity appropriations)		369	314	751
Net Cash Flows from Government	17	22,173	21,774	21,103
Net cash flows from operating activities		356	429	1,640
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		17	–	1
Purchases of leasehold improvements, plant and equipment and infrastructure systems		(384)	(324)	(751)
Net cash flows from investing activities		(367)	(324)	(750)
Net increase/(decrease) in cash		(11)	105	890
Opening cash and cash equivalents		1,084	1,084	194
Closing cash and cash equivalents	8	1,073	1,189	1,084

The accompanying notes form part of these financial statements.

Ombudsman's Office

Summary of compliance with financial directives for the year ended 30 June 2011

	2011			2010			
	Recurrent app'n \$'000	Expenditure/ net claim on consolidated fund \$'000	Capital app'n \$'000	Expenditure/ net claim on consolidated fund \$'000	Recurrent app'n \$'000	Capital app'n \$'000	Expenditure/ net claim on consolidated fund \$'000
Original budget appropriation/expenditure							
Appropriation Act	21,460	21,460	314	314	19,827	785	751
Additional appropriations	-	-	-	-	-	-	-
Section 21A PF&AA – special appropriation	-	-	-	-	-	-	-
Section 24 PF&AA – transfers of functions between departments	-	-	-	-	-	-	-
Section 26 PF&AA – Commonwealth specific purpose payments	-	-	-	-	-	-	-
	21,460	21,460	314	314	19,827	785	751
Other appropriations/expenditure							
Treasurer's advance	516	344	59	55	763	-	-
Section 22 – expenditure for certain works and services	-	-	-	-	-	-	-
Transfers to/from another agency (s.31 of the Appropriation Act)	-	-	-	-	-	-	-
Other (payroll tax adjustments)	-	-	-	-	-	-	-
	516	344	59	55	763	-	-
Total appropriations/expenditure/net claim on consolidated fund	21,976	21,804	373	369	20,590	785	751
Amount drawn down against appropriation		21,804		369			751
Liability to consolidated fund*		-		-		519	-

The Summary of compliance is based on the assumption that Consolidated fund monies are spent first (except where otherwise identified or prescribed).

* If there is a 'Liability to consolidated fund', this represents the difference between the 'Amount drawn down against appropriation' and the 'Total expenditure/net claim on consolidated fund'.

Notes to the financial statements for the year ended 30 June 2011

1 Summary of significant accounting policies

(a) Reporting entity

The Ombudsman's Office is a NSW Government Department. Our role is to make sure that public and private sector agencies and employees within our jurisdiction fulfill their functions properly. We help agencies to be aware of their responsibilities to the public, to act reasonably and to comply with the law and best practice in administration.

The office is a not-for-profit entity (as profit is not its principal objective) and we have no cash generating units, although we have some revenue generating activities which provide relief with ongoing budget pressures. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial statements for the year ended 30 June 2011 has been authorised for issue by the NSW Ombudsman on 20 September 2011.

(b) Basis of preparation

Our financial statements are general purpose financial statements, which has been prepared in accordance with:

- | applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- | the requirements of the *Public Finance and Audit Act 1983* and Regulations; and
- | the financial reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

The financial statements have been prepared in accordance with the historical cost convention.

Judgments, key assumptions and estimations made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accrual basis of accounting and applicable accounting standards have been adopted.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

Our insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager, and is calculated by our past claims experience, overall public sector experience and ongoing actuarial advice.

(e) Accounting for the Goods and Services Tax (GST)

Incomes, expenses and assets are recognised net of GST, except that:

- | the amount of GST incurred by us as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the acquisition of an asset or as part of an item of expense, and
- | receivables and payables are stated with GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions from other bodies (including grants) are generally recognised as income when we obtain control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to this is when appropriations remain unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue. The liability is disclosed in Note 15 as part of 'Other current liabilities'.

(ii) Sale of goods

Revenue from the sale of goods such as publications are recognised as revenue when we transfer the significant risks and rewards of ownership of the assets.

(iii) Rendering of services

Revenue from the rendering of services such as conducting training programs, is recognised when the service is provided or by reference to the stage of completion, for instance based on labour hours incurred to date.

(iv) Investment revenue

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

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

(g) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by us.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

(ii) Capitalisation thresholds

Individual plant and equipment and intangible assets costing \$5,000 and above are capitalised. For those items that form part of our IT network, the threshold is \$1,000 individually.

(iii) Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

Our assets are short-lived and their costs approximate their fair values.

(iv) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, we are effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Depreciation rates used:

Computer hardware	25%
Office equipment	20%
Furniture & fittings	10%

Amortisation rates used:

Leasehold improvements	Useful life of 10 years or to the end of the lease, if shorter.
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(vi) Restoration costs

Whenever applicable, the estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(vii) Maintenance

The costs of day-to-day servicing or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

Lease incentives received on entering non-cancellable operating leases are recognised as a lease liability. This liability is reduced on a straight line basis over the lease term.

(ix) Intangible assets

We recognise intangible assets only if it is probable that future economic benefits will flow to the office and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for our intangible assets, they are carried at cost less any accumulated amortisation.

Notes to the financial statements for the year ended 30 June 2011

Our intangible assets are amortised using the straight-line method over a period of five years.

The amortisation rates used:

l Computer software 20%.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity, the office is effectively exempted from impairment testing (refer to Note 1(g)(iv)).

(x) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value.

Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus/(deficit) for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to us as well as other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), and annual leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at the present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds rates of 5.21% are used to discount long-term annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

Our liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. We account for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for defined contribution superannuation schemes (Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For defined benefit superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(i) Equity

(i) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

(ii) Reserve Accounts

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve and foreign currency translation reserve).

(j) Budgeted amounts

The budgeted amounts are drawn from the budgets formulated at the beginning of the financial year with any adjustments for the effects of additional appropriations approved under s.21A, s.24 and s.26 of the *Public Finance and Audit Act 1983*.

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

The budgeted amounts in the statement of comprehensive income and statement of cash flow are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the statement of financial position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts; that is per audited financial report (rather than carried forward estimates).

(k) Comparative information

Except when an Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(l) New Australian Accounting Standards issued but not effective

At the reporting date, the following new Accounting Standards (which include Australian Accounting Interpretations) have not been applied and are not yet effective as per Treasury mandate:

- | AASB 9 (December 2010) and AASB 2010-7 *Financial Instruments: Disclosure*;
- | AASB 124 and AASB 2009-12 *Related Party Transaction*;
- | AASB 2009-14 regarding amendments to Interpretation - *Prepayments of a Minimum Funding Requirement*;
- | AASB 1053 and AASB 2010-2 regarding differential reporting;
- | AASB 2010-4 regarding annual improvements;
- | AASB 2010-5 regarding editorial corrections;
- | AASB 2010-6 regarding disclosures on transfers of financial assets;
- | AASB 2010-8 regarding deferred tax : recovery of underlying assets;
- | AASB 2010-9 regarding severe hyperinflation and removal of fixed dates for first time adopters;
- | AASB 2010-10 regarding removal of fixed dates for first time adopters;
- | AASB 1054 *Australian Additional Disclosures*;
- | 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project;
- | 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosures requirements;
- | 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments;
- | Interpretation 4 - Determining whether an arrangement contains a lease;
- | Interpretation 115 - Operating leases - incentives -October 2010 (Compilation);
- | Interpretation 127 - evaluating the substance of Transactions involving the Legal Form of a lease - October 2010.

The office had adopted AASB 2009–6 amendments to Australian Accounting Standards which make changes to financial statements terminology to better align with IFRS requirements. Our primary financial statements have been replaced with 'statement of comprehensive income', 'statement of financial position' and 'statement of changes in equity'.

(m) Going concern

The Ombudsman's Office is a 'going concern' public sector agency. We will receive Parliamentary appropriation as outlined in the NSW Budget Papers for 2011–2012 in fortnightly instalments from the Crown Entity.

As at 30 June 2011 our total assets exceeded our total liabilities, although our current liabilities were more than our current assets. Current liabilities include provision for leave of \$1.6 million of which \$1.3 million is expected to be payable within the next 12 months. Also refer to Note 14.

(n) Equity Transfers

The transfer between NSW public sector agencies of net assets as a result of an administrative restructure, transfers of all or part of programs/functions and 'equity appropriations' are treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transfer or immediately prior to the restructure. Subject to below, in most instances this will approximate fair value. All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

During the reporting year the Child Death Review Team was transferred from the Commission for Children and Young People to the Ombudsman's Office. Most of the funding for this activity was provided in the Budget appropriation for 2010-2011, however some additional funding was provided by way of supplementation. No assets or liabilities were transferred. No comparative data has been included in these financial statements due to impracticality or immateriality as it would be impracticable to obtain accurate balances for the Child Death Review Team in light of these being immaterial in value.

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
2 Expenses excluding losses		
(a) Employee-related expenses		
Salaries and wages (including recreation leave)	15,671	14,043
Superannuation – defined benefit plans	413	425
Superannuation – defined contribution plans	1,127	1,042
Long service leave	960	500
Workers' compensation insurance	71	80
Payroll tax and fringe benefit tax	980	907
	19,222	16,997
(b) Other operating expenses include the following:		
Auditor's remuneration – audit of the financial statements	27	25
Operating lease rental expense – minimum lease payments	1,930	1,873
Insurance	16	12
Fees	1,100	654
Telephones	100	97
Stores	111	113
Training	165	101
Printing	121	107
Travel	400	415
Books, periodicals & subscriptions	47	49
Advertising	72	3
Energy	48	53
Motor vehicle	24	25
Postal and courier	26	26
Maintenance – non-Employee-related*	272	173
Other	153	82
	4,612	3,808
* Reconciliation – Total maintenance		
Maintenance expenses – contracted labour and other	272	173
Employee-related maintenance expense included in Note 2(a)	86	82
Total maintenance expenses included in Notes 2(a) and 2(b)	358	255
(c) Depreciation and amortisation expense		
Depreciation		
Plant, equipment and leasehold improvements	324	209
Total depreciation expense	324	209
Amortisation		
Intangible assets	139	121
Total amortisation expense	139	121
Total depreciation and amortisation expenses	463	330

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
3 Revenue		
(a) Sale of goods and services		
Sale of publications	2	1
Rendering of services	581	316
	583	317
(b) Investment revenue		
Interest	85	50
	85	50
(c) Grants and contributions		
Unreasonable Complainants Conduct Project	46	–
	46	–
(d) Other revenue		
Miscellaneous	147	69
	147	69
4 Gain/(loss) on disposal		
Gain/(loss) on disposal	11	(1)
	11	(1)
5 Appropriations		
(a) Recurrent appropriation		
Total recurrent draw-downs from Treasury (per Summary of compliance)	21,804	20,352
Less: Liability to Consolidated Fund (per Summary of compliance)	–	519
	21,804	19,833
Comprising: Recurrent appropriations (per Statement of comprehensive income)	21,804	19,833
	21,804	19,833
(b) Capital appropriation		
Total capital draw-downs from Treasury (per Summary of compliance)	369	751
	369	751
Comprising: Capital appropriations (per Statement of comprehensive income)	369	751
	369	751
6 Acceptance by the Crown Entity of employee benefits and other liabilities		
The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:		
Superannuation – defined benefit	413	425
Long service leave	960	500
Payroll tax on superannuation	21	23
	1,394	948
7 Service groups of the agency		
The Ombudsman's Office has one service group – the independent resolution, investigation or oversight of complaints made by the public about agencies within the jurisdiction of the Ombudsman and the scrutiny of complaint handling and other systems of those agencies.		

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
8 Current assets – cash and cash equivalents		
Cash at bank and on hand	1,073	1,084
	1,073	1,084
For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and on hand.		
Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the year to the statement of cash flows as follows:		
┆ Cash and cash equivalents (per statement of financial position)	1,073	1,084
┆ Closing cash and cash equivalents (per statement of cash flows).	1,073	1,084
Refer Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
9 Restricted assets – cash		
Unreasonable Complainants Conduct Project	33	43
Liability to Consolidated Fund	–	519
	33	562
Since 2007-08 the Ombudsman has received funding from the Commonwealth and other State Ombudsman offices as well as the New Zealand Ombudsman for the Unreasonable Complainant Conduct project. Phase 2 of this project commenced in 2011. Amounts not expensed at 30 June 2011 are treated as a restricted asset for use in future year.		
10 Current assets – receivables		
Transfer of leave and wages	15	–
Workshops	45	34
Reimbursement of expenses	11	–
Bank interest	47	34
GST receivable	96	97
Legal fees	36	36
Less: Allowance for impairment	(36)	–
Prepayments	400	427
	614	628
Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.		
Prepayments		
Salaries and wages	–	18
Maintenance	94	96
Prepaid rent	162	157
Worker's compensation insurance	–	81
Subscription/membership	22	12
Training	38	19
Employee assistance program	6	6
Insurance - general and motor vehicles	–	17
Cleaning	8	8
Travel	7	3
Other	63	10
	400	427

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

11 Non-current assets – plant and equipment

	Plant and equipment \$'000	Leasehold improvement \$'000	Furniture and fitting \$'000	Total \$'000
At 1 July 2010 – fair value				
Gross carrying amount	1,781	1,356	737	3,874
Accumulated depreciation	(1,401)	(928)	(372)	(2,701)
Net carrying amount	380	428	365	1,173

At 30 June 2011 – fair value

Gross carrying amount	1,543	1,391	931	3,865
Accumulated depreciation	(1,220)	(1,056)	(444)	(2,720)
Net carrying amount	323	335	487	1,145

Reconciliation

A reconciliation of the carrying amount of each class of assets at the beginning of and end of financial years is set out below:

Year ended 30 June 2011

Net carrying amount at start of year	380	428	365	1,173
Additions	70	39	194	303
Disposals – gross cost	(308)	(4)	–	(312)
Depreciation write back on disposal	305	–	–	305
Depreciation expense	(124)	(128)	(72)	(324)
Net carrying amount at end of year	323	335	487	1,145

At 1 July 2009 – fair value

Gross carrying amount	1,572	1,285	554	3,411
Accumulated depreciation	(1,339)	(881)	(318)	(2,538)
Net carrying amount	233	404	236	873

At 30 June 2010 – fair value

Gross carrying amount	1,781	1,356	737	3,874
Accumulated depreciation	(1,401)	(928)	(372)	(2,701)
Net carrying amount	380	428	365	1,173

Reconciliation

A reconciliation of the carrying amount of each class of assets at the beginning of and end of financial years is set out below:

Year ended 30 June 2010

Net carrying amount at start of year	233	404	236	873
Additions	258	71	183	512
Disposals – gross cost	(49)	–	–	(49)
Depreciation write back on disposal	46	–	–	46
Depreciation expense	(108)	(47)	(54)	(209)
Net carrying amount at end of year	380	428	365	1,173

12 Non-current assets – intangible assets

	1 July 2010 \$'000	1 July 2009 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Software				
Gross carrying amount	3,116	3,080	2,116	3,116
Accumulated amortisation	(2,638)	(2,720)	(1,695)	(2,638)
Net carrying amount	478	360	421	478

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
Reconciliation		
A reconciliation of the carrying amount of software at the beginning of and end of financial years is set out below:		
Net carrying amount at start of year	478	360
Disposals – gross cost	(1,082)	(203)
Depreciation write back on disposal	1,082	203
Additions	82	239
Amortisation expense	(139)	(121)
Net carrying amount at end of year	421	478
13 Current liabilities – payables		
Accrued salaries, wages and on-costs	426	294
Creditors	271	291
	697	585
14 Current/non-current liabilities – provisions		
Current employee benefits and related on-costs		
Recreation leave	937	836
Annual leave loading	201	170
Provision for related on-costs on recreation leave	130	116
Provision for related on-costs on long service leave	384	360
	1,652	1,482
Non-current employee benefits and related on-costs		
Provision for related on-costs on long service leave	20	18
	20	18
Aggregate employee benefits and related on-costs		
Provisions – current	1,652	1,482
Provisions – non-current	20	18
Accrued salaries, wages and on-costs (Note 13)	426	294
	2,098	1,794
The value of annual leave and associated on-costs expected to be taken within 12 months is \$1,268,000. The office has a proactive annual leave management program, whereby all staff are encouraged to take their full entitlement each year.		
The value of long service leave on-costs expected to be settled within 12 months is \$64,000 and \$340,000 after 12 months.		
15 Current/non-current liabilities – other		
Current		
Unreasonable Complainants Conduct Project	33	43
Prepaid income	21	28
Liability to Consolidated Fund	–	519
	54	590
16 Commitments for expenditure		
(a) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	2,368	2,636
Later than one year and not later than five years	7,971	8,812
Total (including GST)	10,339	11,448
The leasing arrangements are generally for leasing of property, which is a non-cancellable operating lease with rent payable monthly in advance. During 2009-10, we exercised our option to extend our accommodation lease for a further 5-year term. The total operating lease commitments including GST input tax credits of \$939,792, (2010: \$1,040,789) which are expected to be recoverable from the Australian Taxation Office.		

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

	2011 \$'000	2010 \$'000
16 Commitments for expenditure cont'd.		
(b) Commitments for Other Expenditure		
Future expenses not provided for and payable:		
Not later than one year	31	82
Total (including GST)	31	82

We have purchase commitments of \$31,000, included GST input tax credits of \$2,909 (2010: \$6,941) which are expected to be recoverable from the Australian Taxation Office.

17 Reconciliation of cash flows from operating activities to net cost of services

Net cash from operating activities	356	1,641
Cash flows from Government/Appropriations	(22,173)	(21,103)
Acceptance by the Crown Entity of employee benefits and other liabilities	(1,394)	(948)
Depreciation and amortisation	(463)	(330)
Decrease/(increase) in provisions	(172)	(15)
Increase/(decrease) in prepayments	(27)	127
Increase/(decrease) in payables	(112)	(128)
Increase/(decrease) in receivables	13	66
Decrease/(increase) in other liabilities	536	(8)
Net gain/(loss) on sale of plant and equipment	11	(2)
Net cost of services	(23,425)	(20,700)

18 Budget review

Net Cost of Services

The actual net cost of services is higher than budget by \$340,000 due to a number of factors. We took a proactive approach to revenue generation during the year by expanding our external training program. This resulted in a \$483,000 increase in our revenue, over budget. Our overall employee related expenses were \$498,000 more than budget which included payments to three staff accepting a voluntary redundancy. Our other operating expenses increased by \$568,000 when compared to our budget mainly due to the increases in insurance, fees, training, advertising and maintenance expenses. The Office also received \$516,000 additional funding from NSW Treasury for our expanded public interest disclosure role (\$398,000) and to support the child death review team (\$118,000).

Assets and Liabilities

Current assets are lower than budget by \$153,000 due to higher than anticipated expenses which saw a lower cash at bank and lower receivables than expected. Our total liabilities were \$532,000 lower than budget due to a combination of proactive leave management and repayment of funds back to Treasury.

Cash flows

Net cash flows from operating activities were lower than budget by \$73,000. Total payments were higher than budget by \$1.2 million and total receipts by \$775,000. Government contributions were higher than budget by \$399,000, as the office received \$516,000 for new and/or expanded roles.

19 Financial instruments

The Office's principal financial instruments are outlined below. These financial instruments arise directly from the Office's operations and are required to finance our operations. The Office does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Office's main risks arising from financial instruments are outlined below, together with the Office's objectives, policies and processes measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements. The Audit and Risk Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Office, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

Class	Note	Category	Carrying Amount	
			2011 \$'000	2010 \$'000
Financial assets				
Cash and cash equivalents	8	N/A	1,073	1,084
Receivables ¹	10	Receivables (at amortised cost)	77	104
Financial liabilities				
Payables ²	13	Financial liabilities measured at amortised cost	697	585

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Ombudsman's debtors defaulting on their contractual obligations, resulting in a financial loss to the Ombudsman's Office. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk is managed through the selection of counterparties and establishing minimum credit rating standards. Credit risk arises from the financial assets of the Ombudsman's Office, including cash, receivables and authority deposits. No collateral is held by the Ombudsman's Office and the Office has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to Treasury.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that we will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment, if there is any). No interest is earned on trade debtors. The carrying amount approximates fair value. Sales are made on 14-day terms. The Ombudsman's Office is not exposed to concentration of credit risk to a single debtor or group of debtors.

	Total* \$'000	Past due but not impaired* \$'000	Considered impaired* \$'000
2011			
< 3 months overdue	55	55	–
3 months – 6 months overdue	2	2	–
> 6 months overdue	36	–	36
2010			
< 3 months overdue	26	26	–
3 months – 6 months overdue	–	–	–
> 6 months overdue	36	36	–

* Each column in the table reports 'gross receivables'. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Ombudsman's Office will be unable to meet its payment obligations when they fall due. The Ombudsman's Office continuously manages risk through monitoring future cash flows to ensure adequate holding of high quality liquid assets.

Bank overdraft

The office does not have any bank overdraft facility. During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The office exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

Trade creditors and accruals

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. We did not pay any penalty interest during the year. The table below summarises the maturity profile of the Ombudsman's Office financial liabilities.

Payables	Weighted average effective interest rate	Nominal amount# \$'000	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	5 yrs
2011								
Accrued salaries, wages and on-costs	–	426	–	–	426	426	–	–
Creditors	–	271	–	–	271	271	–	–
	–	697	–	–	697	697	–	–
2010								
Accrued salaries, wages and on-costs	–	294	–	–	294	294	–	–
Creditors	–	291	–	–	291	291	–	–
	–	585	–	–	585	585	–	–

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earlier date on which the office can be required to pay.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Ombudsman's Office exposure to market risk is primarily through interest rate risk. The Ombudsman's Office has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on the result and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Ombudsman's Office operates and the timeframe for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

	Carrying amount \$'000	–1%		+1%	
		Results \$'000	Equity \$'000	Results \$'000	Equity \$'000
2011					
Financial assets					
Cash and cash equivalents	1,073	(11)	(11)	11	11
Receivables	77	77	N/A	N/A	N/A
Financial liabilities					
Payables	697	N/A	N/A	N/A	N/A
2010					
Financial assets					
Cash and cash equivalents	1,084	(11)	(11)	11	11
Receivables	104	N/A	N/A	N/A	N/A
Financial liabilities					
Payables	585	N/A	N/A	N/A	N/A

Ombudsman's Office

Notes to the financial statements for the year ended 30 June 2011

(e) Fair value

Financial instruments are carried at cost. The fair value of all financial instruments approximates their carrying value.

	2011		2010	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Cash	1,073	1,073	1,084	1,084
Account receivables	77	77	104	104
Financial liabilities				
Account payables	697	697	585	585

20 Contingent liabilities

There are no contingent assets or liabilities for the period ended 30 June 2011 (2010: nil).

21 After balance date events

There were no after balance date events (2010: nil).

End of the financial statements