

Statement by Auditor-General	56
Statement by Department Head	57
Statement of Financial Performance	58
Statement of Financial Position	59
Statement of Cash Flows	60
Program Statement Expenses and Revenue	61
Summary of Compliance with Financial Directives	62
Notes to and forming part of the Financial Statement	63

audited
financial statements





GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

COMMUNITY RELATIONS COMMISSION FOR A MULTICULTURAL NSW

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Community Relations Commission for a Multicultural NSW:

- (a) presents fairly the Commission's financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the Public Finance and Audit Act 1983 (the Act).

My opinion should be read in conjunction with the rest of this report.

The Chairman's Role

The financial report is the responsibility of the Chairman of the Community Relations Commission for a Multicultural NSW. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Public Finance and Audit Act 1983, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Chairman in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Chairman had not fulfilled his reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Community Relations Commission for a Multicultural NSW,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.

M P Abood CPA
Director of Audit

SYDNEY
13 October 2004

FINANCIAL REPORT
COMMUNITY RELATIONS COMMISSION
FOR A MULTICULTURAL NEW SOUTH WALES
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

Statement by Department Head

Pursuant to provisions of Public Finance and Audit Act 1983, I state that:

- a) the accompanying financial report have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulations 2000 and Treasurer's Directions.
- b) the financial report presents fairly the financial position and the results of the operations of the Community Relations Commission, and
- c) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Stepan Kerkyasharian, AM
Chairperson

08 October 2004

COMMUNITY RELATIONS COMMISSION FOR A MULTICULTURAL NSW
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Actual 2004 S'000	Budget 2004 S'000	Actual 2003 S'000
Expenses				
Operating Expenses				
Employee Related	2a	10,977	10,768	10,309
Other Operating Expenses	2b	2,251	2,310	2,593
Maintenance		62	62	57
Depreciation	2c	680	863	431
Grants and Subsidies	2d	1,389	1,546	1,580
Total Expenses		15,359	15,549	14,970
Less:				
Retained Revenue				
Sale of goods and services	3a	3,116	3,225	3,341
Investment income	3b	130	77	76
Grants and contribution	3c	344	528	319
Other revenue	3d	173	93	149
Total Retained Revenue		3,763	3,923	3,885
Gain/(Loss) on disposal of non-current assets	4	(1)	-	(4)
Net Cost of Services		11,597	11,626	11,089
Government Contributions				
Recurrent appropriation	6	9,869	10,026	9,635
Capital appropriation	6	238	458	1,493
Acceptance by the Crown Entity of employee benefits and other liabilities	7	1,038	1,071	1,340
Total Government Contributions		11,145	11,555	12,468
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		(452)	(71)	1,379
TOTAL REVENUES AND EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY				
		-	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS				
	16	(452)	(71)	1,379

The accompanying notes form part of these financial statements

COMMUNITY RELATIONS COMMISSION FOR A MULTICULTURAL NSW
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2004

	Notes	Actual 2004 S'000	Budget 2004 S'000	Actual 2003 S'000
ASSETS				
Current Assets				
Cash	9	2,075	3,508	2,697
Receivables	10	862	576	721
Total Current Assets		2,937	4,084	3,418
Non-Current Assets				
Plant & Equipment	11	1,990	1,996	2,401
Total Non-Current Assets		1,990	1,996	2,401
Total Assets		4,927	6,080	5,819
LIABILITIES				
Current Liabilities				
Payables	13	1,419	1,575	1,378
Provisions	14	590	616	481
Other	15	410	-	-
Total Current Liabilities		2,419	2,191	1,859
Total Liabilities		2,419	2,191	1,859
Net Assets		2,508	3,889	3,960
EQUITY				
Accumulated funds	16	2,508	3,889	3,960
Total Equity		2,508	3,889	3,960

The accompanying notes form part of these financial statements

COMMUNITY RELATIONS COMMISSION FOR A MULTICULTURAL NSW
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Actual 2004 S'000	Budget 2004 S'000	Actual 2003 S'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee Related		(10,526)	(10,054)	(9,330)
Grants and Subsidies		(1,389)	(1,546)	(1,537)
Other		(2,339)	(2,418)	(3,208)
Total Payments		<u>(14,254)</u>	<u>(14,018)</u>	<u>(14,075)</u>
Receipts				
Sale of goods and services		3,356	3,175	3,556
Interest received		82	71	73
Other revenue		609	1,065	948
Total Receipts		<u>4,047</u>	<u>4,311</u>	<u>4,577</u>
Cash Flows from Government				
Recurrent appropriation		10,026	10,026	9,635
Capital appropriation		238	458	1,493
Cash reimbursement from the crown entity		593	492	540
Cash transfers to the Consolidated Fund		(1,000)	-	(79)
Net Cash Flows From Government		<u>9,857</u>	<u>10,976</u>	<u>11,589</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	<u>(350)</u>	<u>1,269</u>	<u>2,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Plant and Equipment		(272)	(458)	(1,547)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(272)</u>	<u>(458)</u>	<u>(1,547)</u>
NET INCREASE/(DECREASE) IN CASH		<u>(622)</u>	<u>811</u>	<u>544</u>
Opening cash and cash equivalents	9	2,697	2,697	2,153
CLOSING CASH AND CASH EQUIVALENTS	9	<u>2,075</u>	<u>3,508</u>	<u>2,697</u>

The accompanying notes form part of these financial statements

Program statement - Expenses and Revenue for the Year Ended 30 June 2004

AGENCY'S EXPENSES & REVENUES	Program 1 *		Program 2 *		Not Attributable		Total	
	2004 Actual \$'000	2003 Actual \$'000	2004 Actual \$'000	2003 Actual \$'000	2004 Actual \$'000	2003 Actual \$'000	2004 Actual \$'000	2003 Actual \$'000
Expenses								
Operating Expenses								
Employee Related	4,625	4,004	6,352	6,305	-	-	10,977	10,309
Other Operating Expenses	1,844	1,989	407	604	-	-	2,251	2,593
Maintenance	62	54	-	3	-	-	62	57
Depreciation	680	313	-	118	-	-	680	431
Grants and Subsidies	1,389	1,580	-	-	-	-	1,389	1,580
Total Expenses	8,600	7,940	6,759	7,030	-	-	15,359	14,970
Retained Revenue								
Sale of goods and services	123	51	2,993	3,290	-	-	3,116	3,341
Investment income	130	76	-	-	-	-	130	76
Grants and contribution	344	319	-	-	-	-	344	319
Other revenue	173	149	-	-	-	-	173	149
Total Retained Revenue	770	595	2,993	3,290	-	-	3,763	3,885
Gain/(Loss) on disposal of non-current assets	(1)	(4)	-	-	-	-	(1)	(4)
Net Cost of Services	7,831	7,349	3,766	3,740	-	-	11,597	11,089
Government Contributions **								
NET EXPENDITURE/(REVENUE) FOR THE YEAR	7,831	7,349	3,766	3,740	11,145	12,468	11,145	12,468
					(11,145)	(12,468)	452	(1,379)

* The name and purpose of each program is summarised in note 8.

** Appropriation are made on an agency basis and not to the individual program. Consequently, government contributions are included in the "Not attributable" column.

Summary of Compliance with Financial Directives

	2004				2003			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE Appropriation Act	10,026	9,869	458	238	9,635	1,493	1,493	
OTHER APPROPRIATIONS/ EXPENDITURE Transfer from another agency	-	-	-	-	-	-	-	
Total	10,026	9,869	458	238	9,635	1,493	1,493	
Amount drawn down against Appropriation		10,026		238			1,493	
Liability to Consolidated Fund *		-		-			-	

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first.

* This represents the difference between the "Amount Drawn down against Appropriation" and the "Total Expenditure/Net Claim on the Consolidated Fund".

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

The Community Relations Commission for a Multicultural New South Wales, as a reporting entity, comprises all the activities under its control, including the Commission's commercial activities, namely: Interpreting and Translating Services.

The reporting entity is consolidated as part of NSW Total State Sector Accounts.

b) Basis of Accounting

The Commission's financial report is a general purpose financial report which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the *Public Finance and Audit Act* and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

The financial report is prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c) Administered Activities

The Commission does not administer any activities on behalf of the Crown Entity.

d) Revenue Recognition

Revenue is recognised when the Commission has control of goods or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

i) Parliamentary Appropriation and Contributions from Other Bodies

Parliamentary appropriation and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are 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 'Current liabilities – Other'.

ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services i.e. user charges. User charges are recognised as revenue when the agency obtains control of the assets that result from them.

iii) Investment Income

Interest and other investment income is recognised in the period in which it is earned.

e) Employee Benefits

i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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.

ii) Accrued Salaries and wages – reclassification

In accordance with the requirements of the Accounting Standard AASB1044 "Provisions, Contingent Liabilities and Contingent Assets", accrued salaries and wages and on-costs are classified as "payables" in the Statement of Financial Position and the related note disclosures. The "Provisions" in the Statement of Financial Position and in the notes, include employee entitlements and other provisions. Total employee benefits (including accrued salaries and wages) are reconciled in Note 14 "Provisions".

iii) Long Service Leave and Superannuation

The Commission's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Commission accounts 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 has been determined using the present value methodology. The present value method is based on the Government Actuary calculations and as stipulated in the NSW TC 03/08 'LSL Pool – Accounting for Long Service Leave'.

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

f) Insurance

The Commission's 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 based on past experience.

g) Accounting for Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

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

h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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.

Fair value means the amount for which an asset could be exchanged between a knowledgeable willing seller in an arm's length transaction.

i) Plant and Equipment

Plant and Equipment costing \$1,000 and above individually are capitalised.

j) Depreciation of Non-Current Physical Assets

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 to the Commission.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

<u>Description</u>	<u>Estimated Useful Life</u>
Office Equipment	5 years
Computer Equipment	3 years
Furniture & Fittings	5 years
Leasehold Improvements	Unexpired of term of lease at the date of execution.

k) Maintenance and Repairs

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

l) 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.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. The Community Relations Commission of New South Wales currently has no finance lease arrangements.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

m) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

n) Other Assets

Other assets including prepayments are recognised on a cost basis.

o) Payables

These amounts represent liabilities for goods and services provided to the Commission and other amounts.

p) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year with any adjustments for the effects of additional appropriations, s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Statement of Financial Performance and Statement of Cash Flows 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 i.e. per the audited financial report (rather than carried forward estimates).

q) Grants Expenditure

Applications for grants are made throughout the year. A liability to successful applicant is recognised as at the date of Ministerial approval (refer note 13).

r) International Financial Reporting Standards

The Commission will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

The Commission is managing the transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the agency has taken the following steps to manage the transition to the new standards:

- The Commission's Executive Committee is overseeing the transition. The Director Financial and Corporate Services is responsible for the project and reports regularly to the Committee on progress against the plan.
- The following phases that need to be undertaken have been identified:
 - familiarisation and understanding of impact of AIFRS
 - identification of areas within the Commission that will be impacted
 - strategy for implementing necessary changes to ensure compliance
 - implementing required changes
 - review to confirm adequacy of reporting
- To date, the Commission has progressed on the transition to AIFRS by completing the first three stages identified.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

The Commission has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the agency of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The Commissions accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.
- AASB 116 Property, Plant and Equipment requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.
- AASB 117 Leases requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.
- AASB 119 Employee Benefits requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount

and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.

- AASB 132 Financial Instrument Disclosure and Presentation prohibits in-substance defeasance. Agencies can no longer offset financial assets and financial liabilities when financial assets are set aside in trust by a debtor for the purposes of discharging an obligation, without assets having been accepted by the creditor in settlement of the obligation. This will have the effect of increasing both assets and liabilities but will have no net impact on equity.
- AASB 139 Financial Instrument Recognition and Measurement results in the recognition of financial instruments that were previously off balance sheet, including derivatives. The standard adopts a mixed measurement model and requires financial instruments held for trading and available for sale to be measured at fair value and valuation changes to be recognised in profit or loss or equity, respectively. Previously they were recognised at cost. This may increase the volatility of the operating result and balance sheet.
- AASB 1004 Contributions applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

2 EXPENSES

(a) Employee related expenses	2004 \$'000	2003 \$'000
Salaries & wages (including recreation leave)	9,239	8,376
Superannuation	807	941
Long Service Leave	183	345
Workers compensation insurance	64	72
Payroll tax and fringe benefit tax	684	575
	<u>10,977</u>	<u>10,309</u>

(b) Other operating expenses	2004 \$'000	2003 \$'000
Auditors remuneration		
-audit or review of the financial reports	39	37
Operating lease rental expenditure		
- minimum lease payments	547	633
Insurance	32	26
Travel	181	180
Fees to contractors	272	298
Fees for services/general expenses	83	136
Other running expenses	1,097	1,283
	<u>2,251</u>	<u>2,593</u>

(c) Depreciation	2004 \$'000	2003 \$'000
Plant and equipment	<u>680</u>	<u>431</u>

(d) Grants and subsidies	2004 S'000	2003 S'000
Community Development Program	1,048	1,074
Community outreach	45	153
NAATI	156	152
Community Partnership Scheme	140	201
	<u>1,389</u>	<u>1,580</u>

3 REVENUES

(a) Sale of goods and services	2004 S'000	2003 S'000
Rendering of services		
Interpreting	1,653	1,658
Translating	1,340	1,632
Community Language Allowance Scheme	19	14
Multicultural Marketing Awards	104	37
	<u>3,116</u>	<u>3,341</u>
(b) Investment Income	2004 S'000	2003 S'000
Interest	<u>130</u>	<u>76</u>
(c) Grants and Contributions	2004 S'000	2003 S'000
Grants from other agencies	<u>344</u>	<u>319</u>

This year's grants were from the Premier's Department for the Arabic Youth Partnership Project, Caterbury-Bankstown Community Harmony Round Table Project, Pacific Island Communities Fono Project and from the Victorian Multicultural Commission for the Albury project.

The provision of these grants is conditional on the Commission delivering certain outcomes. At year end the Commission calculated an unspent amount of grant funds which was carried forward to the 2004-05 financial year as shown at note 15.

(d) Other Revenue	2004 S'000	2003 S'000
Returned/Forfeited Grants	31	8
Miscellaneous Income	142	141
	<u>173</u>	<u>149</u>

4 GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS	2004	2003
	\$'000	\$'000
<u>Plant and Equipment</u>		
Proceeds from disposal	2	-
Written down value	3	4
Net gain/(loss) on disposal of Plant & Equipment	<u>(1)</u>	<u>(4)</u>

5 CONDITIONS ON CONTRIBUTIONS

The Commission received contributions to carry out community partnership projects throughout the year as indicated at Note 3 (c). These funds are conditional to the delivery of certain outcomes by the Commission and the unspent amounts are carried forward to 2004-05 (see Note 15).

6 APPROPRIATIONS	2004	2003
	\$'000	\$'000
Recurrent Appropriations		
Total recurrent drawdown from Treasury (per Summary of Compliance)	10,026	9,635
Less: Liability to Consolidated fund (per Summary of Compliance)	(157)	-
	<u>9,869</u>	<u>9,635</u>
Comprising:		
Recurrent appropriation (per Statement of Financial Performance)	<u>9,869</u>	<u>9,635</u>
Capital Appropriations		
Total Capital drawdown from Treasury (per Summary of Compliance)	238	1,493
Less: Liability to Consolidated fund (per Summary of Compliance)	-	-
	<u>238</u>	<u>1,493</u>
Comprising:		
Capital appropriation (per Statement of Financial Performance)	<u>238</u>	<u>1,493</u>

7 ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity

	2004 \$'000	2003 \$'000
Superannuation	807	942
Long Service Leave		
Casual interpreters and translators	54	50
Others	129	295
Payroll Tax	48	53
	<u>1,038</u>	<u>1,340</u>

8 PROGRAMS ACTIVITIES OF THE AGENCY

Program 1: Community Support Services

To promote the equal rights and responsibilities of all the people of New South Wales within a cohesive and harmonious multicultural society.

Program 2: Interpreting & Translation Service

To promote the full participation of people of ethnic background in community life. To ensure the quality and efficient use of interpreting and translation service within the State.

9 CURRENT ASSETS - CASH	2004 \$'000	2003 \$'000
Cash at Bank and on hand	<u>2,075</u>	<u>2,697</u>

There are no other items that constitute cash equivalents for the statement of cash flows purposes

10 CURRENT ASSETS - RECEIVABLES	2004 \$'000	2003 \$'000
Sale of goods and services	273	492
Other Debtors		
Interest	83	34
Prepaid expenses	10	4
Accrued Income	118	128
GST Receivable from ATO	47	32
Other receivables	<u>357</u>	<u>47</u>
Sub-Total	888	737
Less - Provision for Doubtful Debts	<u>(26)</u>	<u>(16)</u>
	<u>862</u>	<u>721</u>

11 NON CURRENT ASSETS - PLANT AND EQUIPMENT

	2004 \$'000	2003 \$'000
Plant and Equipment		
At Fair Value	<u>3,602</u>	<u>3,425</u>
Accumulated Depreciation	<u>1,612</u>	<u>1,024</u>
Total Plant and Equipment At Net Book Value	<u><u>1,990</u></u>	<u><u>2,401</u></u>

Work-in-progress amounting to \$300,081.33 (2003: \$793,496.19) is included in the carried amount of Property Plant and Equipment :

Reconciliation	2004 \$'000	2003 \$'000
Carrying Amount at the start of the year	2,401	1,267
Additions	272	1,569
Disposals	(95)	(806)
Depreciation Expenses	(680)	(431)
Write back on disposals	<u>92</u>	<u>802</u>
Carrying Amount at the end of the year	<u>1,990</u>	<u>2,401</u>

12 RESTRICTED ASSETS

The Commission had no restricted assets in 2003-2004.

13 CURRENT LIABILITIES - PAYABLES

	2004 \$'000	2003 \$'000
Accrued Salaries & Wages	429	569
Creditors	449	21
Accrued Payroll Tax	212	177
Other accruals	<u>315</u>	<u>343</u>
	1,405	1,110
Accrued grants		
Community partnership scheme	4	26
Community outreach	10	60
Community development	<u>-</u>	<u>182</u>
	14	268
Total Current Liabilities - Payables	<u><u>1,419</u></u>	<u><u>1,378</u></u>

14 CURRENT LIABILITIES - PROVISIONS	2004	2003
	\$'000	\$'000
Recreation Leave	590	481
Total Provisions	590	481
Aggregate employee benefits and related on-costs		
Provisions - current	590	481
Accrued salaries, wages and on-costs (Note 13)	639	749
	1,229	1,230
15 CURRENT LIABILITIES - OTHER	2004	2003
	\$'000	\$'000
Liability to Consolidated Fund	157	-
Unearned Revenue	253	-
	410	-
16 CHANGES IN EQUITY	2004	2003
	\$'000	\$'000
Balance at the beginning of the financial year	3,960	2,581
<u>Changes in equity - transactions with owners as owners</u>		
Return of funds to the NSW Treasury	(1,000)	-
<u>Changes in equity - other than transactions with owners as owners</u>		
Surplus/(deficit) for the year	(452)	1,379
Balance at the end of the financial year	2,508	3,960

17 COMMITMENTS FOR EXPENDITURE

(a) Capital Commitment	2004 \$'000	2003 \$'000
Aggregate capital expenditure for the acquisition of computer hardware, software and consulting services contracted for at the balance date and not provided for		
Not later than one year	213	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>213</u>	<u>-</u>
(b) Operating Commitment	2004 \$'000	2003 \$'000
Aggregate other expenditure for the acquisition of goods and services contracted for at the balance date and not provided for		
Not later than one year	122	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>122</u>	<u>-</u>
(c) Operating lease commitment	2004 \$'000	2003 \$'000
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	576	532
Later than one year and not later than five years	1,996	2,257
Later than five years	-	308
Total (including GST)	<u>2,572</u>	<u>3,097</u>

The total 'operating lease commitments' above includes input tax credits of \$234,000 that are expected to be recoverable from the Australian Taxation Office. GST has been calculated at the rate of 10% and has been assumed to remain constant for the five years calculation above.

The Commission is contractually bound by operating leases for office accommodation and fleet vehicles. Leasehold premises are the Head Office at Castlereagh Street, Sydney and two regional offices located at Wollongong and Newcastle and the fleet vehicle comprise two cars stationed at Sydney.

18 CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

As at 30 June 04, Community Relations Commission had a case before the court subject to due process. This matter includes amounts that may or may not be incurred dependent on the courts determination. An amount for any potential liability can not be estimated at this point in time (Nil 2002-03).

19 BUDGET REVIEW

(a) Net Cost of Services

The variance between budget and actual is immaterial.

(b) Assets and Liabilities

The difference between budgeted and actual assets and liabilities are due in the main to a return of \$1,000,000 by the Commission to Treasury Consolidated Fund from our Cash Reserves.

(c) Cash flows

The movement in net cash flows from operating activities was due to the rollover of capital expenditure into 2004-05.

20 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2004 \$'000	2003 \$'000
Net cash used on operating activities	(350)	2,091
Cash Flows from Government / Appropriations	(9,857)	(11,589)
Acceptance by the Crown Entity of employee benefits and other liabilities	(445)	(800)
Depreciation	(680)	(431)
Provision for doubtful debt	(10)	11
Increase/(decrease) in prepayments and other assets	151	(264)
(Increase)/decrease in creditors	(405)	(103)
Net (loss)/gain on sale of plant and equipment	(1)	(4)
Net Cost of Services	<u>(11,597)</u>	<u>(11,089)</u>

21 FINANCIAL INSTRUMENTS

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

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 uncollectable are written off. A provision for doubtful debts is raised when some doubts as to collection exists. The credit risk is the carrying amount (net of provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Bank Overdraft

The Commission does not have any bank overdraft facility.

Tape Negotiating Facility

The Commission has a Tape Negotiating Facility of \$1million.

Trade Creditors and Accruals

Liabilities are recognised for amounts due to be paid in the future for goods or 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. However, due to the Commission's ability to pay on time, no penalty interest was incurred for late payment during the year.

END OF AUDITED FINANCIAL REPORT

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