

continued

9. Plant and Equipment

	2006 \$'000	2005 \$'000
Leasehold improvements at fair value	1,687	2,141
Less: accumulated depreciation	(869)	(1,149)
	818	992
Plant and equipment at fair value	472	640
Less: accumulated depreciation	(338)	(480)
	134	160
Computer hardware at fair value	2,314	2,909
Less: accumulated depreciation	(1,910)	(2,383)
	404	526
Total plant and equipment at fair value	1,356	1,678

Movement in assets

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Hardware \$'000	TOTAL \$'000
Opening balance 1 July, 2004	440	183	730	1,353
Additions	9	21	210	240
Transfer	670	-	-	670
Disposals	-	-	-	-
Depreciation expense	(127)	(44)	(414)	(585)
Balance 30 June 2005	992	160	526	1,678
Additions	17	21	216	254
Transfer	21	-	-	21
Disposals	-	(2)	(6)	(8)
Depreciation expense	(212)	(45)	(332)	(589)
Closing balance 30 June, 2006	818	134	404	1,356

10. Payables

	2006 \$'000	2005 \$'000
Creditors	1,072	922
	1,072	922

11. Other Liabilities

This relates to accrued salaries and wages, recreation leave, long service leave and superannuation for personnel services provided by the Attorney General's Department.

(a) Current

	2006 \$'000	2005 \$'000
Accrued costs	136	164
Personnel services creditors	6,436	5,995
	6,572	6,159

(b) Non-Current

	2006 \$'000	2005 \$'000
Personnel services creditors	317	977
	317	977

12. Accumulated Funds

	2006 \$'000	2005 \$'000
At the beginning of the financial year	14,746	13,235
Net surplus for the year	5,218	2,684
Distribution to Common Fund	-	(1,173)
At the end of the financial year	19,964	14,746

13. Lease and Other Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report. This also includes commitments for software development.

	2006 \$'000	2005 \$'000
Commitments inclusive of GST		
Not later than one year	4,342	4,097
Later than one and not later than 5 years	1,599	5,681
	5,941	9,778

Operating lease commitments related to leases currently held in relation to the occupancy of premises by the OPC and the Office of the Public Guardian in Sydney and regional offices. They also include operating leases of equipment and motor vehicles.

14. Financial Instruments

(a) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Administration Fund's exposure to interest rate risks and the effective interest rates of financial assets and liabilities are as follows:

	Floating Interest Rate	Non-Interest Bearing	Total carrying amount as per Statement of Financial Position	Weighted Average Effective Interest Rate
2006	\$'000	\$'000	\$'000	%
Financial assets				
Cash - current account	4,173	2	4,175	5.43
Deposits - 11a.m. account	14,211	-	14,211	5.47
Receivables	-	967	967	n/a
Personal services debtor	-	2,603	2,603	n/a
Total financial assets	18,384	3,572	21,956	
Financial liabilities				
Payables	-	1,072	1,072	n/a
Personal services - creditors	-	6,889	6,889	n/a
Total financial liabilities	-	7,961	7,961	
Net financial assets/ (financial liabilities)	18,384	(4,389)	13,995	

	Floating Interest Rate	Non-Interest Bearing	Total carrying amount as per Statement of Financial Position	Weighted Average Effective Interest Rate
2005	\$'000	\$'000	\$'000	%
Financial assets				
Cash - current account	3,119	2	3,121	5.3
Deposits - 11a.m. account	11,622	-	11,622	5.3
Receivables	-	2,033	2,033	n/a
Total financial assets	14,741	2,035	16,776	
Financial liabilities				
Payables	-	922	922	n/a
Personal services - creditors	-	7,136	7,136	n/a
Total financial liabilities	-	8,058	8,058	
Net financial assets/ (financial liabilities)	14,741	(6,023)	8,718	

(b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation there under. The Administration Fund's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

The Administration Fund does not have any significant exposure to any individual debtor.

(c) Other Risks

Exposure to currency risk, price risk and liquidity risk is considered to be minimal.

(d) Net Fair Value

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

15. Loans and Advances

There were no loans or advances due to the OPC by officers or employees.

There were no amounts due by the way of loan or otherwise to the OPC by a corporation, a director of which is an officer or employee of the OPC.

16. Contingent Liabilities

The OPC is obliged under its long term lease agreements to restore lease premises to original condition upon termination of the lease.

Presently there is no certainty as to whether the OPC will terminate any of these lease agreements as the decision to terminate depends upon future decisions by the Attorney General's Department.

Legal Matters

The OPC may bear a cost risk of some proceedings which have been concluded on behalf of clients due to adverse verdicts or other court orders. The OPC has one matter outstanding, the costs of which are unquantified at the date of reporting.

17. Input Tax Receivable

The OPC and the Public Guardian are entitled to claim input tax credits of \$509,000 (\$889,000 - 2005), which is included in the operating lease commitments.

18. Explanation of Transition to Australian Equivalents to IFRS

(a) Effect of AIFRS on the Balance Sheet as at 1 July 2004

	Notes	AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Current Assets				
Cash assets		10,677	-	10,677
Receivables		2,200	-	2,200
Other	e(i)	2,452	(2,252)	200
Total Current Assets		15,329	(2,252)	13,077
Non-current Assets				
Plant and equipment	e(iv)	6,871	(4,997)	1,874
Intangible assets	e(iv)	-	4,997	4,997
Total Non-current Assets		6,871	-	6,871
Total Assets	-	22,200	(2,252)	19,948
Current Liabilities				
Payables		550	-	550
Other liabilities		5,894	-	5,894
Total Current Liabilities		6,444	-	6,444
Non-current Liabilities				
Other liabilities	e(i)	180	89	269
Total Non-current Liabilities		180	89	269
Total Liabilities		6,624	89	6,713
Net Assets		15,576	(2,341)	13,235
Equity				
Accumulated surplus		15,576	(2,341)	13,235
Total Equity		15,576	(2,341)	13,235

18. Explanation of Transition to Australian Equivalents to IFRS (cont'd)

(b) Effect of AIFRS on the Balance Sheet as at 30 June 2005

	Notes	AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Current Assets				
Cash assets		14,743	-	14,743
Receivables		2,033	-	2,033
Other	e(i)	3,721	(3,637)	84
Total Current Assets		20,497	(3,637)	16,860
Non-current Assets				
Plant and equipment	e(iv)	5,944	(4,266)	1,678
Intangible assets	e(iv)	-	4,266	4,266
Total Non-current Assets		5,944	-	5,944
Total Assets	-	26,441	(3,637)	22,804
Current Liabilities				
Payables		922	-	922
Other liabilities		6,159	-	6,159
Total Current Liabilities		7,081	-	7,081
Non-Current Liabilities				
Other Liabilities	e(i)	144	833	977
Total Non-current Liabilities		144	833	977
Total Liabilities		7,225	833	8,058
Net Assets		19,216	(4,470)	14,746
Equity				
Accumulated surplus		19,216	(4,470)	14,746
Total Equity		19,216	(4,470)	14,746

18. Explanation of Transition to Australian Equivalents to IFRS (cont'd)

(c) Effect of AIFRS on the Income Statement as at 30 June 2005

	Notes	AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue				
NSW Government contributions		14,490	-	14,490
Common Fund transfers		-	-	-
Fees		21,046	-	21,046
Interest income		1,080	-	1,080
Other revenues		89	-	89
		36,705	-	36,705
Expenses				
Attorney General's costs	e(i)	21,766	2,129	23,895
Lease - minimum lease rentals		3,562	-	3,562
Doubtful debts expense		14	-	14
Depreciation and amortisation		1,839	-	1,839
Other operating expenses		4,711	-	4,711
		31,892	2,129	34,021
Net result from ordinary activities		4,813	(2,129)	2,684

d) Reconciliation of Cash Flow Statement for the year ended 30 June 2005

There are no material differences between the Cash Flow Statement presented under AIFRS and the Cash Flow Statement presented under previous AGAAP.

e) Notes to the reconciliation

In accordance with AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, an entity is required to provide reconciliations that give sufficient detail to enable users to understand the material adjustments to the Financial Statements. The reconciling items are as follows:

(i) Recognition of key aggregates

AASB 119: *Employee Benefits* requires the defined benefit superannuation 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 used under previous AGAAP.

Where the superannuation obligation is not assumed by the Crown, it will increase the defined benefit superannuation liability or decrease the assets of those agencies in an over-funded position and change the quantum of the superannuation expense. This

impacts personnel services expenses, debtors and creditors for personnel services provided by Attorney General's Department.

(ii) Plant and equipment

AASB 116: *Property, Plant and Equipment* requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137: *Provisions, Contingent Liabilities and Contingent Asset*. These restorations cost must be depreciated and the unwinding of the restoration provision must be recognised as a finance expense. This treatment is not required under AGAAP.

The OPC is obliged under its long-term agreements to restore leased premises to original condition upon termination of the lease.

Currently uncertainty exists as to whether the OPC will terminate any of these lease agreements. The decision to terminate will be based upon the actions of the parent entity. These actions have not yet occurred and the OPC is unable to predict them with any certainty.

(iii) Financial instruments

As a first time adopter the Administration Fund elected under AASB 1 to apply for AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Recognition and Measurement* from 1 July 2005. Comparative information for Financial Instruments is prepared in accordance with AGAAP.

There are no material differences to the Financial Statements, presented under

AIFRS and the Financial Statements presented under AGAAP.

(iv) Intangible assets

The adoption of AASB 138: *Intangible Assets* will result in certain classification from property, plant and equipment to intangible assets (e.g. computer software). Computer software has been reclassified as intangible assets.

END OF AUDITED FINANCIAL STATEMENTS