



TAFE Commission (Senior Executives) Staff Agency

Annual Financial Statements

for the period ended 30 June 2015

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TAFE Commission (Senior Executives) Staff Agency
Statement by the Managing Director
for the period ended 30 June 2015

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that:

- 1 The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Entities, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;
- 2 The financial statements exhibit a true and fair view of the financial position and financial performance of the TAFE Commission (Senior Executives) Staff Agency; and
- 3 I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Pam Christie
Managing Director

Date: 9 October 2015

TAFE Commission (Senior Executives) Staff Agency
Statement of comprehensive income
for the period ended 30 June 2015

	Notes	For the period 10 December 2014 to 30 June 2015 \$'000
Expenses		
Employee related	2	<u>3,372</u>
Total expenses		<u>3,372</u>
Revenue		
Personnel services	3(a)	2,783
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	<u>589</u>
Total revenue		<u>3,372</u>
Net result		<u>-</u>
Other comprehensive income		<u>-</u>
Total other comprehensive income		<u>-</u>
Total comprehensive income		<u>-</u>

The accompanying notes form part of these financial statements.

TAFE Commission (Senior Executives) Staff Agency

Statement of financial position

as at 30 June 2015

	Notes	2015 \$'000
Assets		
Current assets		
Receivables	4	<u>633</u>
Total current assets		633
Total assets		633
Liabilities		
Current liabilities		
Payables	5	146
Provisions	6	<u>475</u>
Total current liabilities		621
Non current liabilities		
Non current provisions	6	<u>12</u>
Total non current liabilities		12
Total liabilities		633
Net assets		-
Equity		
Accumulated funds		<u>-</u>
Total equity		-

The accompanying notes form part of these financial statements.

TAFE Commission (Senior Executives) Staff Agency

Statement of changes in equity

for the period ended 30 June 2015

	Accumulated funds \$'000	Other reserves \$'000	Total equity \$'000
Balance at 10 December 2014	-	-	-
Net result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	-	-	-
Balance at 30 June 2015	-	-	-

The accompanying notes form part of these financial statements.

TAFE Commission (Senior Executives) Staff Agency

Statement of cash flows

for the period ended 30 June 2015

	For the period 10 December 2014 to 30 June 2015 \$'000
Cash flows from operating activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase / (decrease) in cash	<u>-</u>
Opening cash and cash equivalents	<u>-</u>
Closing cash and cash equivalents	<u>-</u>

The accompanying notes form part of these financial statements.

TAFE Commission (Senior Executives) Staff Agency

Notes to the financial statements

for the period ended 30 June 2015

1. Summary of Significant Accounting Policies

(a) Reporting entity

The TAFE Commission (Senior Executives) Staff Agency ("Staff Agency") is a Public Service Agency, established on 10 December 2014 pursuant to the *Administrative Arrangements (Administrative Changes – TAFE Senior Executives and Other Matters) Order 2014*.

The Staff Agency is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. The principal objective of the Staff Agency is to provide personnel services to the NSW TAFE Commission.

These financial statements for the period from 10 December 2014 to 30 June 2015 have been authorised for issue by the Managing Director on 9 October 2015.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of:

- Australian Accounting Standards (which include Australian Accounting Interpretations);
- the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value (Note 6).

The accrual basis of accounting has been adopted in the preparation of the financial statements. Management's judgments, key assumptions and estimates 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.

(c) Statement of Compliance

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

(d) Income Recognition

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Assets

Receivables

The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

TAFE Commission (Senior Executives) Staff Agency

Notes to the financial statements

for the period ended 30 June 2015

1. Summary of Significant Accounting Policies (cont'd)

(f) Liabilities

Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

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. A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

(g) Employee benefits and other provisions

(i) Salaries and wages, annual leave, sick leave and on costs

Salaries and wages (including non-monetary benefits), and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to 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.

(ii) Long service leave and superannuation

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Staff Agency 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 is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with 5 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 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.

TAFE Commission (Senior Executives) Staff Agency

Notes to the financial statements

for the period ended 30 June 2015

1. Summary of Significant Accounting Policies (cont'd)

(g) Employee benefits provisions and expenses (cont'd)

(iii) Consequential on-costs

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

(h) New and revised Australian Accounting Standards and Interpretations

(i) Effective for the first time

The Staff Agency has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB"), which are relevant to, and effective for, the Staff Agency financial statements for the period ended 30 June 2015.

(ii) Issued but not yet effective

The Staff Agency has reviewed all the new and revised Standards and Interpretations issued by the AASB but which are not yet effective. NSW public sector entities are not permitted to implement early adoption of new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Standards have not been applied and are not yet effective. The impact of these standards in the period of initial application will not be significant.

Standard	Applicable to annual reporting periods beginning on or after
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality;	1 July 2015

A number of other new standards have been identified and assessed and it is expected that they will have no impact on the financial statements of the Staff Agency.

TAFE Commission (Senior Executives) Staff Agency
Notes to the financial statements
for the period ended 30 June 2015

**For the period
10 December 2014
to 30 June 2015
\$'000**

2. Expenses excluding losses

Employee related expenses

Salaries (including annual leave)	2,193
Superannuation - defined benefits plan	139
Superannuation - defined contribution plan	150
Long service leave	450
Workers' compensation insurance	38
Payroll tax and fringe benefit tax	177
Redundancies	225
	3,372

3. Revenue

(a) Personnel services revenue

Fee for personnel services	2,783
	2,783

(b) 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 entities:

Superannuation - defined benefit	139
Long service leave	450
	589

4. Receivables

Current receivables

Debtors	633
	633

TAFE Commission (Senior Executives) Staff Agency
Notes to the financial statements
for the period ended 30 June 2015

For the period
10 December 2014 to
30 June 2015
\$'000

5. Payables

Current payables

Accruals - salaries and oncosts	128
Payroll and fringe benefits tax	18
	<hr/>
	146

6. Provisions

Current provisions

Annual leave	254
Accrued payroll tax on annual leave and accrued salaries and wages	14
Annual leave on long service leave	54
Workers Compensation on long service leave	13
Payroll tax on long service leave	70
Superannuation on long service leave	53
Superannuation on annual leave	14
Other	3
	<hr/>
	475

Non current provisions

Provision for payroll tax on long service leave	6
Annual leave on long service leave and annual leave	5
Workers' Compensation on long service leave	1
	<hr/>
	12

TAFE Commission (Senior Executives) Staff Agency
Notes to the financial statements
for the period ended 30 June 2015

7. Increase / (decrease) in net assets from equity transfers

The senior executives of the TAFE Commission were transferred to the Staff Agency as at 10 December 2014 as a result of an administrative restructure. Net assets and liabilities transferred to the Staff Agency were as follows:

	Transfer from NSW TAFE Commission \$'000	Total \$'000
ASSETS		
Current Assets		
Receivables	-	-
Total Current Assets	-	-
Total Assets	-	-
LIABILITIES		
Current Liabilities		
Payables	-	-
Provisions	354	354
Total Current Liabilities	354	354
Total Liabilities	354	354
Net assets/ (liabilities)	(354)	(354)

8. Commitments for expenditure

The Staff Agency has no commitments as at 30 June 2015.

9. Contingent liabilities and contingent assets

(a) Contingent liabilities

The Staff Agency had no contingent liabilities as at 30 June 2015.

(b) Contingent assets

The Staff Agency had no contingent assets as at 30 June 2015.

TAFE Commission (Senior Executives) Staff Agency

Notes to the financial statements

for the period ended 30 June 2015

10. Financial instruments

The Staff Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Staff Agency's operations or are required to finance the Staff Agency's operations.

The Staff Agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of the Staff Agency do not expose it to a variety of financial risks such as credit, liquidity or market risk. The main risks arising from any financial instrument of the Staff Agency are outlined below together with the Staff Agency's objectives, policies and processes for measuring and managing the risks.

Further quantitative and qualitative disclosures are included throughout these financial statements.

The Managing Director of the NSW TAFE Commission has overall responsibility for the establishment and oversight of risk management and review and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, to set limits and to monitor risks. Compliance with these policies is reviewed by the internal auditors on a regular basis.

(a) Financial instrument categories

Financial Assets	Note	Category	2015
Class:			\$'000
Receivables ¹	4	Loans and receivables (at amortised cost)	633
Financial Liabilities			2015
Class:			\$'000
Payables ²	5	Financial liabilities (at amortised cost)	128

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(b) Credit risk

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial loss to the Staff Agency.

Credit risk can arise from financial assets of the Staff Agency including outstanding receivables and committed transactions.

Credit risk impacts on the following financial instruments which are discussed below:

Receivables – personnel services debtor

All personnel services debtors are recognised as amounts receivable at balance date. Personnel services debtors are employee related and therefore will not be past due or impaired for the 2015 financial year. All debtors are with NSW government agencies and no debtor balances are considered impaired as at 30 June 2015.

TAFE Commission (Senior Executives) Staff Agency
Notes to the financial statements
for the period ended 30 June 2015

10. Financial instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. During the current year, there were no defaults of loans payable and no assets have been pledged as collateral.

The table below summarises the maturity profile of the Staff Agency's financial liabilities, together with the interest rate exposure.

	Weighted Average Effective Int. Rate	Nominal Amount	Interest rate exposure			Maturity dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	> years \$'000
2015								
Payables								
Accrued salaries, wages and oncosts	-	128	-	-	128	128	-	-
	-	128	-	-	128	128	-	-

(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 entity has no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair value compared to carrying amount

Financial instruments are recognised at amortised cost. The carrying value of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

11. Events after the Reporting Period

At the date of signing, there were no events subsequent to the reporting period which would have a material effect on these financial statements.

End of audited financial statements.