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**Architects Registration Board of  
Victoria**

**Annual Report 2010-2011**

## Contents:

|   |    |
|---|----|
| Chairperson's foreword  | 3  |
| Registrar's report  | 4  |
| Letter of Transmittal   | 5  |
| The ARBV overview   | 6  |
| Board members, nominating agency and attendance                                 | 7  |
| ARBV core values and mission  | 8  |
| Complaints and disciplinary proceedings, investigations, inquiries and outcomes | 12 |
| Reports of Tribunal inquiries   | 13 |
| Prohibited conduct, title protection  | 13 |
| Registrations and APE statistics  | 14 |
| Disclosure index  | 15 |
| Operational and budgetary objectives, performance against objectives            | 18 |
| Employment and conduct principles   | 19 |
| Occupational health and safety  | 19 |
| Freedom of Information Act 1982   | 20 |
| Statement on national competition policy  | 20 |
| The Whistleblowers Protection Act 2001  | 20 |
| Availability of further information   | 20 |
| Reporting on office based environmental impacts                                 | 21 |
| Auditor General's Certificate   | 23 |

## Chairperson's Foreword:

I am pleased to introduce the Annual Report for 2010 to 2011 and review the highlights of the financial year for the Board.

The Strategic Plan of the Board, the Mission Statement, long term objectives, and short term goals appear in this report, and our performance against each goal is recorded.

The Board has progressed in developing its IT capacity to provide an effective and user friendly web-based communications portal for the community and stakeholders. The Board now provides e-newsletters and digital log-books on-line and will soon enable architects to pay registration fees and update personal and company details. The Board is determined to pursue the introduction of mandatory continuing professional development (CPD) for architects. When CPD becomes required for annual registration architects will be able to record details on-line to the central Board data-base.

In line with its commitment to professional development the Board has an induction process for new Board members and has enacted an appraisal system for Board performance.

The Audit and Risk Committee of the Board has been working effectively and has overseen the development of the Risk Register and review mechanisms and has provided progressive feedback on financial objectives on behalf of the Board. The Board is in the process of seeking an additional fee increase over and above CPI in respect of the fees commencing 1 July 2012. ARBV has prepared a forward budget for the next five years based on the assumption that an additional fee increase over and above CPI will be approved as per the revised Subordinate Legislation Act 1994 Guidelines for 2012, and subsequently that fees will rise annually at the rate of CPI.

The approval for the additional fee increase has not yet been received.

The Board has continued in its commitment to support activities that promote good architectural practice through its offering of the Architectural Services Award and continued sponsorship of the Melbourne Open Houses Speaker series.

Finally, the Board has worked hard over the year with a strong desire to add value to the performance of the ARBV. We are fortunate in the calibre and commitment of our Board members, the Registrar and staff at the ARBV and their understanding of the issues that affect the profession and the community. Their contribution is appreciated.

**Andrew Hutson**

Chairperson

## Registrar's Report:

This year we have continued to see a rise in the number of Architectural Practice Examination candidates in Victoria, with a dramatic increase in the April 2011 National Examination Paper numbers to over 140. No other jurisdiction has as many candidates, nor enjoys the consistently high pass rate our candidates achieve.

The main goal for staff this year has been to begin the massive job of sorting our paper records and transferring storage to electronic files. Staff have attended the Public Records Office of Victoria seminars and made a good start on the old files. The intranet is being populated so that we can not only file material there, but use it more as a communication tool. Our newsletters have now become e-newsletters and we are able to send out most invoices electronically as well. We try to accommodate those architects who do not have an email address or access to the internet, but as expected, instances of this are rare.

Staff have been fully involved in the change to a new IT services provider, with all of the work, planning and adjustments that are associated with such a change. We all look forward to a more settled period of IT provision now that the Board has approved off site server provision and the completion of software projects. The major investment of the Board in IT this year has ensured that we have maintained our services and met the demands of increased numbers on our register and seeking to register, and has mitigated the risks of the previous situation.

The Board also completed a review of our communications with stakeholders by updating our style guide, identifying different audiences and messages, and producing an email format for newsletters. The first e-newsletter went out in June.

Occupational Safety and Health has been a focus for us this year with an internal audit of our practices, and a staff member attending the five day training course.

We have held a number of Tribunals this year, and conducted a briefing for the Tribunal panel. Further information is in the complaints and disciplinary proceedings investigations, inquiries, and outcomes section of this report. The Board's legal costs for the year were double the previous year's costs as a result of the increased number of complaints received.

Managing our finances to achieve long term, sustainable financial health for the Board has been an issue addressed by the Audit and Risk Committee and the Board during the year. Policies on managing reserves and managing deficit budgets have been planned for the next financial year, and steps will be taken to ensure the Board returns to a surplus budget in the medium term.

Looking back over the year, a lot has been achieved. I am grateful to the staff for their continued professionalism and excellent work, and appreciate the support they give me and the Board. We would like to thank the Board for their support, understanding, and leadership.

**Alison Ivey**

Registrar



The Hon Matthew Guy MLC  
Minister for Planning  
Level 17, 8 Nicholson Street,  
Melbourne, VIC 3000

1<sup>st</sup> August 2011

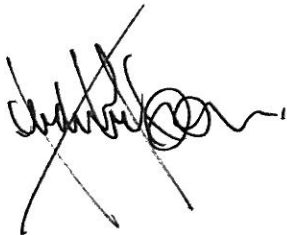
Dear Minister

In accordance with the *Financial Management Act 1994* and Section 46 of the *Architects Act 1991*, I am pleased to submit the annual report of the Architects Registration Board of Victoria for the 2010-2011 financial year.

The report reviews the Board's performance in serving the public interest by maintaining the Register of architects, investigation, inquiry and discipline procedures and regulatory requirements of the profession and providing advice for architects and the public.

The report includes a full set of audited financial statements for the period.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Andrew Hutson', with a large, stylized flourish extending from the end.

Andrew Hutson  
Chairperson

## THE ARBV OVERVIEW

**The Architects Registration Board of Victoria (ARBV)** has existed since 1923 when it was established to carry out the duties entrusted to it by the *Architects Registration Act 1922*. The current Board was established under the *Architects Act 1991*. The Act defines the Board's charter and *The Architects Regulations 2004* are made by the Board within the powers of the Act to implement its provisions.

The Architects Registration Board of Victoria is a self-funding statutory authority which has as its primary responsibilities:

- the registration of architects and architectural companies/partnerships,
- investigation of complaints against architects,
- provision of Tribunal inquiry into professional conduct, and
- accreditation of architecture courses.

The Hon. Matthew Guy, Minister for Planning, is the responsible Minister for The Architects Act 1991.

### **Charter and Purpose:**

The present Board was established in The Architects Act 1991 and Architects Regulations 2004.

The main purposes of The Act are to provide for the registration of architects, to provide for the approval of partnerships and companies providing architectural services, to regulate the professional conduct of architects, to provide a procedure for handling complaints against architects, to regulate the use of the terms "architect", "architectural services", "architectural design services" and "architectural design", and to establish the Architects Registration Board of Victoria.

The Architects Registration Board of Victoria aims to perform its duties as empowered under the Act efficiently and effectively, with fairness, impartiality and transparency, embodying the values of the Victorian Public Sector.

The Board administers the registration process and architectural practice examinations, assesses and accredits courses in architecture in association with approved schools of architecture, provides for the annual payment of registration fees and checks compliance with insurance requirements for architects, partnerships and companies. The Board has disciplinary powers, and may cancel or suspend an architect's registration, investigate complaints against architects and constitute a Tribunal to conduct inquiries. The Board is responsible for regulating the professional conduct of architects, approved partnerships and approved companies. There is a responsibility for the Board to publish information relating to the operation of the Board and The Architects Act 1991.

## BOARD MEMBERS AND NOMINATING AGENCY

The members of the Board are appointed by Governor in Council in accordance with Section 47 of the Act. The Board consists of ten people appointed by the Minister from nominations from the Minister for Consumer Affairs, the Profession, Architecture schools and the Building and Allied Industries.

| <b>ARCHITECTS REGISTRATION BOARD MEMBERS 2010/2011</b>  |  |
|---|--|
| <p><b>Mr Andrew Hutson (Chairperson)</b><br/>Nomination: Architecture schools<br/>Meeting attendance: 10/11</p> | <p><b>Ms Karen McWilliam</b><br/>Nomination: AIA<br/>Meeting attendance: 10/11</p>                       |
| <p><b>Ms Venise Reilly</b><br/>Nomination: Building industry (HIA)<br/>Meeting attendance: 10/10</p>            | <p><b>Mrs Jenifer Nicholls</b><br/>Nomination: architects<br/>Meeting attendance: 11/11</p>              |
| <p><b>Ms Colleen Peterson</b><br/>Nomination: Allied Professions<br/>Meeting attendance: 9/11</p>               | <p><b>Ms Efy Karagiannis</b><br/>Nomination: Minister Consumer Affairs<br/>Meeting attendance: 8/11</p>  |
| <p><b>Ms Vanessa Bleyer</b><br/>Nomination: Minister Consumer Affairs<br/>Meeting attendance: 8/11</p>          | <p><b>Ms Jill Garner</b><br/>Nomination Minister, Senior Gov. Architect<br/>Meeting attendance: 6/10</p> |
| <p><b>Mr David Hallett</b><br/>Nomination: Architects<br/>Meeting attendance: 11/11</p>                         | <p><b>Mr Bernie Everett</b><br/>Nomination: Building industry (MBAV)<br/>Meeting attendance: 5/10</p>    |

## **ARBV Core Values**

The ARBV strategic plan is developed in the context of the following core values –

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights

## **ARBV Mission**

The Architects Registration Board of Victoria aims to perform its duties as empowered under the Act efficiently and effectively, with fairness, impartiality and transparency, embodying the values of the Victorian Public Sector.

Long term, core objectives:

1. Undertake a regular review of The Architects Act 1991.
2. Set standards of professional conduct and practice.
3. Improve stakeholder communications.

Goals supporting the long term objectives:

1. Review The Architects Act 1991
2. Improve communications.
3. Implement a process of mandatory CPD in annual registration.
4. Review accreditation.
5. Establish a Board appraisal process.
6. Promote Good Professional Practice and Conduct.

## Progress on each goal 2010-2011:

Review of the Act The Board has been working with the Victorian Government Solicitors Office on a number of issues that have been identified as requiring revision and producing papers on each of them for discussion and adoption by the Board. The Minister has been approached about the aim of the Board to achieve this goal.

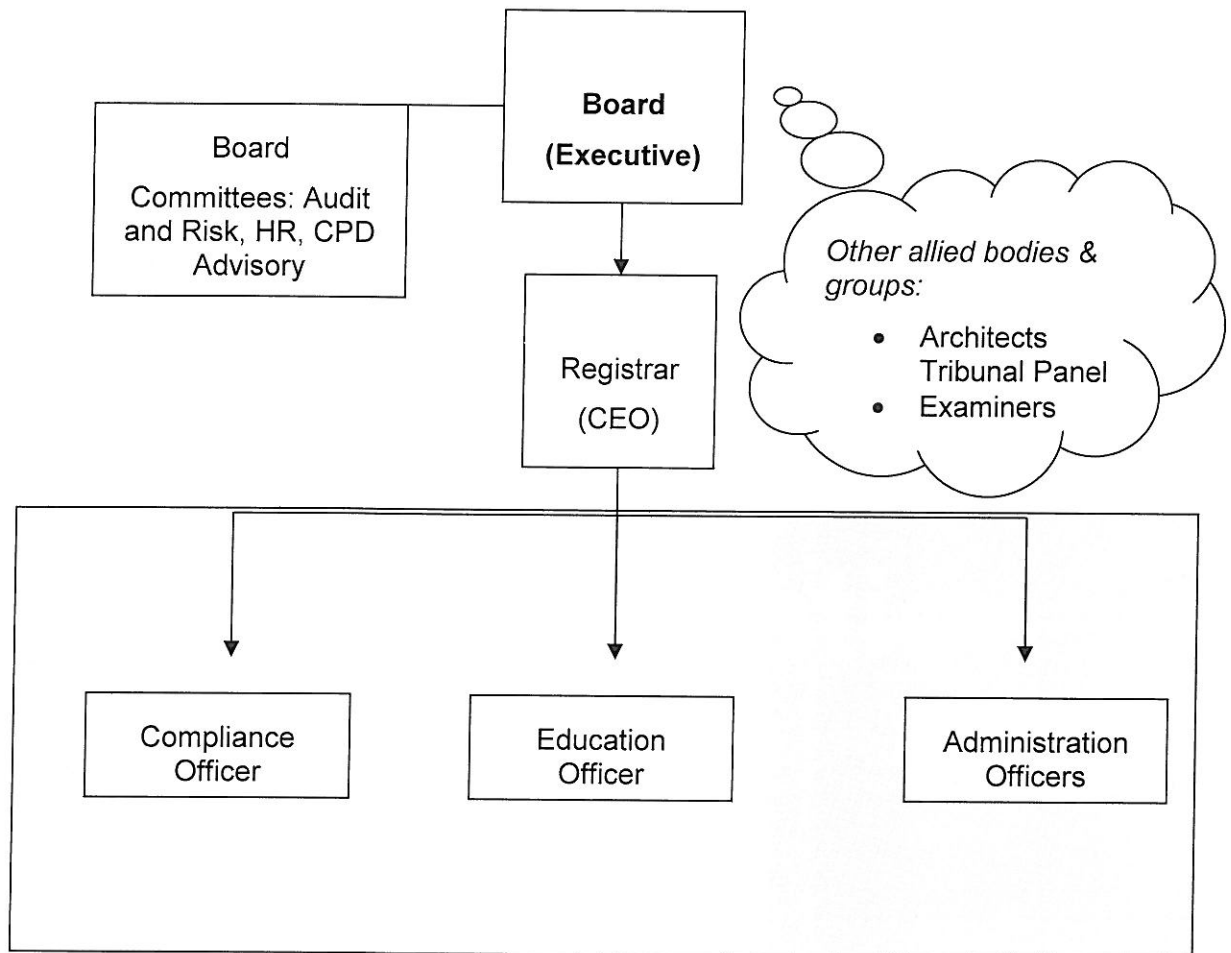
Improve communications The Board established a working group which has reviewed the style guide and all of the Board stationery, and adopted a template for the distribution of the e-newsletter. The first e-news went out in June.

Implement a process of mandatory CPD in annual registration. The responsibility for this goal was taken over by DPCD and the Minister because of an industry wide CPD plan proposed in late 2010, but the Board continues to advocate the adoption of CPD for Victorian architects.

Review accreditation The Board is working with the Architects Accreditation Council of Australia to achieve this goal.

Establish a Board appraisal system. This was completed and put into practice at the end of 2010. Members of the Board were generally in agreement that it is a positive development. With some modifications, it will continue annually.

Promote good professional practice and conduct The Architectural Services Award (ASA) continued in 2010. The winner in 2010 was Megan Hamer. Professional practice awards were given to two recipients at the Certificate Conferring Ceremony (CCC) in 2010. The guest judge for the ASA was the speaker at the CCC, Peter Maddison.



The Audit and Risk Committee has an independent chairperson, Rob Dickens, Executive Director, State Revenue Office. Board members on the committee are Vanessa Bleyer, Venise Reilly and Efy Karagiannis.

The Continuing Professional Development Committee is chaired by Karen McWilliam. Other Board members are Vanessa Bleyer, Andrew Hutson and Jenifer Nicholls.

The Human Resources Committee is chaired by Andrew Hutson. Other Board members are Vanessa Bleyer and Jenifer Nicholls.

## **COMPLAINTS AND DISCIPLINARY PROCEEDINGS INVESTIGATIONS, INQUIRIES AND OUTCOMES**

An inherent aspect of the legislation is Board action on behalf of consumers of architectural services. This takes many forms, ranging from verbal and written advice about the working relationship between architect and client to facilitation of formal complaint and inquiry procedures held at no cost to the complainant.

Title breach actions, complaint investigation and Tribunal procedures require a combination of investigative, legal, quasi-legal services and provision of hearing space, administrative and procedural costs each year.

### **Board and Tribunal procedures with complaints**

The Architects Act (Section 18) provides that the Board may inquire into an architect's fitness to practise or professional conduct. The Architects Regulations 2004 contain Professional Conduct Regulations required of architects. Inquiries and discipline procedures are managed by the Compliance Officer.

Each year the Board receives enquiries related to the services of architects. In many cases, the caller is seeking information or clarification of rights and responsibilities, normal practice and reasonable expectations of architects; generally not wishing to make a complaint. Callers are assisted as far as possible with information or referred to Board publications and other relevant sources. Some callers are seeking information about or clarification of the disciplinary provisions of the Act and Regulations. Other callers require information about complaint procedures and a complaint form, so they have the necessary documentation to make a formal complaint if they wish to do so.

Complaints must be in writing and include a completed official complaint form, which is available from the Board. All complaints are carefully reviewed using documentation supplied by the complainant and architect and further investigation conducted where necessary.

If after reviewing a complaint the Board decides that there are prima-facie grounds for further inquiry, it refers the matter to the Architects Tribunal. The Tribunal operates independently of the Board and has access to its own legal advice.

If the Architects Tribunal finds allegations against an architect proved, the Board is required to enforce the Determinations made by the Tribunal. The Act provides for application to be made to the Victorian Civil and Administrative Tribunal for review of a Determination made at an inquiry.

The Act also provides for application to be made to the Victorian Civil and Administrative Tribunal for review of a decision by the Board not to refer a complaint to inquiry.

### **Panel of Architects Tribunal members**

In accordance with the requirements of the Act, a Panel of persons qualified to serve as Architects Tribunal Panel members has been appointed by the Minister.

**Bruce Allen, Margaret Pitt, Peter McEwan, John Permewan, Andrew Begg, Tony Mussen, Alan Synman, Peter Haworth, Maggie Edmond, Sally Angell, Renee Gorenstein, Nicole Feeney, Ian Cunliffe, Drago Dragojlovic, Tony Hinz, Shirley**

**Rooney, Michael Ryan, Les Schwarz, Mark Yorston, Heather Howes, Bronwyn Naylor, Peter Harkness.**

### **Membership of Tribunal**

- (1) A Tribunal must consist of—
  - (a) one person who is a practising architect; and
  - (b) one person who is not an architect; and
  - (c) one person who is a representative of consumer interests.
- (2) The members of a Tribunal must be chosen from a panel of persons appointed by the Minister under section 21A.
- (3) A member of the Board cannot be a member of a Tribunal.
- (4) At least one member of a Tribunal is to be a person with legal experience and knowledge.
- (5) A Tribunal must elect one of its members to be the Chairperson of the Tribunal.

## **COMPLAINTS & ARCHITECTS TRIBUNAL INQUIRIES**

The incidence of complaints, as well as the proportion of complaints resulting in Tribunal inquiry, bears favourable comparison with the number of architects registered in Victoria (of whom approximately 3,200 are in practice).

During the reporting period 61 telephone calls were received from people wishing to find out about the Board's complaint procedures and/or to discuss a problem or obtain information.

The Board received 13 formal complaints. Of those 13 complaints: 2 have been referred to Architects Tribunal inquiry; the Board did not find grounds for referral to inquiry in 10 cases; and 1 complaint is still under review

1 Architects Tribunal inquiry was held during the reporting period.

|   | <i>2008 - 2009</i> | <i>2009 - 2010</i> | <i>2010 - 2011</i> |
|---|--------------------|--------------------|--------------------|
| <i>Number of calls about services of architects</i> | 72                 | 42                 | 61                 |
| <i>Number of formal complaints received</i>         | 10                 | 5                  | 13                 |
| <i>Matters pending</i>                              | 5                  | 0                  | 3                  |
| <i>Number of Tribunal inquiries completed</i>       | 1                  | 1                  | 1                  |

## **PROHIBITED CONDUCT - TITLE PROTECTION**

Section 46 (k) of the Architects Act 1991 enables the Board "to investigate and take proceedings for offences against [the] Act". The Act (Sections 4, 5, 6, 7 & 8) controls



the title of “architect”, as well as the expressions “architectural services”, “architectural design services” and “architectural design” in certain contexts. It also contains more general provisions against persons who are not architects “holding out” as architects.

### **Investigations of Title breach actions by the Board**

The Board investigates allegations of misuse of the title, as well as undertaking investigations on its own behalf. In the reporting period, 29 complaints of breaches of the Act were received, in addition to numerous telephone enquiries regarding registration status of individuals and firms.

If after investigation it appears that there is or has been a breach of the Act, a letter from the Board requiring compliance is sent, and normally this is sufficient to achieve compliance with the Act. In cases where this purpose is not achieved, the matter is referred for legal advice regarding prosecution in the Magistrates Court.

During this reporting period, 19 letters of compliance were issued either to a person or firm representing themselves as an architect or using the protected terms, or to media outlets such as newspapers and magazines that have published the protected words in relation to persons or firms not registered or approved by the Board.

1 prosecution was completed during the reporting period (*see below*). Two matters have been referred for prosecution.

### **Title breach actions - summary**

|  | <i>2008-2009</i> | <i>2009 - 2010</i> | <i>2010 - 2011</i> |
|--|------------------|--------------------|--------------------|
| <i>Number of Title breach investigations</i>         | 36               | 24                 | 29                 |
| <i>Number of letters of compliance issued</i>        | 31               | 19                 | 21                 |
| <i>Number of referrals for advice re prosecution</i> | 1                | 2                  | 9                  |
| <i>Number of completed prosecutions</i>              | 1                | 1                  | 2                  |

## Registrations and Architectural Practice Examination Statistics

| <b>NEW REGISTRATIONS</b> | 2006-07    | 2007-08    | 2008-09    | 2009-10    | 2010-11    |
|--------------------------|------------|------------|------------|------------|------------|
| Female                   | 61         | 76         | 98         | 61         | 77         |
| Male                     | 111        | 177        | 180        | 117        | 192        |
| <b>Total</b>             | <b>172</b> | <b>253</b> | <b>278</b> | <b>178</b> | <b>269</b> |
| Company / Partnerships   | 61         | 38         | 91         | 52         | 68         |

|                          |      |      |      |      |      |
|--------------------------|------|------|------|------|------|
| <b>Total on Register</b> | 3392 | 3527 | 4003 | 4185 | 4309 |
|--------------------------|------|------|------|------|------|

|                                      | 2008-09 | 2009-10 | 2010-11 |
|--------------------------------------|---------|---------|---------|
| <b>Total on Register as at 30/06</b> |         |         |         |
| Retired                              | 182     | 204     | 219     |
| Non-Practising                       | 645     | 667     | 694     |
| Practising                           | 3056    | 3200    | 3290    |
| Non-Practising Exempt                | 96      | 90      | 90      |
| Practising Exempt                    | 24      | 24      | 16      |
| Company / Partnership                | 765     | 788     | 828     |

| <b>APE (Part 3)</b>  | 2006-07    | 2007-08    | 2008-09    | 2009-10    | 2010-11    |
|----------------------|------------|------------|------------|------------|------------|
| Number of Candidates | <b>214</b> | <b>210</b> | <b>224</b> | <b>230</b> | <b>224</b> |
| Number of Pass       | 188        | 187        | 196        | 204        | 203        |
| Number of Fail       | 26         | 23         | 28         | 26         | 21         |
| Female               | 74         | 66         | 83         | 79         | 93         |
| Male                 | 140        | 144        | 141        | 151        | 131        |

## DISCLOSURE INDEX

The Annual Report of the Architects Registration Board of Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of our compliance with statutory disclosure requirements.

| Legislation                            | Requirement   | Page reference |
|--|---|----------------|
| <b>Charter and purpose</b>             |   |                |
| FRD 22B                                | Manner of establishment and responsible Minister                        | 6              |
| FRD 22B                                | Objectives and functions  | 6              |
| <b>Management and Structure</b>        |   |                |
| FRD 22B                                | Organisational structure  | 10             |
| <b>Financial and other information</b> |   |                |
| FRD 10                                 | Disclosure index  | 15             |
| FRD 12A                                | Disclosure of major contracts   | 17             |
| FRD 22B, SD4.2(k)                      | Operational and budgetary objectives and performance against objectives | 18             |
| FRD 22B                                | Employment and conduct principles                                       | 19             |
| FRD 22B                                | Occupational health and safety policy                                   | 19             |
| FRD 22B                                | Summary of financial results for the year                               | 23             |
| FRD 22B                                | Significant changes in financial position during the year               | 27             |
| FRD 22B                                | Major changes or factors affecting performance                          | 18             |
| FRD 22B                                | Application and operation of the FOI Act                                | 21             |
| FRD 22B                                | Statement on National Competition Policy                                | 21             |
| FRD 22B                                | Application and operation of the Whistleblowers Protection Act 2001     | 21             |
| FRD 22B                                | Details of consultancies over \$100,000                                 | 17             |
| FRD 22B                                | Details of consultancies under \$100,000                                | 17             |
| FRD 22B                                | Statement of availability of other information                          | 21             |

|  |  |    |
|--|--|----|
| FRD 22B  | Reporting on office based environmental impacts  | 21 |
| FRD 24C  | Victorian Industry Participation Policy disclosures                                    |    |
| FRD 25   | Workforce data disclosures   | 54 |
| FRD 29   | Risk management compliance attestation   | 48 |
| SD 4.5.5   | General information requirements   | 30 |
| SD 4.2(g)  | Sign off requirements  | 25 |
| SD 4.2(j)  |  |    |
| <b>Legislation</b>   |  |    |
|  | Freedom of Information Act 1982  | 21 |
|  | Building Act 1993  |    |
|  | Whistleblowers Protection Act 2001   | 21 |
|  | Victorian Industry Participation Policy Act 2003                                       |    |
|  | Financial Management Act 1994  | 30 |
|  | Multicultural Victoria Act 2004  |    |
| <b>Financial statements required under Part 7 of the FMA</b> |  |    |
| SD4.2(a)   | Statement of Changes in Equity   | 28 |
| SD4.2(b)   | Operating Statement  | 26 |
| SD4.2(b)   | Balance Sheet  | 27 |
| SD4.2(b)   | Cash flow Statement  | 29 |
| <b>Other requirements under Standing Directions 4.2</b>      |  |    |
| SD4.2(c)   | Compliance with Australian accounting standards and other authoritative pronouncements | 30 |
| SD4.2(c)   | Compliance with Ministerial Directions   | 30 |
| SD4.2(d)   | Rounding of amounts  | 31 |
| SD4.2(c)   | Accountable officer's declaration  | 25 |
| SD4.2(f)   | Compliance with Model Financial Report   | 30 |

| <b>Disclosures required by FRDs in notes to financial statements</b> |   |    |
|--|---|----|
| FRD 9A   | Disclosure of administered assets and liabilities (voluntary)                             |    |
| FRD11  | Disclosure of ex-gratia payments  |    |
| FRD 21A  | Responsible person and executive officer disclosures                                      | 54 |
| FRD 102  | Inventories   |    |
| FRD 103D   | Non-current physical assets   | 32 |
| FRD 104  | Foreign currency  |    |
| FRD 106  | Impairment of assets  | 33 |
| FRD 109  | Intangible assets   |    |
| FRD 107  | Investment properties   |    |
| FRD 110  | Cash flow Statement   | 29 |
| FRD 112B   | Defined benefit superannuation obligations  | 36 |
| FRD 113  | Investments in subsidiaries, jointly controlled entities and associates                   |    |
| FRD 114A   | Financial Instruments – General Government Entities and public non-financial corporations | 31 |
| FRD 119  | Contributions by owners   |    |

The ARBV has entered into no consultancies over \$100,000 or major contracts over \$10,000,000.

**OPERATIONAL AND BUDGETARY OBJECTIVES AND PERFORMANCE AGAINST OBJECTIVES**

|   |  |  |   |
|---|--|--|---|
| <p><u>Goal 1</u><br/>Review of the Act</p>      | <p>Main tasks:<br/>1 review Act<br/>2 recommendations<br/>3 Minister's briefing<br/>4 Liaise with DPCD<br/>5 Get bill passed</p> | <p>Strategy:<br/>VGSO briefed and provide papers for Board consideration</p> | <p>Actions:<br/>Preliminary meeting held with VGSO (AM &amp; AI)<br/>Meeting AH with VGSO 9/12/10<br/>April 2011 VGSO papers tabled at Board meeting for review.<br/>April AH meeting with Minister</p> |
|   |  |  |   |
| <p><u>Goal 2</u><br/>Improve Communications</p> | <p>Main tasks:<br/>1 define requirements<br/>2 identify media<br/>3 identify audience &amp; key messages</p>                     | <p>Strategy:<br/>Set up a working group to address this</p>                  | <p>Actions:<br/>Working group set up<br/>Style guide reviewed<br/>E newsletter produced.</p>  |
|   |  |  |   |
| <p><u>Goal 3</u><br/>Mandatory CPD</p>          | <p>Main tasks:<br/>1 implement via goal one or other means<br/>2 communications<br/>3 lobbying</p>                               | <p>Strategy:<br/>Incorporate in Goal 1.</p>                                  | <p>Actions:<br/>CPD mentioned in consultation paper from AACA on national registration.</p>   |
|   |  |  |   |
| <p><u>Goal 4</u><br/>Review accreditation</p>   | <p>Main tasks:<br/>1 engage in review<br/>2 investigate Board, AIA &amp; AACA roles &amp; responsibilities</p>                   | <p>Strategy:<br/>Input to AACA review</p>                                    | <p>Actions:<br/>AH and AI attended AACA Conference for AACA update.<br/>AH reported in November.</p>  |
|   |  |  |   |



|   |   |  |  |
|---|---|--|--|
| <p><u>Goal 5</u><br/>Board appraisal</p>                          | <p>Main tasks:<br/>1 identify VPS requirements<br/>2 choose methods<br/>3 get agreement<br/>4 implement</p> | <p>Strategy:<br/>Research other jurisdictions' practices</p> | <p>Actions: NSW model obtained for ARBV consideration<br/>Adopted with changes to fit ARBV<br/>Date: August meeting of Board<br/>Interviews with AH held early December. Interviews completed. February the Chairperson reported to the Board.</p> |
|   |   |  |  |
| <p>Goal 6<br/>Promote Good Professional Practice and Conduct.</p> | <p>Main tasks:<br/>1 Professional Practice Awards<br/>2. Architectural Services Award</p>                   | <p>Strategy:<br/>ASA working group for 2010</p>              | <p>Actions: ASA working group meetings held. External judge (Peter Maddison) appointed. Award winners identified, presented 9/12/10</p>  |
|   |   |  |  |

## EMPLOYMENT AND CONDUCT PRINCIPLES

The ARBV is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

## OCCUPATIONAL HEALTH AND SAFETY POLICY

The ARBV has continued its commitment to OH&S compliance as well as general staff health and wellbeing. An O.H&S policy is included in the employment manual, adopted by the Board after staff consultation. There is a first aid kit in the office, a record book for accidents and injuries at work, and staff meetings regularly assess workplace safety. There were a number of initiatives during the financial year:

- vaccinations for influenza are paid for by the ARBV
- Cash and cheques are picked up by courier instead of staff members delivering them in person to the bank.
- Times when staff are alone in the office are kept to a minimum and office open hours have been reduced.

- regular back and neck massages are supplied to staff who spend long hours at keyboards.
- staff are encouraged to monitor their sedentary hours, regularly move around the office, and practise yoga exercises.
- staff are encouraged to use sick leave when ill, and are required to take annual leave entitlements.

Job satisfaction levels are monitored as part of the annual appraisal cycle, and recorded for the financial year as higher than previously, with some staff reporting their satisfaction in the “high” category.

The Board’s internal auditors, Moore Stephens completed an audit of the O H & S systems and practises of the Board during the year and the five recommendations have all been carried out.



## **FREEDOM OF INFORMATION ACT 1982**

The Freedom of Information Act 1982 allows public access to documents held by the ARBV. There was 1 FOI application processed in the reporting period.

The FOI Officer is the Compliance Officer, and if required the Registrar reviews FOI decisions.

## **STATEMENT ON NATIONAL COMPETITION POLICY**

Competitive neutrality seeks to enable fair competition between government and private sector businesses. The ARBV continues to apply implement and apply this principle in its business undertakings.

## **THE WHISTLEBLOWERS PROTECTION ACT 2001**

The *Whistleblowers Protection Act 2001* (the Act) commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

No major disclosures were made under the Act during the reporting period. Disclosures may be made to the Compliance Officer, the Registrar, or the Chairperson of the Board.

A disclosure about improper conduct or detrimental action by the ARBV or its employees, may also be made directly to the Ombudsman:

The Ombudsman Victoria  
Level 22, 459 Collins Street  
Melbourne Victoria 3000  
(DX 210174)

Internet: [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au)

Email: [ombudvic@ombudsman.vic.gov.au](mailto:ombudvic@ombudsman.vic.gov.au)

## **AVAILABILITY OF FURTHER INFORMATION**

Information relevant to Financial Reporting Direction 22B of the FMA 1994 is held at the ARBV's office and is available on request subject to the Freedom of Information Act 1982.

## **STATUTORY COMPLIANCE**

The ARBV attests that it is compliant with The Victorian Industry Participation Policy Act 2003, the Multicultural Victoria Act 2004 and The Building Act 1993.

The landlord is asked to provide assurance of the building's compliance with The Building Act 1993 each year.

## **REPORTING ON OFFICE BASED ENVIRONMENTAL IMPACTS**

Used printer cartridges are disposed of via Planet Ark.

Recycled paper is always used, and waste paper is binned for recycling. Carbon offsets are purchased with all air tickets. The tinting of the windows has reduced some of the need for air conditioning.

## **DISABILITY ACTION PLAN**

The Compliance Officer attended a training session from the Office of Disability on this and has developed a plan which staff have considered, and it has been approved by the Board.

## Annual Report 2010/2011 (Financials)

### Five year financial summary

|  | 2011           | 2010           | 2009           | 2008             | 2007             |
|--|----------------|----------------|----------------|------------------|------------------|
|  | \$             | \$             | \$             | \$               | \$               |
| Total revenue                          | 1,100,743      | 986,087        | 1,016,398      | 974,436          | 752,670          |
| Operating expenses                     | 1,269,622      | 1,220,452      | 1,228,469      | 877,852          | 725,065          |
| Boyd Foundation grant                  | 50,000         | 50,000         | 50,000         | 260,000          | 0                |
| Sponsorships and Donations             | 12,000         | 10,000         | 55,000         | 0                | 0                |
| Net result for the period              | -168,879       | -234,365       | -212,071       | -163,416         | 27,605           |
| Net cashflow from operating activities | 78,037         | -125,603       | -343,578       | 133,202          | 128,514          |
| <b>Total assets</b>                    | <b>823,219</b> | <b>795,718</b> | <b>974,134</b> | <b>1,378,118</b> | <b>1,245,062</b> |
| <b>Total liabilities</b>               | <b>873,202</b> | <b>676,822</b> | <b>620,873</b> | <b>812,786</b>   | <b>516,314</b>   |



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

To the Board Members, Architects' Registration Board of Victoria

### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of the Architects' Registration Board of Victoria which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

### *The Board Members' Responsibility for the Financial Report*

The Board Members of the Architects' Registration Board of Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.



# VAGO

## Victorian Auditor-General's Office Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Architects Registration Board of Victoria as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Emphasis of matter*

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1(b) to the financial statements, the Architects Registration Board of Victoria has prepared its financial statements on a going concern basis. However, as at 30 June 2011, the Board reported a net result deficit of \$168,879 and net liabilities of \$49,983 which indicates the existence of a material uncertainty that may cast significant doubt on the board's ability to continue as a going concern. The Board has prepared a budget for the next five years that forecasts a return to an operating surplus by 30 June 2013 which is based on an additional registration fee increase being approved by the Minister for Planning.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Architects' Registration Board of Victoria for the year ended 30 June 2011 included both in the Architects' Registration Board of Victoria's annual report and on the website. The Board Members of the Architects' Registration Board of Victoria are responsible for the integrity of the Architects' Registration Board of Victoria's website. I have not been engaged to report on the integrity of the Architects' Registration Board of Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
16 November 2011



J. D. R. Pearson  
Auditor-General

## Financial Statements and Certification

### Statement by the Architects Registration Board of Victoria for the year ended 30 June 2011

#### Accountable Officer's and Responsible Body's Declaration

We certify that the attached financial statements for the Architects Registration Board of Victoria have been prepared in accordance with Part 4.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Board as at 30 June 2011.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

This statement is signed for and on behalf of the Board by



Accountable Officer

**Alison Ivey**

Registrar



Chairperson of the Board

**Andrew Hutson**

Dated this *26<sup>th</sup>* day of *October* 2011.

**Comprehensive Operating Statement**  
for the financial year ended 30 June 2011

|   | Notes | 2011<br>\$              | 2010<br>\$              |
|---|-------|-------------------------|-------------------------|
| <b>Continuing operations</b>            |       |                         |                         |
| <b>Income from transactions</b>         |       |                         |                         |
| Revenue from ordinary activities        | 2     | 1,100,743               | 986,087                 |
| <b>Total income from transactions</b>   |       | <b><u>1,100,743</u></b> | <b><u>986,087</u></b>   |
| <b>Expenses from transactions</b>       |       |                         |                         |
| Application for registration            |       | 16,930                  | 16,097                  |
| Annual registration                     |       | 13,694                  | 10,790                  |
| Employee expenses                       |       | 315,764                 | 326,025                 |
| Professional services                   |       | 275,371                 | 176,304                 |
| Administration                          | 3a    | 218,455                 | 287,901                 |
| Registration examinations               |       | 141,419                 | 138,883                 |
| Occupancy                               |       | 145,064                 | 134,436                 |
| Postage, printing & stationery          |       | 27,612                  | 16,182                  |
| Depreciation and amortisation           |       | 53,313                  | 53,834                  |
| Boyd Foundation grant                   | 3b    | 50,000                  | 50,000                  |
| Sponsorships and Donations              | 3b    | 12,000                  | 10,000                  |
| <b>Total expenses from transactions</b> |       | <b><u>1,269,622</u></b> | <b><u>1,220,452</u></b> |
| <b>Net result from transactions</b>     |       | <b><u>(168,879)</u></b> | <b><u>(234,365)</u></b> |
| <b>Comprehensive result</b>             |       | <b><u>(168,879)</u></b> | <b><u>(234,365)</u></b> |

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

**Balance Sheet**  
as at 30 June 2011

|  | Notes | 2011<br>\$             | 2010<br>\$            |
|--|-------|------------------------|-----------------------|
| <b>Financial assets</b>                      |       |                        |                       |
| Cash and Cash Equivalents                    | 4     | 662,036                | 583,999               |
| Receivables                                  | 5     | 58,609                 | 57,697                |
| <b>Total financial assets</b>                |       | <b><u>720,645</u></b>  | <b><u>641,696</u></b> |
| <b>Non-financial assets</b>                  |       |                        |                       |
| Prepayments                                  |       | 17,229                 | 17,977                |
| Property, plant and equipment                | 6     | 85,345                 | 136,045               |
| <b>Total non-financial assets</b>            |       | <b>102,574</b>         | <b>154,022</b>        |
| <b>Total assets</b>                          |       | <b><u>823,219</u></b>  | <b><u>795,718</u></b> |
| <b>Liabilities</b>                           |       |                        |                       |
| Annual Registration Fees received in Advance |       | 587,716                | 447,292               |
| Payables                                     | 7a    | 237,009                | 178,724               |
| Provisions                                   | 7b    | 48,477                 | 50,806                |
| <b>Total liabilities</b>                     |       | <b><u>873,202</u></b>  | <b><u>676,822</u></b> |
| <b>Net assets</b>                            |       | <b><u>(49,983)</u></b> | <b><u>118,896</u></b> |
| <b>Equity</b>                                |       |                        |                       |
| Contributed Capital                          | 8     | 221,718                | 221,718               |
| Retained surplus / (Accumulated Losses)      | 9     | (271,701)              | (102,822)             |
| <b>Total Equity</b>                          |       | <b><u>(49,983)</u></b> | <b><u>118,896</u></b> |

The balance sheet should be read in conjunction with the accompanying notes.



**Statement of Changes in  
Equity  
for the financial year ended 30 June  
2011**

|   | <i>Notes</i> | <i>Physical<br/>Asset<br/>Revaluation<br/>Surplus</i> | <i>Available<br/>-for-sale<br/>Financial<br/>Asset<br/>Revaluati<br/>on<br/>Surplus</i> | <i>Accumulated<br/>Surplus</i> | <i>Contributions<br/>by Owner</i> | <i>Total</i>  |
|---|--------------|---|---|--------------------------------|-----------------------------------|---------------|
| <b>Balance at 1 July 2009</b>           |              |   |   | 131,543                        | 221,718                           | 353,261       |
| Net result for the year                 |              |   |   | (234,365)                      |                                   | (234,365)     |
| Other comprehensive income for the year |              |   |   |                                |                                   | 0             |
| Transfer to accumulated surplus         |              |   |   |                                |                                   | 0             |
| Capital appropriations                  |              |   |   |                                |                                   | 0             |
| <b>Balance at 30 June 2010</b>          |              | <b>0</b>  | <b>0</b>  | <b>-102822</b>                 | <b>221718</b>                     | <b>118896</b> |
| Net result for the year                 |              |   |   | (168,879)                      |                                   | (168,879)     |
| Other comprehensive income for the year |              |   |   |                                |                                   | 0             |
| Transfer to accumulated surplus         |              |   |   |                                |                                   | 0             |
| Capital appropriations                  |              |   |   |                                |                                   | 0             |
| <b>Balance at 30 June 2011</b>          |              | <b>0</b>  | <b>0</b>  | <b>-271701</b>                 | <b>221718</b>                     | <b>-49983</b> |

The statement of changes in equity should be read in conjunction with the accompanying notes.

**Cash Flow Statement**  
for the financial year ended 30 June 2011

|   | Notes | 2011<br>\$<br>Inflows<br>(Outflows) | 2010<br>\$<br>Inflows<br>(Outflows) |
|---|-------|-------------------------------------|-------------------------------------|
| <b>Cashflows from operating activities</b>                |       |                                     |                                     |
| Receipts:   |       |                                     |                                     |
| Interest  |       | 19,357                              | 15,957                              |
| Receipts from Subscribers and Sundry Income               |       | 1,295,096                           | 1,022,600                           |
| <b>Total receipts</b>                                     |       | <u>1,314,453</u>                    | <u>1,038,557</u>                    |
| Payments:   |       |                                     |                                     |
| Payments to Suppliers and Employees                       |       | (1,233,803)                         | (1,158,168)                         |
| <b>Total payments</b>                                     |       | <u>(1,233,803)</u>                  | <u>(1,158,168)</u>                  |
| <b>Net cash from / (used in) operating activities</b>     | 10(b) | <u>80,650</u>                       | <u>(119,611)</u>                    |
| <b>Cashflows from investing activities:</b>               |       |                                     |                                     |
| Receipts from Sales of Fixed Assets                       |       | 0                                   | 0                                   |
| Payments for Plant & Equipment                            |       | (2,613)                             | (5,992)                             |
| <b>Net cash from / (used in) investing activities</b>     |       | <u>(2,613)</u>                      | <u>(5,992)</u>                      |
| Net increase (decrease) in Cash and cash equivalents      |       | 78,037                              | (125,603)                           |
| Cash and cash equivalents at beginning of financial year  |       | 583,999                             | 709,602                             |
| <b>Cash and cash equivalents at end of financial year</b> | 10(a) | <u>662,036</u>                      | <u>583,999</u>                      |

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

## Notes to the financial statements

For the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies

#### (a) Statement of Compliance

This financial report is a general purpose financial report which has been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those AAS paragraphs applicable to not for profit entities have been applied.

#### (b) Basis of Accounting Preparation and Measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

In the application of AAS, judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

This report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented for the year ended 30 June 2010.

#### Going concern basis of accounting preparation

The financial statements for the year ended 30 June 2011 have been prepared on a going concern basis as, in the opinion of the Board, ARBV will be in a position to meet its operating costs for at least 12 months from the date of this report.

The Board is seeking an additional fee increase over and above CPI in respect of the fees for years commencing 1 July 2012 as per the revised Subordinate Legislation Act 1994 Guidelines. ARBV has prepared a forward budget for the next five years based on this and show a return to operating surplus by 30 June 2013 on the assumption of the additional fee increase.

At the date of this report, the Board believes that the fee increase should be approved.

At balance date, the Board has cash reserves of \$662,036 (2010: \$583,999) and receivables of \$58,609 (2010: \$57,697). Total assets were therefore \$720,645 (2010: \$641,696). The board had current liabilities of \$873,202 (2010: \$676,822), of which \$587,716 (2010: \$447,292) was of annual registration fees received in advance. Though there is a negative net asset position, adjusting for this fees received in advance, this amounts to a positive net asset value of \$537,733.

At the end of the reporting period, the Board believes that it has sufficient cash and current assets to meet its liabilities as they fall due.

## **(c) Scope and presentation of financial statements**

### **Comprehensive operating statement**

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re measurements. They include:

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASs.

### **Balance sheet**

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

### **Cash flow statement**

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of cash flows.

### **Statement of changes in equity**

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity

### **Rounding of amounts**

Amounts in the financial statements (including the notes) have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

## **(d) Financial Assets**

## **Cash and Deposits**

Cash and deposits including cash equivalents, comprise cash on hand, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value

## **Receivables**

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

## **Net Gain/(Loss) on Financial Assets**

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

## **Revaluations of Financial Assets at Fair Value**

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

## **Impairment of Financial Assets**

At the end of each reporting period, the ARBV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment. Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

## **(e) Other Financial Assets**

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investments within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified between current and non current assets based on the ARBV Management's intention at balance date with respect to the timing of disposal of each asset.

The ARBV classifies its other financial assets as at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale. They are initially stated at fair value. This classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

The ARBV assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

## **(f) Non-financial Assets**

### **Prepayments**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period

### **Property , Plant and Equipment**

Plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

### **Revaluation of Non-Financial Physical Assets**

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) FRD 103D. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

### **Net Gain/(Loss) on Non-Financial Assets**

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets.

### **Disposal of Non-Financial Assets**

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

### **Impairment of Non-Financial Assets**

Intangible assets with indefinite useful lives are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- financial assets;
- non-current physical assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an expense except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

## **(g) Liabilities**

### **Payables**

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to the ARBV prior to the end



of the financial year that are unpaid, and arise when the ARBV becomes obliged to make future payments in respect of the purchase of those goods and services; and

- statutory payables, such as goods and services tax and PAYG withholding tax.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract. Terms of settlement are generally 30 days from date of invoice.

## **Provisions**

Provisions are recognised when the ARBV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably

## **Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

### **(h)Wages and Salaries, Annual Leave, Sick Leave**

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

### **(ii)Long Service Leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Unconditional LSL** is disclosed in the notes to the financial statements as a current liability, even where the ARBV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value-component that the ARBV expects to settle within 12 months; and
- present value-component that the ARBV does not expect to settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow'

### **(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The ARBV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### **(iv) Employee benefits on-costs**

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

### **(h) Income from Transactions**

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Revenue is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Revenues from registration fees and sundry income are recognised when they are earned. Registration fees received relating to the following year are recognised as fees received in advance at year end, as the service has not yet been provided. Legal Fees Recovery are recognised from the date of the Tribunal Determination.

Any fee revenue relating to periods beyond the current financial year in accordance with the above revenue recognition policies are carried forward in the Balance Sheet as Unearned Fees as a Current Liability.

### **Interest**

Interest includes interest received on deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Interest income on investments and cash holdings are recognised as they accrue.



### **(i) Expenses from Transactions**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

#### **Employee expenses**

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

#### **Superannuation**

##### Defined Contribution Plans

Contributions are made by the Board to private employee superannuation funds and are charged as expenses when incurred.

##### Defined Benefit Plans

The ARBV does not have a defined benefit plan.

The ARBV does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

#### **Depreciation and amortisation**

All plant and equipment that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

|                        |              |
|------------------------|--------------|
| Computers              | 4 Years      |
| Furniture & Fittings   | 5 – 13 Years |
| Leasehold Improvements | 7 Years      |

### **(j) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

The ARBV as lessee

#### *Operating Leases*

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *Leasehold Improvements*

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

### **(k) Income Taxes**

Tax effect accounting has not been applied, as the Board is exempt from income tax under Section 50-25 of the *Income Tax Assessment Act 1997*.

### **(l) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Taxation Authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO are presented as operating cash flow.

### **(m) Corporate Structure**

The ARBV is a statutory body established by the Architects Act 1991 and the Architects regulation 1994.

### **(n) Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119 *Contributions to Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

### (o) New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for June 30 2011 reporting period. As at June 30 2011, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2011. ARBV has not and does not intend to adopt these standards early.

| Standard / Interpretation  | Summary   | Applicable for reporting periods beginning on | Impact on Entities Annual Statements  |
|--|---|---|---|
| AASB 9 Financial instruments   | <i>This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39</i><br>Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). | Beginning<br>1 Jan 2013                       | <i>Detail of impact is still being assessed.</i>  |
| AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12] | <i>This Standard gives effect to consequential changes arising from the issuance of AASB 9.</i>   | Beginning<br>1 Jan 2013                       | <i>Detail of impact is still being assessed.</i>  |
| AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements   | <i>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.</i>  | Beginning 1 July 2013                         | <i>Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.</i> |
| AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]                                   | <i>This Standard makes numerous improvements designed to enhance the clarity of standards.</i>  | Beginning<br>1 Jan 2011                       | <i>No significant impact on the financial statements.</i>   |
| AASB 2010-5  | <i>This amendment</i>   | Beginning                                     | <i>No significant impact</i>  |

|  |   |                                     |  |
|--|---|-------------------------------------|--|
| <p><i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042]</i></p>   | <p><i>contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.</i></p> | <p><i>1 Jan 2011</i></p>            | <p><i>on the financial statements.</i></p>   |
| <p><i>AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</i></p>   | <p><i>This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.</i></p>                            | <p><i>Beginning 1 July 2011</i></p> | <p><i>This may impact on the ARBV as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.</i></p>                               |
| <p><i>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i></p> | <p><i>These amendments are in relation to the introduction of AASB 9.</i></p>   | <p><i>Beginning 1 Jan 2013</i></p>  | <p><i>This amendment may have an impact on the ARBV as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.</i></p> |

## Notes to the Financial Statements for the Year Ended 30 June 2011

### NOTE 2. Income from transactions

|                                       | 2011                    | 2010                  |
|---------------------------------------|-------------------------|-----------------------|
|                                       | \$                      | \$                    |
| <b>Income</b>                         |                         |                       |
| Revenue from fees:                    |                         |                       |
| Annual Registration                   | 809,930                 | 742,592               |
| Entrance, Reinstatement & Certificate | 70,702                  | 55,801                |
| Revenue from examinations:            |                         |                       |
| Examination                           | 191,750                 | 167,550               |
| Log Book & Guide                      | 0                       | 3,227                 |
| Interest Received:                    |                         |                       |
| Variable Interest                     | 19,357                  | 15,957                |
| Register Sales                        | 327                     | 420                   |
| Sundry Income                         | 101                     | 1,262                 |
| Legal Fees Recovery                   | 8,576                   | (722)                 |
| <b>Total income from transactions</b> | <b><u>1,100,743</u></b> | <b><u>986,087</u></b> |

### NOTE 3a. Administration expenses

The Administration expenses comprise

|   | 2011                  | 2010                  |
|---|-----------------------|-----------------------|
|   | \$                    | \$                    |
| Finance and Bank Charges                                  | 11,863                | 9,778                 |
| Advertising   | 3,949                 | 9,511                 |
| Travel and Accommodation                                  | 16,666                | 10,317                |
| Awards  | 7,589                 | 13,940                |
| Service & Maintain Office Equipment                       | 5,166                 | 7,985                 |
| IT and Computer Services                                  | 40,540                | 26,699                |
| Other Expenses  | 8,345                 | 7,828                 |
| Loss on disposal of assets                                | 0                     | 0                     |
| Subscriptions   | 20,486                | 18,050                |
| Project - Continuing Professional Development             | 0                     | 3,796                 |
| Project - Server and database maintenance and development | 67,414                | 142,819               |
| Project - Awards and Risk Management                      | 36,437                | 37,179                |
| <b>Total administration expenses</b>                      | <b><u>218,455</u></b> | <b><u>287,901</u></b> |

### NOTE 3b. Boyd Foundation Grant, Sponsorships and Donations

|                            |                      |                      |
|----------------------------|----------------------|----------------------|
| Boyd Foundation grant      | 50,000               | 50,000               |
| Sponsorships and Donations | 12,000               | 10,000               |
|                            | <b><u>62,000</u></b> | <b><u>60,000</u></b> |

Sponsorship of the Melbourne Open Homes continued in 2011 with the ARBV agreeing to sponsor the speaker night at Federation Square.

**NOTE 4. Cash and Cash Equivalents**

|                          |                       |                       |
|--------------------------|-----------------------|-----------------------|
| Cash on Hand             | 360                   | 360                   |
| Cash at Bank             | 661,676               | 583,639               |
| <b>Total cash assets</b> | <b><u>662,036</u></b> | <b><u>583,999</u></b> |

**NOTE 5. Receivables**

|                          |                      |                      |
|--------------------------|----------------------|----------------------|
| Security Deposit Bond    | 52,721               | 52,721               |
| GST Receivable           | 5,888                | 4,976                |
| Trade Receivables        | 0                    | 0                    |
| <b>Total receivables</b> | <b><u>58,609</u></b> | <b><u>57,697</u></b> |

## Notes to the Financial Statements for the Year Ended 30 June 2011

### NOTE 6. Property, plant and equipment

|                                | 2011          | 2010           |
|--------------------------------|---------------|----------------|
|                                | \$            | \$             |
| Office Equipment at cost       | 127,616       | 128,019        |
| Accumulated Depreciation       | (76,704)      | (65,632)       |
|                                | <u>50,912</u> | <u>62,387</u>  |
| Leasehold Improvements at cost | 274,301       | 274,301        |
| Accumulated Depreciation       | (239,868)     | (200,643)      |
|                                | <u>34,433</u> | <u>73,658</u>  |
|                                | <u>85,345</u> | <u>136,045</u> |

These assets are all classified as public administration fixed assets

#### Movements in carrying amounts for the purpose group

| 2011            | Office<br>Equipment | Leasehold<br>Improvements | Total          |
|-----------------|---------------------|---------------------------|----------------|
| Opening balance | 62,387              | 73,658                    | 136,045        |
| Additions       | 2,613               | 0                         | 2,613          |
| Disposals       | (3,016)             | 0                         | (3,016)        |
| Depreciation    | (11,072)            | (39,225)                  | (50,297)       |
| Closing balance | <u>50,912</u>       | <u>34,433</u>             | <u>85,345</u>  |
| 2010            | Office<br>Equipment | Leasehold<br>Improvements | Total          |
| Opening balance | 71,003              | 112,884                   | 183,887        |
| Additions       | 5,992               | 0                         | 5,992          |
| Disposals       | (4,633)             | 0                         | (4,633)        |
| Depreciation    | (9,975)             | (39,226)                  | (49,201)       |
| Closing balance | <u>62,387</u>       | <u>73,658</u>             | <u>136,045</u> |



## Notes to the Financial Statements for the Year Ended 30 June 2011

### NOTE 7a. Payables

|                       | 2011                  | 2010                  |
|-----------------------|-----------------------|-----------------------|
|                       | \$                    | \$                    |
| <b>Contractual</b>    |                       |                       |
| Accrued Expenses      | 180,742               | 127,480               |
| Creditors             | 49,662                | 41,328                |
| Other                 | 0                     | 0                     |
|                       | <b><u>230,404</u></b> | <b><u>168,808</u></b> |
| <b>Statutory</b>      |                       |                       |
| PAYG Liability        | 6,605                 | 6,307                 |
| Superannuation        | 0                     | 3,609                 |
|                       | <b>6,605</b>          | <b>9,916</b>          |
| <b>Total Payables</b> | <b><u>237,009</u></b> | <b><u>178,724</u></b> |

The 2010 Accrued expenses included \$100,000 for the Boyd Foundation Grant. The 2011 Accrued expenses includes a \$150,000 accrual for the Boyd Foundation Grant

**NOTE 7b. Provisions**

|   | 2011                 | 2010                 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <b>Current Provisions</b>                                 |                      |                      |
| Employee benefits (a)                                     |                      |                      |
| Unconditional and expected to be settled within 12 months | 43,397               | 46,028               |
| <b>Total current provisions</b>                           | <b><u>43,397</u></b> | <b><u>46,028</u></b> |
| <b>Non-current Provisions</b>                             |                      |                      |
| Employee benefits (a)                                     |                      |                      |
| Conditional long service leave entitlements               | 5,080                | 4,778                |
| <b>Total non-current provisions</b>                       | <b>5,080</b>         | <b>4,778</b>         |
| <b>Total provisions</b>                                   | <b><u>48,477</u></b> | <b><u>50,806</u></b> |
| <br>  |                      |                      |
| <b>(a) Employee benefits</b>                              |                      |                      |
| Current employee benefits                                 |                      |                      |
| Annual leave entitlements                                 | 14,613               | 18,954               |
| Unconditional long service leave entitlements             | 28,784               | 27,074               |
| Non-current employee benefits                             |                      |                      |
| Conditional long service leave entitlements               | 5,080                | 4,778                |
| <b>Total employee benefits</b>                            | <b><u>48,477</u></b> | <b><u>50,806</u></b> |

**NOTE 8. Contributed Capital**

|                                   | 2011                  | 2010                  |
|-----------------------------------|-----------------------|-----------------------|
|                                   | \$                    | \$                    |
| Balance at beginning of the year  | 221,718               | 221,718               |
| <b>Balance at end of the year</b> | <b><u>221,718</u></b> | <b><u>221,718</u></b> |

**NOTE 9. Retained surplus / (Accumulated losses)**

|                                 |                         |                         |
|---------------------------------|-------------------------|-------------------------|
| Opening balance                 | (102,822)               | 131,543                 |
| Net Surplus / loss for the year | (168,879)               | (234,365)               |
| <b>Closing balance</b>          | <b><u>(271,701)</u></b> | <b><u>(102,822)</u></b> |

**NOTE 10. Notes to the cash flow statement**

|              | <b>2011</b>           | <b>2010</b>           |
|--------------|-----------------------|-----------------------|
|              | <b>\$</b>             | <b>\$</b>             |
| Cash on Hand | 360                   | 360                   |
| Cash at Bank | 661,676               | 583,639               |
|              | <u><b>662,036</b></u> | <u><b>583,999</b></u> |

**(b) Reconciliation of Net Cash provided by Operating Activities to Net Profit**

|   |                  |                  |
|---|------------------|------------------|
| Operating Result – Net Surplus/(Deficit)                | <b>(168,879)</b> | <b>(234,365)</b> |
| Add non-cashflows                                       |                  |                  |
| Depreciation  | 53,313           | 53,834           |
| Loss on Assets Scrapped                                 | 0                | 0                |
| <b>Changes in Assets &amp; Liabilities</b>              |                  |                  |
| (Increase)/decrease in current receivables              | <b>(912)</b>     | 8,534            |
| (Increase)/decrease in prepayments                      | 748              | <b>(4,213)</b>   |
| (Increase)/decrease in inventories                      | 0                | 650              |
| (Decrease)/increase in current payables                 | 58,285           | 62,618           |
| (Decrease)/increase in annual fees in advance           | 140,424          | <b>(23,846)</b>  |
| (Decrease)/increase in Provisions                       | <b>(2,329)</b>   | 17,177           |
| <b>Net cash provided (used) by operating activities</b> | <b>80,650</b>    | <b>(119,611)</b> |

## Notes to the Financial Statements for the Year Ended 30 June 2011

### NOTE 11. Commitments

(a) As at June 2011 there were no capital commitments

(b) Boyd Foundation grant

|   | 2011          | 2010           |
|---|---------------|----------------|
| Not later than one year                   | 50,000        | 50,000         |
| Later than one, not later than five years | 0             | 50,000         |
|   | <u>50,000</u> | <u>100,000</u> |

### NOTE 12. Contingent liabilities

At 30 June 2011 there were no contingent liabilities in existence.

### NOTE 13. Subsequent events

No material concerns/events have occurred subsequent to balance date.

**NOTE 14. Financial Instruments**

**(a) Accounting policy, terms and conditions**

| Recognised Financial Instruments | Accounting Policy  | Terms and conditions  |
|----------------------------------|--|---|
| <b>Financial assets</b>          |  |   |
| Cash and cash equivalents        | Cash on hand and at call bank accounts are valued at face value  | On call deposits returned a weighted average floating rate of 3.66% (2.54% in 2009/2010). The weighted average interest rate at balance date was 1.78% (1.64% in 2009/2010) |
| Receivables                      | Receivables are carried at nominal amounts due less any provision for doubtful debts. Provisions for doubtful debt is recognised when collection of the full amount is no longer achievable. | Trade sales are generally on a cash basis. Other receivables are usually settled within 30 days from the end of the month.  |
| <b>Financial Liabilities</b>     |  |   |
| Payables                         | Liabilities are recognised for amounts to be paid in the future for goods and services received as at balance date whether or not invoices have been received                                | General creditors are unsecured and are usually settled within 30 days of the end of the month. As at 30 June 2011 100.0% were 0-30 days                                    |

**Categorisation of financial instruments**

|                                    | Carrying Amount 2011  | Carrying Amount 2010  |
|------------------------------------|-----------------------|-----------------------|
|                                    | \$                    | \$                    |
| <b>Financial Assets</b>            |                       |                       |
| Cash and cash equivalent           | 662,036               | 583,999               |
| Loans and Receivables              | 52,721                | 52,721                |
| <b>Total Financial Assets</b>      | <b><u>714,757</u></b> | <b><u>636,720</u></b> |
| <b>Financial Liabilities</b>       |                       |                       |
| Payables                           | 230,404               | 168,808               |
| <b>Total Financial Liabilities</b> | <b><u>230,404</u></b> | <b><u>168,808</u></b> |

**(b) Interest rate risk**

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

2011

|  | Floating Interest Rate | Fixed Interest Rate | Non Interest Bearing   | Total                 |
|--|------------------------|---------------------|------------------------|-----------------------|
|  | \$                     | \$                  | \$                     | \$                    |
| <b>Financial assets</b>                  |                        |                     |                        |                       |
| Cash and cash equivalents                | 661,676                | 0                   | 360                    | 662,036               |
| Loans and Receivables                    | 52,721                 | 0                   | 0                      | 52,721                |
| <b>Total Financial Assets</b>            | <b><u>714,397</u></b>  | <b><u>0</u></b>     | <b><u>360</u></b>      | <b><u>714,757</u></b> |
| Weighted Average Interest Rate           | 1.76%                  | 0%                  | 0%                     |                       |
| <b>Financial Liabilities</b>             |                        |                     |                        |                       |
| Payables                                 | 0                      | 0                   | 230,404                | 230,404               |
| <b>Total Financial Liabilities</b>       | <b><u>0</u></b>        | <b><u>0</u></b>     | <b><u>230,404</u></b>  | <b><u>230,404</u></b> |
| Weighted Average Interest Rate           | 0%                     | 0%                  | 0%                     |                       |
| <b>Net Financial Assets/ Liabilities</b> | <b><u>714,397</u></b>  | <b><u>0</u></b>     | <b><u>-230,044</u></b> | <b><u>484,353</u></b> |

2010

|  | Floating Interest Rate | Fixed Interest Rate | Non Interest Bearing   | Total                 |
|--|------------------------|---------------------|------------------------|-----------------------|
|  | \$                     | \$                  | \$                     | \$                    |
| <b>Financial assets</b>                  |                        |                     |                        |                       |
| Cash and cash equivalents                | 583,639                | 0                   | 360                    | 583,999               |
| Receivables                              | 52,721                 | 0                   | 0                      | 52,721                |
| <b>Total Financial Assets</b>            | <b><u>636,360</u></b>  | <b><u>0</u></b>     | <b><u>360</u></b>      | <b><u>636,720</u></b> |
| Weighted Average Interest Rate           | 1.64%                  | 0%                  | 0%                     |                       |
| <b>Financial Liabilities</b>             |                        |                     |                        |                       |
| Payables                                 | 0                      | 0                   | 168,808                | 168,808               |
| <b>Total Financial Liabilities</b>       | <b><u>0</u></b>        | <b><u>0</u></b>     | <b><u>168,808</u></b>  | <b><u>168,808</u></b> |
| Weighted Average Interest Rate           | 0%                     | 0%                  | 0%                     |                       |
| <b>Net Financial Assets/ Liabilities</b> | <b><u>636,360</u></b>  | <b><u>0</u></b>     | <b><u>-168,448</u></b> | <b><u>467,912</u></b> |



## Net Market Value

### (c) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

| Financial Instruments              | Total Carrying amount as<br>per Balance Sheet |                       | Aggregate Net fair Value |                       |
|------------------------------------|---|-----------------------|--------------------------|-----------------------|
|                                    | 2011<br>\$                                    | 2010<br>\$            | 2011<br>\$               | 2010<br>\$            |
| <b>Financial Assets</b>            |   |                       |                          |                       |
| Cash and cash equivalents          | 662,036                                       | 583,999               | 662,036                  | 583,999               |
| Receivables                        | 52,721  | 52,721                | 52,721                   | 52,721                |
| <b>Total Financial Assets</b>      | <b><u>714,757</u></b>                         | <b><u>636,720</u></b> | <b><u>714,757</u></b>    | <b><u>636,720</u></b> |
| <b>Financial Liabilities</b>       |   |                       |                          |                       |
| Payables                           | 230,404                                       | 168,808               | 230,404                  | 168,808               |
| <b>Total Financial Liabilities</b> | <b><u>230,404</u></b>                         | <b><u>168,808</u></b> | <b><u>230,404</u></b>    | <b><u>168,808</u></b> |

**(d) Credit risk**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet. Credit risk is minimal as the main debtor is a security deposit held with the Macquarie Bank for the leased premises.

2011

|   | Carrying Amount      | Not past due and not impaired | Less than 1 month | Impaired financial assets |
|---|----------------------|-------------------------------|-------------------|---------------------------|
|   | \$                   | \$                            | \$                | \$                        |
| <b>Receivables</b>  |                      |                               |                   |                           |
| Sale of goods and services                                | 0                    | 0                             | 0                 | 0                         |
| <b>Investments and other contractual financial assets</b> |                      |                               |                   |                           |
| Security Deposit bond                                     | 52,721               | 52,721                        | 0                 | 0                         |
| <b>Total</b>  | <b><u>52,721</u></b> | <b><u>52,721</u></b>          | <b><u>0</u></b>   | <b><u>0</u></b>           |

2010

|   | Carrying Amount      | Not past due and not impaired | Less than 1 month | Impaired financial assets |
|---|----------------------|-------------------------------|-------------------|---------------------------|
|   | \$                   | \$                            | \$                | \$                        |
| <b>Receivables</b>  |                      |                               |                   |                           |
| Sale of goods and services                                | 0                    | 0                             | 0                 | 0                         |
| <b>Investments and other contractual financial assets</b> |                      |                               |                   |                           |
| Security Deposit bond                                     | 52,721               | 52,721                        | 0                 | 0                         |
| <b>Total</b>  | <b><u>52,721</u></b> | <b><u>52,721</u></b>          | <b><u>0</u></b>   | <b><u>0</u></b>           |

### (e) Risks and mitigation

The risks associated with the ARBV's main financial instruments and our policies for minimising these risks are detailed below.

#### Market risk

Market risk is the risk that the fair value or future cash flows of the ARBV's financial instruments will fluctuate because of changes in market prices. The only market risk to which the ARBV is exposed is interest rate risk.

#### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The ARBV is not exposed to any material interest rate risk.

#### Sensitivity analysis

A shift in the interest rates during the current year by + or - .5% (50 basis points) would have yielded a \$2397 difference to the operating result and equity (\$2813 for 2009/2010).

### (f) Liquidity risk

Liquidity risk is the risk that the ARBV would be unable to meet its financial obligations as and when they fall due. The ARBV settles financial obligations within 30 days.

2011

|                       | Carrying Amount       | Nominal Amount        | Maturity Dates        |                 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|                       |                       |                       | Less than 1 month     | 1-3 months      |
|                       | \$                    | \$                    | \$                    | \$              |
| <b>Payables</b>       |                       |                       |                       |                 |
| Supplies and services | 58,173                | 58,173                | 58,173                | 0               |
| Other Payables        | 172,231               | 172,231               | 172,231               |                 |
| <b>Total</b>          | <b><u>230,404</u></b> | <b><u>230,404</u></b> | <b><u>230,404</u></b> | <b><u>0</u></b> |

2010

|                       | Carrying Amount       | Nominal Amount        | Maturity Dates        |                 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|                       |                       |                       | Less than 1 month     | 1-3 months      |
|                       | \$                    | \$                    | \$                    | \$              |
| <b>Payables</b>       |                       |                       |                       |                 |
| Supplies and services | 62,877                | 62,877                | 62,877                | 0               |
| Other Payables        | 105,931               | 105,931               | 105,931               | 0               |
| <b>Total</b>          | <b><u>168,808</u></b> | <b><u>168,808</u></b> | <b><u>168,808</u></b> | <b><u>0</u></b> |

## NOTE 15. Responsible person – related party disclosures

(a) The names of the persons who were Responsible Persons at any time during the financial year were:

**Minister** The Hon. Justin Madden MLC and The Hon Matthew Guy MLC (Minister for Planning)

**Board Members:**

|                    |                  |
|--------------------|------------------|
| Chairperson        | Andrew Hutson    |
| Deputy Chairperson | Karen McWilliam  |
|                    | Vanessa Bleyer   |
|                    | Bernie Everett   |
|                    | Jill Garner      |
|                    | David Hallett    |
|                    | Efy Karagiannis  |
|                    | Jenifer Nicholls |
|                    | Venise Reilly    |
|                    | Colleen Peterson |

**Accountable Officer** Alison Ivey

(b) The number of Responsible Persons whose total remuneration fell within the following band:

|   | 2011 | 2010 |
|---|------|------|
| \$0- \$9999 (Board Members)                 | 10   | 11   |
| \$100,000 - \$109,999 (Accountable Officer) | 1    | 0    |
| \$120,000 - \$129,999 (Accountable Officer) | 0    | 1    |

The remuneration of the Minister is disclosed in the Financial Statements of the Department of Premier and Cabinet

(c) The total remuneration paid to Responsible Persons during the year was \$149,292 (\$152,667 in 2009-10). Included are amounts paid to Board members for additional services i.e. Examiner Fees, Tribunal fees and Audit committee fees.

(d) No Responsible Person was in receipt of nor had any retirement benefits set aside during the current year or in the previous year.

- (e) As at 30 June 2011 there were no loans in existence to any Responsible Person that have been made, guaranteed or secured by the Board.
- (f) No Responsible Person has, since the end of the previous financial year, received or become entitled to receive, a benefit by reason of a contract made by the Board or a related organisation with the Board or with a firm of which he is a member or with a company in which he has a substantial financial interest.

#### **Executive Officer Remuneration**

No Executive Officer of the Board received remuneration in excess of \$120,000.

#### **NOTE 16. Superannuation**

- (a) The Board contributes to the REST and to HESTA, to accounts for each of the permanent staff.
- (b) Board members, examiners and tribunal members who are deemed casual staff, nominate their personal superannuation fund when their quarterly wage exceeds the requirements of the Superannuation Guarantee.
- (c) The amount of total contributions made by the Board pursuant to the 9% levy was \$25,066 (2009-10, \$23,624).
- (d) The employer's contribution is calculated at 9% of base salary, in the case of employees.
- (e) There are no loans from the employee superannuation fund.

#### **NOTE 17. Commitments**

**(a) Operating lease commitments contracted for but not capitalised in the accounts payable.**

|   | <b>2011</b>           | <b>2010</b>           |
|---|-----------------------|-----------------------|
| Not later than one year                   | 82,809                | 82,809                |
| Later than one, not later than five years | 200,121               | 282,930               |
|   | <b><u>282,930</u></b> | <b><u>365,739</u></b> |

The lease relates to the Board's premises at 7/372-377 Albert Street East Melbourne. The board took up the option to extend the lease for a further 5 year period from December 2009. The lease commitments are subject to annual CPI increases.

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