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**Architects Registration Board of  
Victoria**

**Annual Report 2013-2014**

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## Chairperson's Foreword:

Sadly this is expected to be the final Annual Report of the Architects Registration Board of Victoria in its current form. As most of you will now be aware the ARBV was meant to cease to exist from the 1<sup>st</sup> July 2014. It is planned that functions will be continued by our current Registrar, Alison Ivey and the same staff, but under the control of the Victorian Building Authority when the Building Legislation Amendment Bill is passed.

The Architects Registration Board of Victoria came into existence over 90 years ago and despite various changes to the Architects Act over the years has very successfully undertaken the regulation and registration of architects in Victoria. For the last 25 years or so, our Board has worked with the Boards of the other Australian States and Territories to form and maintain the Architects Accreditation Council of Australia. Through the activities of that group we have developed consistent controls for the regulation of architects throughout Australia, the accreditation of courses in architecture and a common process for the registration of architects.

The ARBV has withstood the ups and downs that the building industry is so frequently subjected to and the number of architects registered in Victoria now exceeds 4000. Architectural Practice Examinations are now conducted twice yearly and the number of candidates applying to take part in the examination in Victoria is regularly in excess of 120.

An important function of the Board has been the consideration of complaints in relation to breaches of the Architects Act. While the staff and Board has continually dealt with a range of issues we can be very proud overall with the modest number of complaints that are referred to the Architects Tribunal over the course of a year.

Financially, the ARBV is in very good shape and commitments to our contribution to the purchase of Robin Boyd House in Walsh Street, South Yarra are complete.

We have been assured that under the control of the VBA, Architects will continue to have a dedicated Architects Act and be a separate part of the larger organisation. We trust that under the new organisational structure operations can be just as efficient as in the past.

We have also been advised that under the new regime most activities and processes of the current arrangements will stay the same, except for the fact that there will no longer be a Board. In the future there will be suitably experienced architects who will assist the registrar as required in dealing with complaints, regulatory issues, course accreditation and the architectural practice examination.

Generally most architects will find the changes of our structure minimal however time will only tell. The appointment of the registrar will in the future be made by the CEO of the VBA who reports to a Board of Commissioners. While there is architect representation on the Commission their tasks are broad and removed from the nitty gritty of each of the professions and trades that they represent.

Finally, I would like to thank the most recent Board members and all those who preceded us for their time and commitment towards maintaining architecture as a respected and trusted profession. Alison Ivey and the other ARBV staff have served the Board extremely well, particularly through the last 18 months of uncertainty. I am sure that in moving forward they will continue to provide a high level of service.

David Sainsbery

Chairperson

## Registrar's Report:

This year has been one of maintaining services and functions while preparing for a significant and notable change. The abolition of the Architects Registration Board of Victoria and its functions taken over by the Victorian Building Authority is part of the State Government's reforms of the building sector and its regulation, and is a new path for the architect profession in Australia. No other jurisdiction has taken this step, so there is a pioneering aspect to some of the work we are doing. The aim is to make the transition "text book" in its smoothness.

The continuation of a dedicated Act governing the profession and title protection are key issues that have been addressed and accepted by the Government. All of the functions and operations of the ARBV will continue, and the changes for architects and the public will be confined to changes to the website, branding and the logo. The awards and sponsorships of the Board will also continue, especially the Architectural Services Award which promotes excellence of communication between client and architect, and the sponsorship of the Open House Melbourne Speaker Series.

The staff have managed the uncertainty extremely well, and have continued to work efficiently and professionally as always. The workload in the office continues to grow as shown in the compliance and registration sections of this report. This growth has been dealt with well because of the increased efficiency of office management systems mainly through technology and our adoption of electronic processes over recent years.

The Architects Accreditation Council of Australia (AACA) has conducted two reviews during the year. The review of the Architectural Practice Examination (APE) produced some useful research data and demonstrated that overall this path to registration is respected, fair, and effective. The next step is to introduce on line testing for the national examination paper. The review of the competency standards is a major work and is ongoing. There have been changes in the AACA too, with the long serving CEO Chris Harding's retirement and the appointment of Kate Doyle, formerly the NSW Architects Board registrar, to the position. We are grateful to Chris for all of the foundation work she has done for the AACA since its inception, and look forward to Kate's leadership over the next important few years.

In Victoria we take seriously the responsibility of training our examiners for the APE, and hold annual briefings for members of the panel. This year the Victorian Government Solicitors Office provided us with an extremely useful seminar on the legal requirements for recording the outcome of part three interviews. Again, statistics show that in Victoria we continue to have the highest number of APE candidates, and the best pass rate, for reasons we have yet to discover.

The relationship the ARBV has with the Victorian Chapter of the Australian Institute of Architects is particularly constructive and mutually beneficial, largely due to the leadership of the CEO Alison Cleary. I thank her for enabling this and for all she does in support of the Act, the APE, and the regulation of the profession.

The future holds promise, and it is up to us all to shape it in ways that best serve the profession. I am sorry to see the end of the Board, members of which I have thoroughly enjoyed working with and for since 2008. They have been a skilled, insightful, and entertaining group of people, and I thank them all for their commitment and contribution. David Sainsbery has provided thoughtful, considered leadership during this time of change and I am grateful to him for his steadiness and his support of the staff. We are particularly fortunate to have such good people working in the office. They are hard working, highly professional, and take their jobs seriously. Karl Augustin has been the Board's accountant for many years and continues to do an outstanding job. Adrian Magee, responsible for compliance matters is skilled, and responsive to the public and to architects. Erin Gibb continues her excellent standard of work in all she does, and her management of the APE process in particular is second to none. Amy Ryan is the first point of contact for the Board, her comprehensive knowledge of our processes, and her calm, professional manner, do us proud. This has been a good year.

Alison Ivey

Registrar

The Hon Matthew Guy MLC  
Minister for Planning  
Level 7, 1 Spring Street  
Melbourne, VIC 3000

29<sup>th</sup> October 2014

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 2013-2014 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 'David Sainsbery', written in a cursive style.

**David Sainsbery**

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 the approval of companies and 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 is to consist 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.

ARCHITECTS REGISTRATION BOARD MEMBERS 2013-2014	
<p><b>Mr David Sainsbery (Chairperson)</b>                      Nomination: architects                      Meeting attendance: 11 /11</p>	<p><b>Mr Ian Sutter</b>                      Nomination: AIA,                      Meeting attendance: 9/11</p>
<p><b>Ms Venise Reilly</b>                      Nomination: building industry                      Meeting attendance: 8/10</p>	<p><b>Ms Colleen Peterson (Deputy Chair)</b>                      Nomination: allied industries                      Meeting attendance: 10/11                      Term ended: 30<sup>th</sup> June 2014</p>
<p><b>Mr David Hallett</b>                      Nomination: architects                      Meeting attendance: 8/11</p>	<p><b>Mr David Islip</b>                      Nomination: Government Architect                      Meeting attendance: 10/10</p>
<p><b>Ms Debra Low Choy</b>                      Nomination: Building industry (MBAV)                      Meeting attendance: 10/11                      Term ended: 30<sup>th</sup> June 2014</p>	<p><b>Ms Arianne Rose</b>                      Nomination: Minister Consumer Affairs                      Meeting attendance: 9/11</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 with recommendations to the Minister for change.
2. Improve communications via electronic means.
3. Implement a process of mandatory CPD in annual registration.
4. Review accreditation.
5. Promote good professional practice and conduct.
6. Work towards transition to the Victorian Building Authority



## Progress on each goal 2013-2014

Review The Architects Act 1991 with recommendations to the Minister for change  
This exercise was completed in the last financial year, with activity this year centred on contributing where possible to the provisions for architects in the Building Legislation Amendment Bill. Consultation is continuing with the Department of Transport, Planning and Local Infrastructure (DTPLI) on the provisions in the Bill and in particular, the changes to the date of the annual fee payment and the provision of the certificate of PI currency.

Improve communications via electronic means The YM software has been found to meet all of our needs, and has capacity for future development, particularly in communicating with architects. The payments on line system, architects ability to log in to update their profiles, and staff ability to modify and improve functions have all proved to be far superior to any database software we have had in the past, and the back up is excellent. This is all at a cost far below any other option available to the Board.

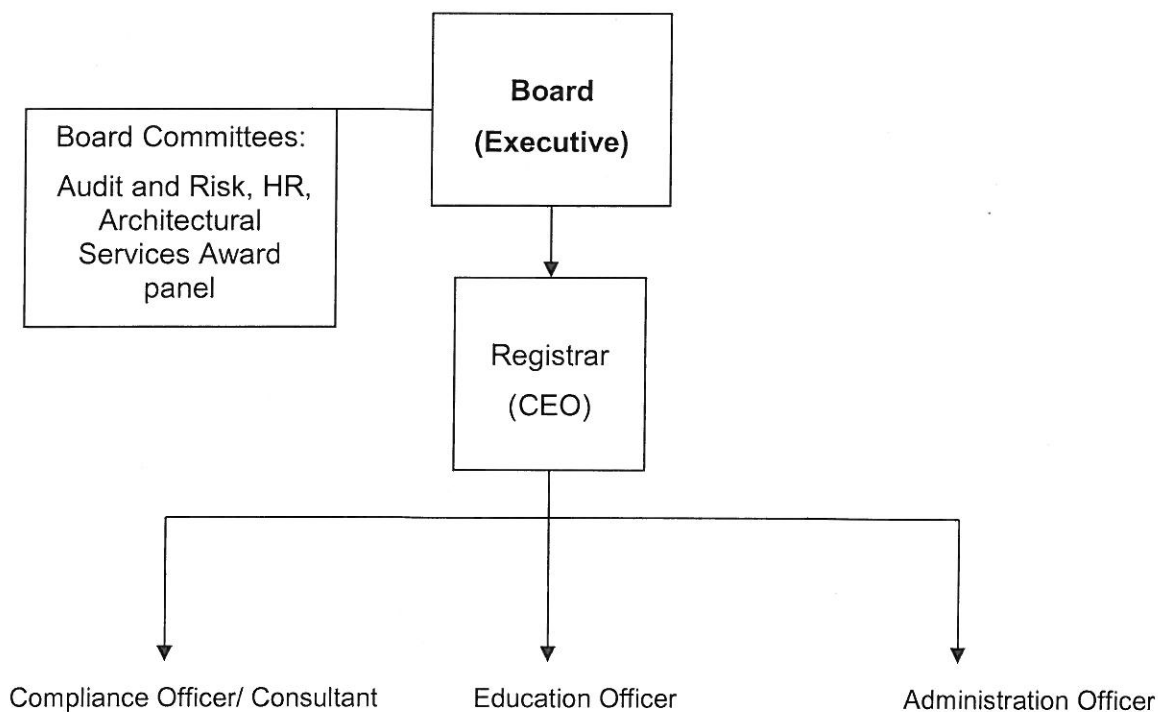
Implement a process of mandatory CPD in annual registration This goal of the ARBV has not progressed and is unlikely to, in the form the Board proposed. Consultation is continuing with DTPLI on a model for CPD.

AACA Reviews. The Board continues to work with the Architects Accreditation Council of Australia (AACA) on regular reviews to improve policies and procedures. Reviews this year have been on the Architectural Practice Examination (APE) for initial registration and on the competency standards for architects nationally.

Promote good professional practice and conduct The Architectural Services Award (ASA) continued in 2013 with members of the Board working with guest judge Christine Phillips, RMIT University Architecture Program. The winner was Alison Freeman for her work with the Richmond Crèche and Kindergarten. The prize and certificates for the ASA were presented along with professional practice awards to three recipients at the Certificate Conferring Ceremony in December 2013 held at The Deakin Edge in Federation Square. The Board continued its support the increasingly successful Melbourne Open House as one of the sponsors of the Speaker Series.

Work on transition to the VBA. Identifying and recording operations and functions of the office has been an ongoing undertaking by staff preparing for the transition to the Victorian Building Authority, proposed for July 2014. There have been a number of meetings attended by the Registrar, and by the accountant, and a lot of preparatory work completed on policies and procedures.

## ARBV Organisational Chart



The Board has a contract with Karl Augustin of August Consulting Services for accountancy services.

Other allied bodies and groups:

- Architects Tribunal Panel
- Examiners
- The IRP and NVP Accreditation Panel

The Audit and Risk Committee had an independent chairperson, Rob Dickens, Process Improvement Manager, State Revenue Office who resigned in March 2014. Board members on the committee are Colleen Peterson, Venise Reilly, and David Sainsbery who assumed the role of Acting Chairperson for the May meeting.

The Human Resources committee is chaired by David Sainsbery. The other member is Colleen Peterson.

## COMPLIANCE WITH THE ARCHITECTS ACT 1991

The purpose of the *Architects Act 1991* is consumer protection. The Act:

- controls the title “architect” so consumers can be confident that a person so described actually is an architect;
- requires practising architects to have compliant professional indemnity insurance;
- regulates the professional conduct of architects and provides for investigations and inquiries into the professional conduct of architects.

Administration of compliance measures is carried out by the Compliance Officer. This involves investigative and legal services, provision of hearing space, and other administrative costs.

### Offences against the Act – Title Breaches

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 preventing persons who are not architects from “holding out” as architects.

The Board investigates allegations of misuse of the title, as well as undertaking investigations on its own behalf. In the reporting period, 39 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, 36 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.

Three prosecutions were completed during the reporting period (*see below*). Five matters have been referred for prosecution.

### Title breach actions - summary

	2011 - 2012	2012 - 2013	2013 - 2014
<i>Number of Title breach investigations</i>	31	39	62
<i>Number of letters of compliance issued</i>	26	23	36
<i>Number of referrals for advice re prosecution</i>	5	4	7
<i>Number of completed prosecutions</i>	3	1	3

## **Compliance with Professional Indemnity Insurance requirements**

The Act (Section 8B and 8C) requires practising architects to have professional indemnity insurance that complies with requirements set out in the *Architects Insurance Ministerial Order*. Practising architects are required to provide proof to the Board that they hold such insurance. The Board monitors compliance with this requirement and may suspend the registration of architects who fail to comply.

## **Complaints against Architects**

The Act (Section 18) provides that the Board, on its own initiative or the complaint of any person, may determine whether an inquiry into an architect's fitness to practise or professional conduct should be held. The professional conduct of architects is governed by the *Architects Regulations 2004*.

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 are able 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 grounds for further inquiry, it refers the matter to a separate body called the Architects Tribunal. The Tribunal operates independently of the Board.

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.

## **Architects Tribunals**

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, Tony Mussen, 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.

### Number of 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 3,400 are in practice).

The Board received 8 formal complaints. Of those 8 complaints, the Board referred 1 complaint to Tribunal inquiry, did not find grounds for referral to inquiry in 6 cases; and 1 complaint is still under review. 1 complaint review from 2012-2013 was on hold pending the outcome of other litigation.

5 Architects Tribunal inquiries were held during the reporting period.

	2011 - 2012	2012 - 2013	2013 - 2014
<i>Number of formal complaints received</i>	10	10	8
<i>Complaint reviews pending</i>	0	2	2
<i>Number of complaints referred to Tribunal</i>	1	4	1
<i>Number of Tribunal inquiries completed</i>	4	1	5

## Registrations and Architectural Practice Examination Statistics

<b>NEW REGISTRATIONS</b>	2009-10	2010-11	2011-12	2012-13	2013-14
Female	61	77	122	116	147
Male	117	192	194	165	244
<b>Total</b>	<b>178</b>	<b>269</b>	<b>316</b>	<b>281</b>	<b>391</b>
Company / Partnerships	52	68	58	56	78
<b>Total on Register</b>	<b>4185</b>	<b>4309</b>	<b>4513</b>	<b>4718</b>	<b>4735</b>
<b>Total on Register as at 30/06</b>	2009-10	2010-11	2011-12	2012-13	2013-14
Retired	204	219	217	225	231
Non-Practising	667	694	766	840	767
Practising	3200	3290	3435	3558	3642
Non-Practising Exempt	90	90	90	90	0
Practising Exempt	24	16	5	5	95
Company / Partnership	788	828	863	881	908
<b>APE (Part 3)</b>	2009-10	2010-11	2011-12	2012-13	2013-14
Number of Candidates	<b>230</b>	<b>224</b>	<b>290</b>	<b>273</b>	<b>233</b>
Number of Pass	204	203	257	241	207
Number of Fail	26	21	33	32	26
Female	79	93	126	101	104
Male	151	131	164	172	129

## 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 22D	Manner of establishment and responsible Minister	6
FRD 22D	Objectives and functions	6
<b>Management and Structure</b>		
FRD 22D	Organisational structure	9
<b>Financial and other information</b>		
FRD 10	Disclosure index	15
FRD 12A	Disclosure of major contracts	16
FRD 22D, SD4.2(k)	Operational and budgetary objectives and performance against objectives	17
FRD 22D	Employment and conduct principles	18
FRD 22D	Occupational safety and health policy	18
FRD 22D	Summary of financial results for the year	21
FRD 22D	Significant changes in financial position during the year	
FRD 22D	Major changes or factors affecting performance	
FRD 22D	Application and operation of the FOI Act	18
FRD 22D	Statement on National Competition Policy	18
FRD 22D	Application and operation of the Whistleblowers Protection Act 2001 and the protected Disclosures Act 2012	19
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FRD 24C	Victorian Industry Participation Policy disclosures	20
FRD 25	Workforce data disclosures	
FRD 29	Risk management compliance attestation	
SD 4.5.5	General information requirements	
SD 4.2(g)	Sign off requirements	
SD 4.2(j)		
<b>Legislation</b>		
	Freedom of Information Act 1982	18
	Building Act 1993	20

	Whistleblowers Protection Act 2001 and Protected Disclosures Act 2012	19
	Victorian Industry Participation Policy Act 2003	20
	Financial Management Act 1994	21
	Multicultural Victoria Act 2004	20
<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	25
SD4.2(c)	Compliance with Ministerial Directions	25
SD4.2(d)	Rounding of amounts	31
SD4.2(c)	Accountable officer's declaration	25
SD4.2(f)	Compliance with model financial report	25
<b>Disclosures required by FRDs in notes to financial statements</b>		
FRD 9A	Disclosure of administered assets and liabilities (voluntary)	
FRD 11	Disclosure of ex gratia payments	
FRD 21A	Responsible person and executive officer disclosures	25
FRD 102	Inventories	
FRD 103D	Non-current physical assets	33
FRD 104	Foreign currency	
FRD 106	Impairment of assets	32
FRD 109	Intangible assets	
FRD 107	Investment properties	
FRD 110	Cash flow statement	29
FRD 112B	Defined benefit superannuation obligations	36
FRD 114A	Financial Instruments – general government entities and public non-financial corporations	38
FRD 119	Contributions by owners	40

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

<u>Goal 1</u> Review of the Act	Main tasks: Summarize VGSO advice to provide to DTPLI	Strategy: Open dialogue with writers of the legislation.	Actions: Seek to follow up and explain reasons for the advice
<u>Goal 2</u> Improve Communications	Main tasks: Implement and develop the YM software	Strategy: Staff meetings to identify and discuss issues	Actions: Training, transition and customising YM
<u>Goal 3</u> Mandatory CPD	Main tasks: 1 consultation 2 communications 3 lobbying	Strategy: Incorporate in new legislation.	Actions: Board action Complete. Consultation is continuing with DTPLI on a CPD model
<u>Goal 4</u> AACA Reviews APE Competency Standards RAE	Main tasks: 1 engage in reviews 2 respond to consultation opportunities 3 review relationships with AACA and AIA by function	Strategy: Architect Board Members provide input to AACA Reviews	Actions: Completed diagram of ARBV AIA and AACA Functions Contributed to both 2013-14 AACA reviews.
<u>Goal 5</u> Promote Good Professional Practice and Conduct.	Main tasks: 1 Professional Practice Awards 2. Architectural Services Award	Strategy: ASA working group for 2013	Actions: ASA working group meetings held.  Award winners identified, Presented December 2013
<u>Goal 6</u> Work on transition to the VBA	Main tasks: Staff update policies, procedures and job descriptions.	Strategy: Attendance as required at meetings  Implementation of new requirements.	Actions: Review and modify procedures and operations as necessary. Communications managed.

## **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. O H & S procedures include:

- 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.
- staff are encouraged to monitor their sedentary hours, regularly move around the office, address back and shoulder strain caused by computer work, 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.

## **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 from February 2013, the Administration 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 implement and apply this principle in its business undertakings.

**COMPLIANCE WITH THE PROTECTED DISCLOSURES ACT 2012 (formerly the Whistleblower’s Protection Act 2001)**

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people 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.

The ARBV does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The ARBV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

**Reporting procedures**

Disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers may be made to any of the following ARBV personnel:

- the Protected Disclosure Coordinator;
- the Registrar
- the Chairperson of the Board

Alternatively, disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers may also be made directly to the Independent Broad-based Anti-corruption Commission:

Level 1, North Tower, 459 Collins Street  
 Melbourne, VIC 3000  
 Phone: 1300 735 135  
 Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

**Further information**

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the ARBV or any of its employees and/or officers, are available from the ARBV.

**Disclosures under the Protected Disclosure Act 2012 (those made from 10 February 2013)**

	2012-13	2013-14
	Number	Number
<b>The number of disclosures made by an individual to the ARBV and notified to the Independent Broad-based Anti-corruption Commission from 30 June 2013- 1<sup>st</sup> July 2014:</b>		
Assessable disclosures	0	0
	number	number

<b>The number and types of disclosures made to the ARBV during the year:</b>		
Public interest disclosures	0	0
Protected disclosures	0	0
The number of disclosures referred during the year by the ARBV to the Ombudsman for determination as to whether they are public interest disclosures	0	0
The number and types of disclosed matters referred to the ARBV by the Ombudsman for investigation	0	0
The number and types of investigations taken over from the public body by the Ombudsman	0	0
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	0	0
The number and types of disclosed matters that the ARBV has declined to investigate	0	0
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0	0
Any recommendations made by the Ombudsman that relate to the ARBV: Recommendation regarding file security and management	0	n/a

## AVAILABILITY OF FURTHER INFORMATION

Information relevant to Financial Reporting Direction 22D of the *Financial Management Act 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 and the installation of blinds has reduced some of the need for air conditioning.

Secure bins are used to dispose of confidential documents, which are collected regularly.

The ARBV office has transferred the majority of paper records to electronic storage in the cloud and on off site servers. Board agenda and minute papers are now distributed via Dropbox.

Parking fees in parking buildings are no longer a claimable expense for examiners, to encourage the use of public transport.

## DISABILITY ACTION PLAN

The ARBV has a Disability Action Plan approved by the Board.

### List of ARBV Chairpersons and Registrars since 1923

1. Edward Bates	1923-1931	1. William Campbell	1923-1929
2. William Godfrey	1931-1934	2. John Islip	1929-1970
	Plus a period 1924-1925 as acting chair		Charles Serpell was acting registrar 1942-1946 while John Islip was on leave having enlisted in the Royal Australian Air Force.
3. Kingsley Henderson	1934-1939	3. John Janicke	1970-1971
4. John Gawler	1939-1946	4. Tom Cranston	1971-1972
5. Stanley Parkes	1946-1966	5. Raymond Wilson	1972-1972
6. Harry Winbush	1966-1971	6. Noel Bewley	1972-1986
7. Ronald Lyon	1971-1975	7. Mary Mauthoor	1986-1992
8. R.J.Gibson	1975-1983	8. Jeffrey Keddie	1992-1998
9. J.F.Swan	1983-1985	9. Michael Kimberley	1998-2008
10. A.Rodger	1985-1988	10. Alison Ivey	2008-
11. Peter Williams	1988-1997		
12. Robert McGauran	1997-2000		
13. Andrew Hutson	2000-2012		
14. David Sainsbery	2012-		

## Annual Report 2013/2014 (Financials)

### Five year financial summary

	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$
Total revenue	1,562,960	1,260,102	1,274,197	1,100,743	986,087
Operating expenses	1,308,601	1,073,398	1,237,119	1,269,622	1,220,452
Boyd Foundation grant	0	0	50,000	50,000	50,000
Sponsorships and Donations	17,000	10,000	2,250	12,000	10,000
Net result for the period	254,359	186,704	37,078	-168,879	-234,365
Net cashflow from operating activities	224,734	275,138	146,691	78,037	-125,603
<b>Total assets</b>	<b>1,432,493</b>	<b>1,198,514</b>	<b>920,403</b>	<b>823,219</b>	<b>795,718</b>
<b>Total liabilities</b>	<b>1,004,335</b>	<b>1,024,715</b>	<b>933,308</b>	<b>873,202</b>	<b>676,822</b>

## INDEPENDENT AUDITOR'S REPORT

### To the Board, Architects Registration Board of Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 of the Architects Registration Board of Victoria which comprises the comprehensive 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 responsible body's declaration has been audited.

#### *The Boards' Responsibility for the Financial Report*

The Board 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, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Boards determine is necessary to enable the preparation and fair presentation 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 Boards, as well as evaluating the overall presentation of the financial report.

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

## **Independent Auditor's Report (continued)**

### *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.

### *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 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, 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, legislation has been introduced into Parliament to repeal the Board and transfer its operations, assets and liabilities to another entity.

### *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 2014 included both in the Architects Registration Board of Victoria's annual report and on the website. The Board 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 these statements. 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  
30 October 2014

John Doyle  
*Auditor-General*



## Financial Statements and Certification

### Statement by the Architects Registration Board of Victoria for the year ended 30 June 2014

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

The attached financial statements for the Architects Registration Board of Victoria have been prepared in accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Board at 30 June 2014.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30<sup>th</sup> September 2014



Accountable Officer

**Alison Ivey**

Registrar



Chairperson of the Board

**David Sainsbery**

Dated this *29<sup>th</sup>* day of *October* 2014.

**Comprehensive Operating Statement**  
for the financial year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Revenue from continuing operations	2	1,562,960	1,260,102
<b>Total income from transactions</b>		<b>1,562,960</b>	<b>1,260,102</b>
<b>Expenses from transactions</b>			
Application for registration		4,477	3,866
Annual registration		3,610	3,856
Employee expenses		331,443	332,660
Professional services		449,550	230,965
Administration	3a	170,949	160,935
Registration examinations		147,299	167,517
Occupancy		153,508	145,265
Postage, printing & stationery		6,537	9,827
Depreciation	6	24,228	8,507
Sponsorships and Donations	3b	17,000	10,000
<b>Total expenses from transactions</b>		<b>1,308,601</b>	<b>1,073,398</b>
<b>Net result from transactions (net operating balance)</b>		<b>254,359</b>	<b>186,704</b>
<b>Comprehensive result</b>		<b>254,359</b>	<b>186,704</b>

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

**Balance Sheet**  
as at 30 June 2014

	Notes	2014 \$	2013 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and Cash Equivalents	4a	808,597	1,083,864
Receivables	5	84,027	62,049
Investments and other financial assets	4b	500,000	0
<b>Total financial assets</b>		<b>1,392,624</b>	<b>1,145,913</b>
<b>Non-financial assets</b>			
Prepayments		17,113	17,208
Plant and equipment	6	22,756	35,393
<b>Total non-financial assets</b>		<b>39,869</b>	<b>52,601</b>
<b>Total assets</b>		<b>1,432,493</b>	<b>1,198,514</b>
<b>Liabilities</b>			
Annual Registration Fees received in Advance		845,703	665,003
Payables	7a	114,644	292,739
Provisions	7b	43,988	66,973
<b>Total liabilities</b>		<b>1,004,335</b>	<b>1,024,715</b>
<b>Net assets</b>		<b>428,158</b>	<b>173,799</b>
<b>Equity</b>			
Contributed Capital	8	221,718	221,718
Retained Surplus / (Accumulated Losses)	9	206,440	(47,919)
<b>Total Equity</b>		<b>428,158</b>	<b>173,799</b>

The balance sheet should be read in conjunction with the notes to the financial statements.

**Statement of Changes in Equity**  
for the financial year ended 30 June 2014

	<i>Notes</i>	<i>Accumulated Surplus</i>	<i>Contributions by Owner</i>	<i>Total</i>
Balance at 1 July 2012		(234,623)	221,718	(12,905)
Net result for the year		186,704		186,704
<b>Balance at 30 June 2013</b>		<b>(47,919)</b>	<b>221,718</b>	<b>173,799</b>
Net result for the year		254,359		254,359
<b>Balance at 30 June 2014</b>		<b>206,440</b>	<b>221,718</b>	<b>428,158</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

**Cash Flow Statement**  
for the financial year ended 30 June 2014

	2014	2013
Note	\$	\$
s	Inflows (Outflows)	Inflows (Outflows)
<b>Cashflows from operating activities</b>		
Receipts:		
Interest	30,410	23,451
Receipts from Subscribers and Sundry Income	1,793,992	1,347,577
<b>Total receipts</b>	<u>1,824,402</u>	<u>1,371,028</u>
Payments:		
Payments to Suppliers and Employees	(1,588,078)	(1,090,035)
<b>Total payments</b>	<u>(1,588,078)</u>	<u>(1,090,035)</u>
<b>Net cash from / (used in) operating activities</b>	10 <u>236,324</u>	<u>280,993</u>
<b>Cashflows from investing activities:</b>		
Investment in Term Deposits	(500,000)	0
Payments for Plant & Equipment	(11,591)	(5,855)
<b>Net cash from / (used in) investing activities</b>	<u>(511,591)</u>	<u>(5,855)</u>
Net increase (decrease) in Cash and cash equivalents	(275,267)	275,138
Cash and cash equivalents at beginning of financial year	1,083,864	808,726
<b>Cash and cash equivalents at end of financial year</b>	4(a) <u>808,597</u>	<u>1,083,864</u>

The above cash flow statement should be read in conjunction with the notes to the financial statements.

## Notes to the financial statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for the Architects Registration Board of Victoria (ARBV) for the period ending 30 June 2014. The purpose of the report is to provide users with information about the ARBV's stewardship of resources entrusted to it.

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) 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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 19.

These annual financial statements were authorised for issue by the Chairperson of the ARBV on the 29th October 2014.

#### (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.

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.

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 and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention.

#### Reporting entity

The financial statements cover the ARBV as an individual reporting entity.

Its principal address is:

The Architects Registration Board of Victoria

Level 7, 372 Albert Street

East Melbourne VIC 3002

The Building Legislation Amendment Bill 2014 (the Bill), introduced to the Victorian Parliament on 7 May 2014, is set to repeal the Architects Registration Act 1991. The Bill also provides for the operations and assets and liabilities of the ARBV to be transferred to the Victorian Building Authority (VBA). The Bill has not yet been passed through Parliament. Refer to Note 13 for further information.

The financial report has been prepared on a going concern basis given the ARBV's operations are set to be absorbed by the VBA and as such there is no impact on the value of the Board's assets or liabilities nor on its ability to discharge its liabilities as and when they fall due.

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

#### **Comprehensive operating statement**

The comprehensive operating statement comprises three components, being 'net result from transactions (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

Refer to Note 19 Glossary for the definitions of 'transactions included in net result', 'other economic flows included in net result' and 'other economic flows – other comprehensive income'. Further guidance on the classifications of comprehensive operating statement can be found in Appendix 1.

#### **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 (non-current being those assets or liabilities expected to be recovered or settled in more than 12 months after the reporting period) 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 non-owner and owner changes in equity from 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 economic flows-other movements in equity' related to 'Transactions with owners in its capacity as owner'.

#### **Rounding**

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 19 for a style convention for explanations of minor discrepancies resulting from rounding.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(d) Financial Assets**

#### **Cash and deposits**

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those 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 readily convertible to known amounts of cash with an insignificant risk of changes in value

#### **Receivables**

Receivables consist of:

- contractual receivables such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables such as amounts owing from Government GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as receivables (refer to Note 14 Financial Instruments for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

#### **Investments and other financial assets**

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held to maturity; and
- available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

#### **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. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts 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.



## Note 1. Summary of Significant Accounting Policies (continued)

### (e) Other Financial Assets

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

### (f) Other 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

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

#### Fair value measurement hierarchy for assets at as 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Property, plant and equipment at fair value				
Leasehold Improvements	6,372			6,372
Office equipment	16,384			16,384
<b>Total plant and equipment at fair value</b>	<b>22,756</b>			<b>22,756</b>

#### Description of significant unobservable inputs into level 3 valuations

Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Office equipment and leasehold improvements	Depreciated replacement cost Cost per unit	\$2,000 - \$3,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value

#### Property, plant and equipment

Property, plant and equipment is held at fair value. Fair value is determined using the depreciated replacement cost method. For all assets measured at fair value, the current use is considered the highest and best use.

#### Revaluation of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation 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 increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

## **Note 1. Summary of Significant Accounting Policies (continued)**

Net revaluation decreases are recognised in 'Other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

### **(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 provision is the best estimate of the consideration required to settle the present obligation at reporting date, 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.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Employee benefit**

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.

#### **(i)Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits as "current liabilities", because the ARBV does not have an unconditional right to defer settlements of these liabilities.

Depends on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave are measured at:

- undiscounted value if the ARBV expects to wholly settle within 12 months; or
- present value if the ARBV does not expect to wholly settle within 12 months.

#### **(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.

#### **Employee benefit provisions (continued)**

The components of this current LSL liability are measured at:

- undiscounted value- if the ARBV expects to wholly settle within 12 months; and
- present value- if the ARBV does not expect to wholly 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 decides to accept an offer of benefits in exchange for the termination of employment. 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 such as workers compensation and superannuation are recognised separately from provision for employee benefits.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(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 at fair value.

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.

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 annual registration fees received in advance as a Current Liability.

### **Interest**

Interest includes interest received on bank term deposits, 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**

Refer to Note 1(G) regarding provisions - employee benefits.

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.

In 2013/14, ARBV has applied the revised AASB 119 Employee benefits and the related consequential amendments for the first time.

The revised standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of this revised standard has not had a material impact on ARBV.

### **Superannuation**

#### Defined Contribution Plans

The amount recognised in the comprehensive operating statement is the employer contributions for members in the defined contribution superannuation plans that are paid or payable during the reporting period.

#### 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.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Depreciation**

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.

<b><i>Asset class</i></b>	<b><i>Useful life</i></b>
Computers	4 years
Furniture & Fittings	5 – 13 years
Leasehold Improvements	7 years

Depreciation increased during 2013-2014 as result of a change in the deemed useful life of desks and shelves attached to walls in the leased premises.

### **Other operating expenses**

Other operating expenses generally represent the day to day running costs incurred in normal operations and include:

#### **Supplies and services**

Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred.

### **(j) Other economic flows included in the net result**

#### **Net Gain/(Loss) on non-financial assets**

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from as follows:

#### **Revaluation Gain/(Loss) of non-financial physical assets**

Refer to Note 1(f) other non-financial assets.

#### **Net gain/(loss) on disposal of non-financial assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date that of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **Impairment of non-financial assets**

All 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.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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.

### **(k) Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the ARBV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

### **Categories of non derivative financial instruments**

#### **Receivables**

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. The receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

#### **Available for sale financial assets**

Available for sale financial instrument assets are those designated as available for sale or not classified in any other category of financial instrument asset.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(k) Financial instruments (continued)**

#### **Held to maturity financial assets**

If the ARBV has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

#### **Financial liabilities at amortised cost**

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the ARBV's contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

### **(l) 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.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless 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 a leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

## **Note 1. Summary of Significant Accounting Policies (continued)**

### **(m) 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.

### **(n) Accounting for the goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the Taxation Authority. In this case, the GST payable 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 taxation authority 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 taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

### **(o) Corporate structure**

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

### **(p) Equity**

Contributed by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.



## Note 1. Summary of Significant Accounting Policies (continued)

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### NOTE 2. Income from transactions

	2014	2013
	\$	\$
<b>Income</b>		
Revenue from fees:		
Annual Registration	1,244,016	919,094
Entrance, Reinstatement & Certificate	65,916	88,582
Revenue from examinations:		
Examination	190,940	210,415
Interest Received:		
Variable Interest	30,410	23,451
Register Sales	100	100
Sundry Income	1,078	205
Legal Fees Recovery	30,500	18,255
<b>Total income from transactions</b>	<b>1,562,960</b>	<b>1,260,102</b>

#### NOTE 3a. Administration expenses

The Administration expenses comprise

	2014	2013
	\$	\$
Finance and Bank Charges	35,568	17,740
Advertising	2,752	3,664
Travel and Accommodation	7,930	9,630
Awards	11,688	8,330
Service & Maintain Office Equipment	6,580	10,112
IT and Computer Services	68,837	76,856
Other Expenses	6,986	7,358
Loss on disposal of assets	0	654
Subscriptions	26,392	23,641
Project - IT Projects	4,216	2,950
<b>Total administration expenses</b>	<b>170,949</b>	<b>160,935</b>

#### NOTE 3b. Sponsorships and Donations

Sponsorships and Donations	17,000	10,000
<b>Total sponsorships and donations</b>	<b>17,000</b>	<b>10,000</b>

Sponsorship of the Melbourne Open House continued in 2014 with the ARBV agreeing to sponsor the speaker series.

**Notes to the Financial Statements for the financial year ended 30 June 2014**

**NOTE 4a. Cash and cash equivalents**

	2014	2013
	\$	\$
Cash on Hand	360	360
Cash at Bank	808,237	1,083,504
<b>Total Cash and cash equivalents</b>	<b>808,597</b>	<b>1,083,864</b>

**NOTE 4b. Investments and other financial assets**

Term Deposits	500,000	0
<b>Total Investments and other financial assets</b>	<b>500,000</b>	<b>0</b>

**NOTE 5. Receivables**

	2014	2013
	\$	\$
<b>Contractual</b>		
Security Deposit Bond	52,721	52,721
Interest Receivable	3,531	0
	<b>56,252</b>	<b>52,721</b>
<b>Statutory</b>		
GST Receivable	27,775	9,328
	<b>27,775</b>	<b>9,328</b>
<b>Total Receivables</b>	<b>84,027</b>	<b>62,049</b>

## Notes to the Financial Statements for the financial year ended 30 June 2014

### NOTE 6. Property, plant and equipment

	2014	2013
	\$	\$
Office Equipment at fair value	108,558	108,558
Accumulated Depreciation	(92,174)	(74,323)
	<u>16,384</u>	<u>34,235</u>
Leasehold Improvements at fair value	285,891	274,301
Accumulated Depreciation	(279,519)	(273,143)
	<u>6,372</u>	<u>1,158</u>
	<u>22,756</u>	<u>35,393</u>

These assets are all classified as public administration fixed assets

#### Movements in carrying amounts

	Office Equipment	Leasehold Improvements	Total
<b>2014</b>			
Opening balance	34,235	1,158	35,393
Additions	0	11,591	11,591
Depreciation	(17,851)	(6,377)	(24,228)
Closing balance	<u>16,384</u>	<u>6,372</u>	<u>22,756</u>
<b>2013</b>			
Opening balance	36,649	2,051	38,700
Additions	5,855	0	5,855
Disposals	(655)	0	(655)
Depreciation	(7,614)	(893)	(8,507)
Closing balance	<u>34,235</u>	<u>1,158</u>	<u>35,393</u>

#### Aggregate depreciation recognised as an expense during the year

	2014	2013
	\$	\$
Office Equipment at fair value	17,851	7,614
Leasehold Improvements at fair value	6,377	893
	<u>24,228</u>	<u>8,507</u>

## Notes to the Financial Statements for the financial year ended 30 June 2014

### NOTE 7a. Payables

	2014	2013
	\$	\$
<b>Contractual</b>		
Accrued Expenses	55,504	240,439
Creditors	48,855	39,605
Other	300	121
	<u>104,659</u>	<u>280,165</u>
<b>Statutory</b>		
PAYG Liability	10,172	12,852
Superannuation	(187)	(278)
	<u>9,985</u>	<u>12,574</u>
<b>Total Payables</b>	<u>114,644</u>	<u>292,739</u>

The 2014 Accrued expenses for the Boyd Foundation Grant is nil (2013 \$200,000)

### NOTE 7b. Provisions

	2014	2013
	\$	\$
<b>Current provisions</b>		
Employee benefits – annual leave:		
Unconditional and expected to settle within 12 months	2,636	4,030
Employee benefits – long service leave:		
Unconditional and expected to be settled within 12 months	31,530	48,100
Provisions related to employee benefit on-cost:		
Unconditional and expected to be settled within 12 months	3,662	5,465
<b>Total current provisions</b>	<u>37,828</u>	<u>57,595</u>
<b>Non-current provisions</b>		
Employee Benefits	5,564	8,488
Employee benefits on costs	596	890
<b>Total non-current provisions</b>	<u>6,160</u>	<u>9,378</u>
<b>Total provisions</b>	<u>43,988</u>	<u>66,973</u>
<b>Employee benefits and related on-costs</b>		
Current employee benefits		
Annual leave entitlements	2,636	4,030
Long service leave entitlements	31,530	48,100
Non-current employee benefits		
Long service leave entitlements	5,564	8,488
<b>Total employee benefits</b>	<u>39,730</u>	<u>60,618</u>
Current on-costs	3,662	5,465
Non-current on-costs	596	890
<b>Total on-costs</b>	<u>4,258</u>	<u>6,355</u>
<b>Total employee benefits and related on-costs</b>	<u>43,988</u>	<u>66,973</u>

## Notes to the Financial Statements for the financial year ended 30 June 2014

### NOTE 8. Contributed Capital

	2014	2013
	\$	\$
Balance at beginning of the year	221,718	221,718
<b>Balance at end of the year</b>	<b>221,718</b>	<b>221,718</b>

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

Opening balance	(47,919)	(234,623)
Net Surplus / loss for the year	254,359	186,704
<b>Closing balance</b>	<b>206,440</b>	<b>(47,919)</b>

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

	2014	2013
	\$	\$
Cash on Hand	360	360
Cash at Bank	808,237	1,083,504
	<b>808,597</b>	<b>1,083,864</b>

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

Operating Result – Net Surplus/(Deficit)	254,359	186,704
Add non-cashflows		
Depreciation	24,228	8,507
Loss on Assets Scrapped	0	655
<b>Changes in Assets &amp; Liabilities</b>		
(Increase)/decrease in current receivables	(21,978)	(5,596)
(Increase)/decrease in prepayments	95	(684)
(Decrease)/increase in current payables	(178,095)	23,865
(Decrease)/increase in annual fees in advance	180,700	56,501
(Decrease)/increase in Provisions	(22,985)	11,041
<b>Net cash provided (used) by operating activities</b>	<b>236,324</b>	<b>280,993</b>

### NOTE 11. Commitments

As at 30 June 2014 there were no capital or expenditure commitments.

### NOTE 12. Contingent assets and contingent liabilities

At 30 June 2014 there were no contingent assets and contingent liabilities in existence.

### NOTE 13. Subsequent events

The Minister for Planning the Hon Matthew Guy announced in November 2012 that the administration of the registration and compliance system for architects will form part of the role of the new Victorian Building Authority, and the Board in its present form would be abolished. Changes to the Architects Act to put this into effect were to be finalised in 2014 but are dependent on the passing of the Building Legislation Amendment Bill. At the date of this report, this bill has not been passed.

## Notes to the Financial Statements for the Year Ended 30 June 2014

### Note 14 Financial Instruments

#### (a) Financial risk management objectives and policies

The ARBV's principal financial instruments comprise:

- cash assets;
- term deposits
- receivables (excluding statutory receivables);
- payables (excluding statutory payables);

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The ARBV's main financial risks include credit risk, liquidity risk, interest rate risk.

The ARBV manages these financial risks in accordance with its financial risk management policy.

The ARBV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk committee of the board.

#### Categorisation of financial instruments

	Carrying Amount 2014	Carrying Amount 2013
	\$	\$
<b>Contractual Financial Assets</b>		
Cash and cash equivalent	808,597	1,083,864
Receivables	56,252	52,721
Term Deposits	500,000	0
<b>Total Contractual Financial Assets</b>	<b>1,364,849</b>	<b>1,136,585</b>
<b>Financial Contractual Liabilities</b>		
Payables	104,659	280,165
<b>Total Contractual Financial Liabilities</b>	<b>104,659</b>	<b>280,165</b>

## Notes to the Financial Statements for the Year Ended 30 June 2014

### NOTE 14. Financial Instruments (continued)

#### (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:

2014

	Carring Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	808,597	0	808,237	360
Loans and Receivables	56,252	0	56,252	0
Term Deposits	500,000	500,000	0	0
<b>Total Contractual Financial Assets</b>	<b>1,364,849</b>	<b>500,000</b>	<b>864,489</b>	<b>360</b>
Weighted Average Interest Rate		3.51%	0.75%	0%
<b>Contractual Financial Liabilities</b>				
Payables	104,659	0	0	104,659
<b>Total Contractual Financial Liabilities</b>	<b>104,659</b>	<b>0</b>	<b>0</b>	<b>104,659</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>1,260,190</b>	<b>500,000</b>	<b>864,489</b>	<b>-104,299</b>

2013

	Carring Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	1,083,864	0	1,083,504	360
Receivables	52,721	0	52,721	0
Term Deposits	0	0	0	0
<b>Total Contractual Financial Assets</b>	<b>1,136,585</b>	<b>0</b>	<b>1,136,225</b>	<b>360</b>
Weighted Average Interest Rate		0%	1.79%	0%
<b>Contractual Financial Liabilities</b>				
Payables	280,165	0	0	280,165
<b>Total Contractual Financial Liabilities</b>	<b>280,165</b>	<b>0</b>	<b>0</b>	<b>280,165</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>856,420</b>	<b>0</b>	<b>1,136,225</b>	<b>-279,805</b>

Notes to the Financial Statements for the Year Ended 30 June 2014

NOTE 14. Financial Instruments (continued)

*Net Market Value*

*(c) Fair Value*

The ARBV considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts:

*Financial Instruments*

	Carrying amount		Fair value	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>				
<i>Cash and cash equivalents</i>	808,597	1,083,864	808,597	1,083,864
<i>Receivables</i>	56,252	52,721	56,252	52,721
<i>Term Deposits</i>	500,000	0	500,000	0
<b>Total Financial Assets</b>	<b>1,364,849</b>	<b>1,136,585</b>	<b>1,364,849</b>	<b>1,136,585</b>
<b>Financial Liabilities</b>				
<i>Payables</i>	104,659	280,165	104,659	280,165
<b>Total Financial Liabilities</b>	<b>104,659</b>	<b>280,165</b>	<b>104,659</b>	<b>280,165</b>



## Notes to the Financial Statements for the Year Ended 30 June 2014

### NOTE 14. Financial Instruments (continued)

#### (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.

#### Ageing analysis of contractual financial assets

2014

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Australian Dollar Term Deposits > 3 months	500,000	500,000		
Security Deposit bond	52,721	52,721	0	0
<b>Total</b>	<b>552,721</b>	<b>552,721</b>	<b>0</b>	<b>0</b>

2013

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Security Deposit bond	52,721	52,721	0	0
<b>Total</b>	<b>52,721</b>	<b>52,721</b>	<b>0</b>	<b>0</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

Fair value interest rate risk is the risk that the fair value of a financial 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 - 1.0% (100 basis points) would have yielded a \$10778 difference to the operating result and equity (\$7580 for 2012/2013).

## Notes to the Financial Statements for the Year Ended 30 June 2014

### NOTE 14. Financial Instruments (continued)

#### (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.

#### Maturity Analysis of contractual liabilities

	Carrying Amount	Nominal Amount	Maturity Dates	
			Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>2014</b>				
<b>Payables</b>				
Supplies and services	48,856	48,856	48,856	0
Other Payables	55,804	55,804	55,804	0
<b>Total</b>	<b>104,660</b>	<b>104,660</b>	<b>104,660</b>	<b>0</b>
<b>2013</b>				
			Maturity Dates	
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	39,605	39,605	39,605	0
Other Payables	240,560	240,560	240,560	0
<b>Total</b>	<b>280,165</b>	<b>280,165</b>	<b>280,165</b>	<b>0</b>

## Notes to the Financial Statements for the Year Ended 30 June 2014

### NOTE 15. Responsible person

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

- (a) The persons who held the positions of minister and accountable officers in the ARBV are as follows:

#### NAMES

Minister for Planning	The Hon Matthew Guy MLC	1 July 2013 to 30 June 2014
Chairperson	David Sainsbery	1 July 2013 to 30 June 2014
Deputy Chair	Colleen Peterson	1 July 2013 to 30 June 2014
Board Member	Debra Low Choy	1 July 2013 to 30 June 2014
Board Member	David Hallett	1 July 2013 to 30 June 2014
Board Member	Venise Reilly	1 August 2013 to 30 June 2014
Board Member	Arianne Rose	1 July 2013 to 30 June 2014
Board Member	Ian Sutter	1 July 2013 to 30 June 2014
Board Member	David Islip	1 August 2013 to 30 June 2014
Accountable Officer	Alison Ivey	1 July 2013 to 30 June 2014

### REMUNERATION OF EXECUTIVES

(b) The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

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

Income Band	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
\$0- \$9,999 (Board Members)	8	8	8	8
<b>Total number of executives</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
\$130,000 - \$139,999 (Accountable Officer)	0	1	0	1
\$140,000 - \$149,999 (Accountable Officer)	1	0	1	0
<b>Total annualised employee equivalents</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Amount</b>	<b>\$176,044</b>	<b>\$156,506</b>	<b>\$176,044</b>	<b>\$156,506</b>

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

### Related Parties

There were no transactions with related parties during the year.

## Notes to the Financial Statements for the Year Ended 30 June 2014

### NOTE 16. Remuneration of auditors

#### Victorian Auditor-General's Office

	2014	2013
Audit or review of the financial statements	11,500	11,170

### NOTE 17. Superannuation

Employees of the ARBV are entitled to receive superannuation benefits and the ARBV contributes to the defined contribution plans.

The ARBV does not recognise any defined benefit liability in respect of the plan(s) 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.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the ARBV.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the ARBV are as follows:

Fund	Paid Contribution for the Year		Contribution outstanding at year end	
	2014	2013	2014	2013
<b>Defined contribution plans</b>				
Hesta	20,366	14,445	0	0
Retail Employees Superannuation Trust	7,561	10,296	0	0
	<b>27,927</b>	<b>24,741</b>	<b>0</b>	<b>0</b>

### NOTE 18. Commitments

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

	2014	2013
Not later than one year	34,504	82,809
Later than one, not later than five years	0	34,504
	<b>34,504</b>	<b>117,313</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.

## Notes to the Financial Statements for the Year Ended 30 June 2014

### Note 19. Glossary of terms and style conventions

#### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

#### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

#### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

#### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and defined contribution superannuation plans.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

#### Financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

**Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

**Other economic flows included in net result**

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
  - fair value changes of financial instruments and agricultural assets; and
  - depletion of natural assets (non produced) from their use or removal
- 
- Please refer to Appendix 1 for examples.

**Other economic flows other comprehensive income**

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) Changes in physical asset revaluation surplus;
- (b) Share of net movement in revaluation surplus of associates and joint ventures; and
- (c) Gains and losses on remeasuring available-for-sale financial assets;

Please refer to Appendix 1 for examples.

**Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

**Net result from transactions/net operating balance**

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to ARBV policies.

**Non financial assets**

Non financial assets are all assets that are not 'financial assets'. It includes plant and equipment.

**Other economic flows included in net result**

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments; and
- depletion of natural assets (non produced) from their use or removal

Please refer to Appendix 1 for examples.

**Other economic flows – other comprehensive income**

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets;

Please refer to Appendix 1 for examples.

**Payables**

Includes accounts payable, grants and taxes.

**Receivables**

Includes amounts owing to the ARBV through accounts receivable, accrued investment income, and interest receivable.

**Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services.

**Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the ARBV.

**Transactions**

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They 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. In simple terms, transactions arise from the policy decisions of the ARBV. Please refer to Appendix 1 for examples.

**Style conventions**

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx)	negative numbers
20xx	year period
20xx/20xx	year period

## Appendix 1 – Practical classification guide between transactions and other economic flows

**Transactions (T)** generally arise when there is mutual agreement between counterparties. They represent changes to assets/liabilities that result directly from economic activities such as production (including cultivated assets e.g. breeding stock and plantations) or consumption.

**Other economic flows (OEF)** are either holding gains/(losses) from revaluations of assets/liabilities due to market changes, or changes in volume due to non-economic phenomena such as: entrance or exit from the balance sheet as a result of normal events other than transactions e.g. discoveries of mineral deposits; birth/demise of breeding stock; assets created by human activity not previously recognised; destruction by catastrophe.

For operating statement presentation purposes, other economic flows are disaggregated into 'other economic flows included in net result' and 'other economic flows – other comprehensive income (OCI)'

<i>Item</i>	<i>Transaction</i>	<i>OEF included in net result</i>	<i>OEF – OCI</i>	<i>Reason for the classification</i>
1	Taxation	✓		Agreed between counterparties i.e. implicit agreement between government and taxpayers
2	Bad debts	✓	✓	Either: If agreed between counterparties = transaction If unilateral write off = other economic flows included in net result
3	Depreciation	✓		Agreed between internal counterparties i.e. the business is simultaneously acting as the owner and consumer of the service provided by the asset
4	Provision for doubtful debts		✓	Treated as a unilateral decision to provision adjustment and affect net result.
5	Long service leave provision: 1. Change in provision due to changes in the bond rates	✓		Subject to review, which might be recategorised into 'other economic flow included in net result'.
	2. Change in provision due to changed estimation.		✓	Revaluation
6	Gain/Loss on financial instruments/ non-financial assets		✓	Revaluation



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