



**Professional  
Combat Sports  
Commission**

**2006 - 2007  
Annual Report**

## **Minister for Sport and Recreation**

Hon JOHN KOBELKE MLA  
Minister for Sport and Recreation

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the annual report for the Professional Combat Sports Commission for the period 1 July 2006 to 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

**Simon Watters**  
Chairman  
14 September 2007

**Colin Brown**  
Member  
14 September 2007

Professional Combat Sports Commission  
246 Vincent Street  
Leederville WA 6903

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## Summary of Highlights

### 1. Approval To Draft Amendments To The *Professional Combat Sports Act 1987* - Draft Cabinet Minute

The review of the *Professional Combat Sports Act 1987* has identified the need to initiate legislative changes through parliamentary processes. Industry concerns in relation to safety practices have highlighted inadequacies within the legislation, with particular reference to the interpretation of a “contest.” The current interpretation is only applicable to contest in which contestants participate for a prize (professionals). The key proposed amendment is to change the interpretation to include contests in which paid public attendance is actively promoted, therefore encompassing many amateur combat sport contests. The amendment will improve control measures and ensure greater contestant well being for both amateurs and professionals. Recognised state association bodies such as the Karate Federation WA will be exempt. The exclusion of the professional term, inclusion of an industry participant disciplinary section and rules for conduct of events are amongst additional amendments proposed within the Draft Cabinet Minute.

### 2. Combat Sports Working Group

Following a series of public safety concerns regarding fight promotions, approval was provided to establish a Combat Sports Working Group. An initial consultation questionnaire and ensuing forum in May 2006 led to the establishment of the group in July 2006. A series of meetings were conducted to enable the Working Group to address four key areas:

1. Formation of an amateur representative body or legislation.
2. Developing, endorsing and gazetting combat sports rules.
3. Risk management at fight promotions.
4. Provision of training opportunities for industry participants.

The Combat Sports Working Group Report was completed in June 2007. Recommendations within the report are provided to enhance combat sports, specifically the safety and well-being of participants. The report will be published, promoted and circulated to combat sports participants for public comment. It is hoped that the report and its recommendations will be endorsed and embraced by combat sports participants. Following this, strategies and actions can be developed to assist in implementation.

### 3. Industry Participant Registration and Training

In accordance with legislative requirements, industry participants such as promoters, trainers, referees, judges and timekeepers are required to register with the Professional Combat Sports Commission. Historically, there has been no requirement for industry participants to demonstrate knowledge and competence. Contestant wellbeing and credibility of contest decisions are integral to the industry. Given this, the Commission will introduce more diligent processes in relation to the registration processes for referees and judges. Coinciding with industry participant re-registration processes for the ‘07/’08 period, theoretical questions for both muay thai and boxing referees and judges (ring officials) have been introduced.

In addition, the Commission has been involved in the provision of training opportunities for ring officials. The Commission coordinated two seminars for ring officials conducted by experienced referees at the Department of Sport and Recreation on 20 May 2007 and 9 June 2007. Both the muay thai and boxing seminars were well received by the industry with a total of 43 participants in attendance.

Acknowledging the importance of the appointment of ring officials the Commission intends to introduce further practical training opportunities to assist the development of current and prospective ring officials.

#### **4. Mixed Martial Arts**

Mixed martial arts are a combat sport under the parameters of the *Professional Combat Sports Act 1987*. The Commission has received a promotion permit application for a professional mixed martial arts contest in the past but denied approval on the grounds of a lack of suitable officials and rules. The Commission has received a proposal in May from a promoter to conduct a professional mixed martial arts fight promotion in October 2007.

The Commission has requested the provision of engineering specifications, credentials of the ring officials, rules, references and other requirements before approval is considered. Mixed martial arts are acknowledged as an emerging world wide trend. The Commission intends to be consistent in applying the required processes and conditions before considering approval of such promotions.

#### **5. Commissioner Functions**

##### **i) Uniform**

In June 2007 Commissioners have been provided with a Blazer and shirt or blouse, emblazoned with the Professional Combat Sports Commission government logo. The uniforms will create a visible and professional presence at fight promotions and other events.

##### **ii) Promotion Permit Conditions**

The Commission has reviewed and refined promotion permit conditions. Amendments have included:

- Promoter must submit the promotion permit a minimum of three (3) weeks prior to the date of the promotion
- Ring Officials will be appointed subject to approval from the Commission
- The schedule of contests must conclude all professional contests by 11.00pm
- The Commission reserves the right to investigate the matchmaking of all professional contests.

#### **4. Promotions in Western Australia**

Ten fight promotions were held in Western Australia during 2006-07 which is the same as the 2005-06. The 2005-06 period was dominated by muay thai promotions, but there was an even balance of professional boxing and muay thai in 2006-07. In excess of 30 professional contests were conducted.

## Corporate Overview

The Professional Combat Sports Commission is committed to developing a safe professional combat sports industry in Western Australia that is easily accessible, encourages maximum participation and develops talent.

## Responsible Minister

The Professional Combat Sports Commission reports to the Hon John Kobelke MLA in his capacity as Minister for Sport and Recreation.

## Commissioners

Detective Paul McMurtrie acted as the Commissioner of Police nominee for a large proportion of the year until formally replaced by Detective Inspector Tom Clay in April 2007.

Mr Simon Watters	Chairman
Dr Richard Choong	Nominee of the Australian Medical Association
Detective Paul McMurtrie	Nominee of the Commissioner of Police to 31 March 2007
Detective Inspector Tom Clay	Nominee of the Commissioner of Police from 31 March 2007
Mr Colin Brown	Nominee of the Director General of the Department of Sport and Recreation
Ms Margaret Sherlock	Representative of persons who are or who have been registered as contestants in a class other than a class relevant to boxing
Ms Annette Backshall	Representative of persons who are or who have been registered as contestants in a class relevant to boxing
Mr Kevin Junior	A person with knowledge of the industry relating to combat sports other than boxing
Mr John Fanderlinden	A person with knowledge of the boxing industry

## **Mission**

The mission of the Professional Combat Sports Commission is to improve all aspects of safety and organisation of professional combat sports in Western Australia.

## **Objectives of the Commission are to:**

- Develop guidelines for proper standards in professional combat sports;
- Establish standards for the training of persons involved in professional combat sports;
- Provide protection for all those involved in professional combat sports;
- Ensure the physical safety of professional contestants; and
- Advise the Minister for Sport and Recreation on professional combat sport matters.

## **Vision**

The vision of the commission is continued improvement in the monitoring of the health and safety of professional contestants and officials at contests through:

- Detection of diseases passed on by contact with body fluids;
- Presence of required medical equipment and staff at contests;
- Pre and post medical examinations;
- Protection of professional contestants and officials through stringent medical requirements for registration;
- Requiring serology and general medical certificates;
- Improvement in the efficiency and administration of professional combat sports promotions; and
- Appropriateness of venues.

## **How the Commission Operates**

- Provision of statewide leadership and coordination to the professional combat sports industry;
- Establishes partnerships within the industry, across government and with other stakeholders;
- Involves clients in all aspects of service planning and delivery; and
- Provision of consultancy services to individuals and organisations delivering professional combat sports.

## **Enabling Legislation**

The Professional Combat Sports Commission is established as a statutory authority under Section 4 of the *Professional Combat Sports Act 1987*.

## **Legislation Impacting on the Activities of the Commission**

In performance of its functions the Professional Combat Sports Commission complies with the following legislation:

- *Equal Opportunity Act 1984*
- *Disability Services Act 1993*
- *Financial Management Act 2006*
- *Salaries and Allowances Act 1975*
- *State Supply Commission Act 1991*
- *State Records Act 2000.*
- *Freedom of Information Act 1992*
- *Government Employees Superannuation Act 1987*
- *Occupational Health and Safety Act 1984*
- *Workers' Compensation and Rehabilitation Act 1981 (as amended Workers' Compensation and Rehabilitation Amendment Act 1993).*
- *Public Interest Disclosure Act 2003*



## Chairman's Report

The professional combat sports industry in Western Australia continues to develop, evidenced by the number of promotions through 2005/06 to 2006/07 being maintained at ten. During 2005/06, fight promotions were predominantly Muay Thai. However this changed in 2006/07 with six of the fight promotions being professional boxing. These promotions each consisted of five or more professional contests.

Both Commissioners and the Executive Officer of the Commission attended all fight promotions in Western Australia involving professional combat sport contests. Attendance involved supervision of the official weigh-in and attendance at ringside for professional contests.

The Commission, under the parameters of the *Professional Combat Sports Act 1987*, continues to ensure that the professional contests comply with the legislation but has no influence or control over the amateur contests. The legislation's current interpretation of a contest is posing problems within combat sports other than boxing. Boxing has a state amateur representative body, unlike muay thai or mixed martial arts. The Commission has undertaken a thorough review of the *Professional Combat Sports Act 1987*, in consultation with the industry and relevant stakeholders. As a result of the review significant amendments will be proposed to enhance safety and control measures of these combat sports. The Commission, with ongoing support from the Minister, has developed a Draft Cabinet Minute seeking approval to draft amendments to the Act. Key amendments being proposed for parliament to consider via the Draft Cabinet Minute in 2006/07 will include:

- Interpretation of a "contest" to include contests in which paid public attendance is actively promoted, ensuring all contests (formerly professional only) will be encompassed by the legislation.
- Inclusion of an industry participant disciplinary section to enable the imposition of discipline upon promoters and industry participants where appropriate.
- Approval of new and existing combat sport rules. This will ensure the Minister and Commission have a clearly defined function in regulating the rules. With the emergence of mixed martial arts this will ensure safety of contestants is maximised and the risk of injury minimised.

Another significant project supported by the Minister, complimenting proposed legislative amendments, was the establishment of the Combat Sports Working Group in July 2006. As a proactive measure to public safety concerns regarding fight promotions an industry representative working group was established. The Working Group addressed; the development of rules; risk management; training for industry participants; and the viability or otherwise of an amateur combat sports representative body. The diligent work of the group culminated in the development of the Combat Sports Working Group Report. The report, inclusive of recommendations, is to be published and promoted to the industry and broader public for comment. It is pleasing to see that some of the key recommendations are already being progressed.

The provision of industry participant training opportunities, specifically geared for ring officials, is an example of a Combat Sports Working Group report recommendation being progressed. The Commission also coordinated two ring official seminars for both muay thai and boxing participants at the Department of Sport & Recreation, with a total of 43 participants in attendance. The Commission took advantage of an opportunity to engage experienced Muay Thai referee, Mr Stephan Fox, when he was present in Perth at a fight promotion.

Highly regarded Queensland boxing referee, Mr Brad Vocale, was engaged to conduct a similar seminar from a professional boxing perspective.

The Commission intends to provide additional training opportunities, in conjunction with the industry, to support a more thorough registration process for ring officials. The Commission acknowledges that ring officials and, in particular the referee, are integral to ensuring contestants well being and a fair contest. Recognising this, the Commission has agreed to include theoretical questions in all combat sport disciplines as a way to demonstrate knowledge. Practical training opportunities will continue to be provided to compliment this process as a means to demonstrate competence amongst current and prospective officials. The Commission has also agreed that ring officials will now only be appointed subject to approval from the Commission.

The Commission understands that its main function is to ensure “legislation compliance.” However, given the nature and growth of combat sports, the Commission will also now seek to be proactive in areas such as the training of ring officials and risk management should such enhance or have a positive impact. The emergence of mixed martial arts has highlighted the requirement to be more diligent in addressing key industry issues. The Commission looks forward to progressing proposed legislative changes, improved risk management practices and industry training in 2007/08.

Simon Watters  
Barrister-at-Law  
Chairman

## Meeting the Government’s Strategic Outcomes

The Professional Combat Sports Commission’s strategic intent is to ensure its alignment with strategic outcomes identified in the Government’s Strategic Planning Framework - Better Planning: Better Services document.

Specific contributions are detailed in the following table.

Goal	Commission Contribution to Strategic Outcomes
People and Communities	<ul style="list-style-type: none"> <li>• Monitoring the health and safety of professional contestants and officials at contests.</li> <li>• Development of guidelines for proper standards in professional combat sports.</li> <li>• Creating a professional sport industry that is safe for youth 18 to 25 years of age.</li> <li>• Encouraging promoters of professional combat sports events to provide a family friendly activity.</li> <li>• Improved access to promotions by people with disabilities.</li> <li>• Supporting the initiatives of the Department of Sport and Recreation on People and Communities.</li> </ul>
The Economy	<ul style="list-style-type: none"> <li>• Assisting promoters to conduct events involving interstate and international contestants and officials.</li> <li>• Supporting the initiatives of the Department of Sport and Recreation on the economy.</li> </ul>
The Environment	<ul style="list-style-type: none"> <li>• Supporting the initiatives of the Department of Sport and Recreation on the environment.</li> </ul>
The Regions	<ul style="list-style-type: none"> <li>• Encouraging people in regions to participate in professional combat sports as officials.</li> <li>• Supporting the initiatives of the Department of Sport and Recreation on regions.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Sound financial management, including unqualified audited financial statements.</li> <li>• Supporting the initiatives of the Department of Sport and Recreation on Governance.</li> </ul>

## Corporate Legislation and Compliance

- No Freedom of Information applications were received.
- Publications produced by the commission available to the public are the:
  - Professional Combat Sports Act 1987
  - Professional Combat Sports Act Regulations 1990
  - Professional Combat Sports Amendment Act 2004
  - Western Australian Professional Combat Sports Handbook
  - Annual Report 2004-2005
- A ministerial directive was provided to review and consider changes to the *Professional Combat Sports Act 1987*.
- The commission has discretion to charge for rendered services and goods subject to ministerial approval.
- In compliance with Principle 6 of the State Records Act 2000 the Professional Combat Sports Commission is required to report on its compliance with the Act. The Professional Combat Sports Commission has a Recordkeeping Plan approved by the State Records Advisory Committee (SRAC).
- As part of the requirements for the recordkeeping plan the Department of Sport and Recreation conducts record keeping training for staff. Each induction program addresses the roles and responsibilities of the employees in regard to compliance with the Recordkeeping Plan.
- In compliance with section 175ZE of the Electoral Act 1907, the Professional Combat Sports Commission is required to report on its compliance with the Act. The Professional Combat Sports Commission report on expenditure with:

Advertising Agencies	\$0
Market Research Agencies	\$0
Polling Agencies	\$0
Direct Mail Agencies	\$0
Media Advertising Agencies	\$0
TOTAL EXPENDITURE	\$0

## Major Partners of the Commission

- Peak industry organisations
- Sport and recreation service agencies, e.g. medical practitioners
- State departments, e.g. Sport and Recreation and Police
- Boxing and combat sport authorities in New South Wales, Victoria and South Australia
- Non-government organisations, e.g. Australian Medical Association WA Branch

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2007**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Combat Sports Commission's performance, and fairly represent the performance of the Professional Combat Sports Commission for the financial year ended 30 June 2007.

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Chairman  
Simon Watters  
Date:30 August 2007

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Member  
Colin Brown  
Date:30 August 2007

## Performance Indicators

For each service, agencies are required to report measures of quantity, quality, timeliness and cost.

Consistent with this, the commission identified two services as a framework for external reporting.

### Service 1

#### Desired Outcome

Ensuring that professional contestants and officials taking part in professional contests can do so with reasonable confidence that the risks of contracting diseases from bodily fluids are minimal and that their contract with the promoter will be fulfilled.

#### Effectiveness Indicators

Percentage of registered professional combat sports contestants with a positive serology test.

Period	Percentage of Positive Serology Tests
2006/07	0%
2005/06	0%
2004/05	0%
2003/04	0%

Percentage of instances of non-compliance with the *Professional Combat Sports Act 1987* and its Regulations.

Period	Percentage of Non-compliance
2006/07	0%
2005/06	10%
2004/05	17%
2003/04	0%

## Service 2

### Efficiency Indicator

The cost of issuing a permit for a contest registered by the Commission.

This measure is calculated by:

$$\frac{\text{Total Operating Cost}}{\text{Number of Registered Promotions}}$$

Costs	2006/07	2005/06 \$	2004/05 \$	2003/04 \$
Chairman's fee	4,500	6,000	6,878	5,717
Commissioner fees and allowances	14,629	17,837	7,513	3,726
Commissioner superannuation	1,565	1,950	1,174	745
Operating costs	33,388	61,170	47,567	16,502
Total	54,082	86,957	63,132	26,690
Number of Promotions	10	10	6	3
Cost of issuing a permit	5,408	8,696	10,522	8,899

The Commission agreed to pay administration costs of \$22,000 to the Department of Sport and Recreation annually, commencing in 2004/2005.

Note the significant decrease in Commissioner's fees and allowances is attributed to the last quarter of Commissioner's fees being carried over to the next financial period. This will result in a significant increase in Commissioner's fees for the next financial period.

**PROFESSIONAL COMBAT SPORTS COMMISSION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**



**PROFESSIONAL COMBAT SPORTS COMMISSION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

## **CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

The accompanying financial statements of the Professional Combat Sports Commission have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

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Chief Financial Officer  
David Parrick  
Date: 14 September 2007

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Member  
Colin Brown  
Date: 14 September 2007

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Chairman  
Simon Watters  
Date: 14 September 2007

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2007**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Combat Sports Commission's performance, and fairly represent the performance of the Professional Com

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Chairman  
Simon Watters  
Date:14 September 2007

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Member  
Colin Brown  
Date:14 September 2007

**PROFESSIONAL COMBAT SPORTS COMMISSION  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007	2006
		\$	\$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Members' remuneration	3	20,694	25,787
Supplies and services	4	35,144	36,911
Depreciation expense	5	2,259	2,259
Other expenses	6	-	22,000
<b>Total cost of services</b>		<b>58,097</b>	<b>86,957</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	7	2,688	3,865
<b>Total revenue</b>		<b>2,688</b>	<b>3,865</b>
<b>Total income other than income from State Government</b>		<b>2,688</b>	<b>3,865</b>
<b>NET COST OF SERVICES</b>		<b>55,410</b>	<b>83,092</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Grants	8	51,000	44,000
Resources received free of charge	8	-	3,935
<b>Total income from State Government</b>		<b>51,000</b>	<b>47,935</b>
<b>DEFICIT FOR THE PERIOD</b>		<b>(4,410)</b>	<b>(35,157)</b>

The Income Statement should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION  
BALANCE SHEET  
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14 (a)	19,826	20,525
Receivables	9	-	-
<b>Total Current Assets</b>		<b>19,826</b>	<b>20,525</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	4,710	6,969
<b>Total Non-Current Assets</b>		<b>4,710</b>	<b>6,969</b>
<b>TOTAL ASSETS</b>		<b>24,536</b>	<b>27,493</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	12	5,852	4,400
<b>Total Current Liabilities</b>		<b>5,852</b>	<b>4,400</b>
<b>Total Liabilities</b>		<b>5,852</b>	<b>4,400</b>
<b>NET ASSETS</b>		<b>18,684</b>	<b>23,093</b>
<b>EQUITY</b>			
Accumulated surplus	13	18,684	23,094
<b>Total Equity</b>		<b>18,684</b>	<b>23,094</b>
<b>TOTAL EQUITY</b>		<b>18,684</b>	<b>23,094</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

**PROFESSIONAL COMBAT SPORTS COMMISSION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Grants		51,000
<b>Net cash provided by State Government</b>		<b>51,000</b>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Members' sitting fees		(21,781)
Supplies and services		(32,606)
<b>Receipts</b>		
User charges and fees		2,688
<b>Net cash used in operating activities</b>	14 (b)	<b>(51,699)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current physical assets		-
<b>Net cash used in investing activities</b>		-
<b>Net (decrease) in cash and cash equivalents</b>		<b>(699)</b>
Cash and cash equivalents at the beginning of period	14 (a)	20,525
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	14 (a)	<b>19,826</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.



2006

\$

66,000
<b>66,000</b>
(23,749)
(52,614)
3,865
<b>(72,498)</b>
-
-
(6,498)
27,023
<b>20,525</b>

**PROFESSIONAL COMBAT SPORTS COMMISSION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>Balance of equity at start of period</b>		23,094	58,251
<b>ACCUMULATED SURPLUS</b>			
<b>Balance at start of period</b>		23,094	58,251
<b>Deficit for the period</b>		(4,410)	(35,157)
<b>Balance at end of period</b>		<b>18,684</b>	<b>23,094</b>
<b>Balance of equity at end of period</b>	13	<b>18,684</b>	<b>23,094</b>
<b>Total income (expense) for the period</b>		<b>(4,410)</b>	<b>(35,157)</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**1 Australian equivalents to International Financial Reporting Standards**

General

The Commission's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to international Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Commission has adopted, where relevant to its operations, new and revised Standards and interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

**2 Summary of significant accounting policies**

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

(a) Income

Grants Revenue

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, or when the grant has been approved by the Department of Sport and Recreation.

Registrations and Permits

Revenue from registrations and permits is recognised when the Commission receives the appropriate fee.

(b) Property, Plant and Equipment

Items of property, plant and equipment costing more than \$1,000 are recognised on assets and the cost of utilising assets is expensed (depreciated) over their useful lives.

Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than when they form part of a group of similar items which are significant in total).

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

(c) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Plant and Equipment	3 - 5 years
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**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

Computer Hardware 3 years

**2 Significant accounting policies (continued)**

(d) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date.

Refer to note 11 'Impairment of assets' for the outcome of impairment reviews and testing.

(e) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(f) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts.

(g) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(h) Services

The Commission has only one service, being: "To ensure that contestants and officials taking part in professional contests can do so with reasonable confidence that the risks of contracting disease from bodily fluids are minimal and that their contract with the promoter will be fulfilled".

Accordingly, separate reports by service are not produced.

(i) Professional Combat Sports Commission Prize Money and Suspended Postings Accounts

Statements have not been prepared for the Professional Combat Sports Commission Prize Money Account and Suspended Postings Account as the balance of these accounts at the end of the financial year was nil (2005/2006: Nil).

**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**2 Significant accounting policies (continued)**

(j) Members' benefits

Superannuation

Members of the Commission become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation scheme administered by The Government Employees Board (GESB). The Commission makes concurrent contributions to GESB on behalf of Members of the Commission in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The WSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the WSS

(k) Resources Received Free of Charge or For Nominal Cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(l) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments, which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'.

(m) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar.

**PROFESSIONAL COMBAT SPORTS COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	2007 \$	2006 \$
<b>3 Members' remuneration</b>		
Chairman's fee	4,500	6,000
Other members' fees	14,629	17,837
Superannuation	1,565	1,950
	<b>20,694</b>	<b>25,787</b>
<b>4 Supplies and Services</b>		
Audit fees	9,185	4,950
Communications	-	67
Legal fees	-	3,935
Services and Contracts	25,930	24,471
Travel	29	3,488
	<b>35,144</b>	<b>36,911</b>
<b>5 Depreciation Expense</b>		
Plant and equipment	1,502	1,502
Computer Hardware	757	757
	<b>2,259</b>	<b>2,259</b>
<b>6 Other Expenses</b>		
Write-Off of Grants receivable (i)	-	22,000
	<b>-</b>	<b>22,000</b>
(i) See Note 24		
<b>7 User charges and fees</b>		
Boxers' registration fees	280	580
Industry participants' registration fees	868	1,515
Contest permits	970	620
Promoters' registration fees	570	200
Travel Reimbursement	-	950
	<b>2,688</b>	<b>3,865</b>
<b>8 Income from State Government</b>		
Grants	51,000	44,000
Resources received free of charge (i)		
Determined on the basis of the following estimates provided by agencies:		
Crown Solicitors Office	-	3,935
	<b>51,000</b>	<b>47,935</b>

- (i) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the Commission shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>9 Receivables</b>		
<u>Current</u>		
Receivables	-	-
	<u>-</u>	<u>-</u>
<b>10 Property, Plant and Equipment</b>		
<u>Plant and equipment</u>		
At cost	7,488	7,488
Accumulated depreciation	<u>(3,346)</u>	<u>(1,844)</u>
	<u>4,142</u>	<u>5,644</u>
<u>Computer hardware</u>		
At cost	2,245	2,245
Accumulated depreciation	<u>(1,678)</u>	<u>(921)</u>
	<u>568</u>	<u>1,324</u>
	<u><b>4,710</b></u>	<u><b>6,969</b></u>

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

	Plant and Equipment	Computer Hardware	Total
	\$	\$	\$
<b>2007</b>			
Carrying amount at start of year	5,645	1,324	6,969
Additions	-	-	-
Depreciation	<u>(1,502)</u>	<u>(757)</u>	<u>(2,259)</u>
Carrying amount at end of year	<u>4,143</u>	<u>567</u>	<u>4,710</u>

**11 Impairment of Assets**

There was no indication of impairment to property, plant and equipment at 30 June 2007.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2007 have either been classified as assets held for sale or written off.

**12 Payables**

<u>Current</u>		
Trade payables	5,852	4,400
	<u><b>5,852</b></u>	<u><b>4,400</b></u>

**13 Equity**

Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.

**Accumulated surplus**

Balance at start of year	23,094	58,251
Result for the period	<u>(4,410)</u>	<u>(35,157)</u>
Balance at end of year	<u><b>18,684</b></u>	<u><b>23,094</b></u>

**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**14 Notes to the Cash Flow Statement**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	<u><b>19,826</b></u>	<u><b>20,525</b></u>
(b) Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services	(55,410)	(83,092)
Non cash items:		
Depreciation expense	2,259	2,259
Resources received free of charge	-	3,935
Write-off grants receivable		22,000
Increase/(decrease) in liabilities:		
Current payables	<u>1,452</u>	<u>(17,600)</u>
<b>Net cash used in operating activities</b>	<u><b>(51,699)</b></u>	<u><b>(72,498)</b></u>

(c) Non-cash financing and investing activities

During the financial year, there were no assets/liabilities transferred/assumed from other government agencies not reflected in the Cash Flows Statement.

(d) At the reporting date, the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

**15 Commitments for expenditure**

As at 30 June 2007 the Commission has no future non-cancellable commitments of either a capital, financial or operating nature (2006: no commitments).

**16 Contingent Liabilities and Contingent Assets**

The Members of the Commission are not aware of any contingent liabilities or contingent assets as at reporting date.

**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**17 Events Occurring After Reporting Date**

The Members of the Commission are not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the Commission, the results of those activities or the state of affairs of the Commission in the ensuing or any subsequent years.

**18 Explanatory Statement**

**(i) Significant variations between estimate and actual result for 2007**

No variances are reported as the Commission is not required to produce estimates for publication.

**(ii) Significant variations between actual results for 2006 and 2007**

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$1,000.

	2007	2006	Variance
	\$	\$	\$
Members' remuneration	20,694	25,787	(5,093)
Supplies and services	35,144	36,911	(1,767)
Write-Offs	-	22,000	(22,000)
User charges and fees	2,688	3,865	(1,178)
Grants	51,000	44,000	7,000
Resources received free of charge	-	3,935	(3,935)

Members' remuneration

The variance is due to a high number of meetings held in the previous period along with an decrease in members fees.

Supplies and services

The decrease is due to a high accommodation and related administration expenses in the previous reporting period.

Write-Offs

The decrease is due to the one-off write off decision made by the Commission to write off a receivable from the Department of Sport of Recreation raised in 2004/05 as the funds available to the Commission were deemed sufficient to cover the Commission's operating costs for the 2005/06 year.

User charges and fees

The decrease is due to a high number of contests held in the previous reporting period.

Grants

Grants increased in 2006/07 due to Grants being increased to allow for the recoup of administration expenses.

Resources received free of charge

The decrease is due to a higher legal fees incurred in the previous reporting period (2004/05) associated with the amendments to the Boxing Control Act in 2005.

**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**19 Financial Instruments**

**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

*Credit risk*

The Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

*Liquidity risk*

The Commission has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Cash flow interest rate risk*

The Commission is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

**(b) Financial Instrument disclosures**

*Interest Rate Risk Exposure*

The following table details the Commission's exposure to interest rate risk at the reporting date:

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
	<b>Non-interest bearing</b>	<b>Non-interest bearing</b>
Financial Assets		
Cash and cash equivalents	19,826	20,525
Receivables	-	-
	<u><b>19,826</b></u>	<u><b>20,525</b></u>
Financial Liabilities		
Payables	<u><b>5,852</b></u>	<u><b>4,400</b></u>

*Credit Risk Exposure*

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of cash assets, the carrying amount represents the maximum exposure to credit risk for those assets.

*Net Fair Values*

The carrying amounts of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.



**PROFESSIONAL COMBAT SPORTS COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2007**

**20 Remuneration of Members of the Commission**

Remuneration of Members of the Commission

The number of members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following band is:

	<b>2007</b>	<b>2006</b>
	No.	No.
\$0 - \$10,000	6	6
	\$	\$
The total remuneration of the members of the Commission is:	<b>20,694</b>	<b>25,787</b>

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Commission.

No members of the Commission are members of the Pension Scheme.

**21 Remuneration of Auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

	<b>2007</b>	<b>2006</b>
	\$	\$
Auditing the accounts, financial statements and performance indicators	<b>9,185</b>	<b>5,170</b>

**22 Related Bodies**

The Professional Combat Sports Commission has no related bodies.

**23 Affiliated Bodies**

The Professional Combat Sports Commission has no affiliated bodies.

**24 Supplementary financial information**

Write-Offs

Grants Receivable	-	<b>22,000</b>
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This represents a write-off of operational funding raised as receivable in 2004/05. In negotiations with the Department of Sport and Recreation in 2005/06, the Commission agreed not to recover this receivable given the level of funds available in the Commission's bank account to meet the current operational expenditure.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

**To the Parliament of Western Australia**

**PROFESSIONAL COMBAT SPORTS COMMISSION  
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2007**

I have audited the accounts, financial statements, controls and key performance indicators of the Professional Combat Sports Commission.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Commission's Responsibility for the Financial Statements and Key Performance Indicators**

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Professional Combat Sports Commission**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Professional Combat Sports Commission at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY  
AUDITOR GENERAL  
24 September 2007