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HAIRDRESSERS REGISTRATION  
BOARD OF WA

WESTERN AUSTRALIA  
Laid on the Table of the  
Legislative Assembly

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This paper should not be  
removed from the Chamber

financial statements  
FOR THE YEAR ENDED 31ST DECEMBER 2007

# annexure 2

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# independent audit report

TO THE HAIRDRESSERS REGISTRATION BOARD OF WESTERN AUSTRALIA

## Scope

We have audited the financial report of The Hairdressers' Registration Board of Western Australia for the year ended 31 December 2007 as set out on pages 4 to 16. The Members of the Board are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on them to the members.

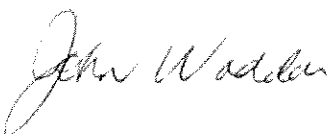
The financial report has been prepared for distribution to members of the Board for the purpose of fulfilling the Board's accountability requirements under the Hairdressers Registration Act 1946-1975.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Board's financial position and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional requirements the financial position of the Hairdressers' Registration Board of Western Australia as at 31 December 2007, and the results of its operations and its cash flows for the year then ended.



JOHN WADDELL  
*Partner*

Perth, WA  
Dated this 30th day of June 2008.

THE HAIRDRESSERS' REGISTRATION BOARD

ABN: 96 069 148 908

**statement of financial performance  
for the year ended 31 december 2007**

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	749,022	722,694
Loss on disposal of assets	3	-	5,203
Employee expenses		297,856	280,259
Depreciation and amortisation expenses	3	14,658	9,955
Other expenses from ordinary activities		318,299	227,862
<b>Net Profit/loss from ordinary activities attributable to the Board</b>		<b>118,209</b>	<b>199,415</b>
<b>Total changes in equity of the Board</b>		<b>118,209</b>	<b>199,415</b>

The accompanying notes form part of these financial statements.

THE HAIRDRESSERS' REGISTRATION BOARD

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**statement of financial position  
as at 31 december 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash assets	12	674,738	505,620
Other assets	5	12,329	12,304
<b>TOTAL CURRENT ASSETS</b>		<b>687,067</b>	<b>517,924</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment	6	39,388	54,046
<b>TOTAL NON-CURRENT ASSETS</b>		<b>39,388</b>	<b>54,046</b>
<b>TOTAL ASSETS</b>		<b>726,455</b>	<b>571,970</b>
<b>CURRENT LIABILITIES</b>			
Payables	7	15,727	9,013
Interest-bearing liabilities			
Provisions	9	101,093	71,230
<b>TOTAL CURRENT LIABILITIES</b>		<b>116,820</b>	<b>80,243</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities		-	-
Provisions	9	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>116,820</b>	<b>80,243</b>
<b>NET ASSETS</b>		<b>609,635</b>	<b>80,243</b>
<b>EQUITY</b>			
Retained profits	10	609,935	491,727
<b>TOTAL EQUITY</b>		<b>609,935</b>	<b>491,727</b>

The accompanying notes from part of these financial statements.

THE HAIRDRESSERS' REGISTRATION BOARD

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## statement of cash flows for the year ended 31 december 2007

	Note	2007 \$	2006 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from operations		708,928	647,856
Payments to suppliers		(579,577)	(508,121)
Interest received		40,094	29,094
<b>Net cash used in operating activities</b>	12(b)	169,445	168,829
<b>Cash Flows from Investing Activities</b>			
Payment for plant and equipment		-	(19,784)
Proceeds from sale of plant and equipment		-	-
<b>Net cash provided by (used in) investing activities</b>		-	(19,784)
<b>Cash flows from Financing Activities</b>			
Net cash used in financing activities		(296)	(13,032)
<b>Net increase/(decrease) in cash held</b>		169,149	136,013
Cash at beginning of the financial year		505,788	369,775
<b>Cash at end of the financial year</b>	12(a)	674,937	505,788

The accompanying notes from part of these financial statements.

THE HAIRDRESSERS' REGISTRATION BOARD

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## notes to the financial statements for the year ended 31 december 2007

### Note 1: Statement of Significant Accounting Policies

- (i) The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the Hairdressers Registration Board as an individual entity. The Hairdressers' Registration Board is a body constituted under the Hairdressers' Registration Act of 1946, and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

- (ii) Change in Accounting Policies.

The accounting policies adopted by the Board in the preparation of the financial report are consistent with those in the previous year.

The following is a summary of the material accounting policies adopted by the Board in the preparation of the financial statements.

#### a) Income Tax

The board is exempt from income tax under the provisions of the Income Tax Assessment Act (1997).

#### b) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annual by the Board to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amount.

#### Depreciation

The depreciable amount of all fixed assets are depreciated over their useful lives of the assets to the Board commencing from the time the asset is held ready to use. Leasehold improvements are depreciated over shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

- Office Equipment  
15.00% reducing balance/prime cost
- Motor Vehicles  
22.50% reducing balance
- Computer Equipment  
40.00% prime cost
- Leasehold Improvements

Over the period of the lease

THE HAIRDRESSERS' REGISTRATION BOARD

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## notes to the financial statements for the year ended 31 december 2007

### Note 1: Statement of Significant Accounting Policies (Cont.)

#### c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Board, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over the estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### d) Revenue

Revenue from the registration of hairdressers' is recognised upon the receipt of funds.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial

assets.

All revenue is stated net of the amount of goods and services tax (GST).

#### e) Employee Entitlements

Provision is made for the Board's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Long service leave is vesting to employees after seven years service.

Contributions are made by the Board to employee superannuation fund and are charged as expense when incurred.

#### f) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, measured net of bank overdrafts.



THE HAIRDRESSERS' REGISTRATION BOARD

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notes to the financial statements  
for the year ended 31 december 2007

Note 1: Statement of Significant Accounting Policies (Cont.)

	2007 \$	2006 \$
<b>Note 2: Revenue</b>		
Operating activities:		
- hairdresser's registrations	699,678	601,087
- interest received from other persons	40,094	29,094
- Government vehicle scheme	6,404	3,978
- Wages reimbursement	-	41,385
- Insurance recoveries received	2,846	1,406
	<hr/> 749,022	<hr/> 676,950
Non-Operating activities:		
- Provision for employee entitlements	-	45,744
<b>Total Revenue</b>	<hr/> 749,022	<hr/> 722,694

Note 3: Loss from ordinary activities

Loss from ordinary activities has been determined after:

a) Expenses:		
Depreciation of property, plant and equipment	14,658	9,955
Remuneration of auditor:		
- Audit or review services	3,962	3,588
Rental on operating leases:		
- minimum lease payments rent	41,989	39,749
- minimum lease payments cars	34,173	27,413
	<hr/>	<hr/>
b) Revenue and net gains:		
Net gain/(loss) on disposal of property, plant and equipment	-	(5,203)

Note 5: Other Assets

Petty Cash	199	168
Fringe Benefits tax PAYG Instalments	6,574	5,498
GST Net December 06 quarter	5,556	6,638
	<hr/> 12,329	<hr/> 12,304

THE HAIRDRESSERS' REGISTRATION BOARD

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notes to the financial statements  
for the year ended 31 december 2007

	2007	2006
	\$	\$
<b>Note 6: Property, Plant and Equipment</b>		
<b>Motor Vehicles</b>		
At cost	-	-
Less accumulated depreciation	-	-
	-	-
<b>Plant and Equipment</b>		
At cost	91,896	91,896
Less accumulated depreciation	(52,508)	37,850
	39,388	54,046
	39,388	54,046

a) Movements in carrying amounts

Movement in carrying amounts for each class of property, plant & equipment between the beginning and end of the current financial year.

	Motor Vehicles \$	Plant & Equipment \$	Total \$
Carrying amount at the beginning of financial year	-	54,046	54,046
Additions	-	-	-
Less disposals	-	-	-
Less depreciation expense	-	14,658	14,658
Accumulated depreciation eliminated on disposal	-	-	-
Prior year depreciation adjustments	-	-	-
Carrying amount at the end of the financial year	-	39,388	39,388

THE HAIRDRESSERS' REGISTRATION BOARD

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notes to the financial statements  
for the year ended 31 december 2007

	2007 \$	2006 \$
<b>Note 7: Payables</b>		
<b>Current</b>		
Trade creditors	7,043	3,673
GST collected	-	-
Superannuation liability	3,275	-
PAYG withholding	5,409	5,340
	15,727	9,013
<b>Note 8: Interest Bearing Liabilities</b>		
<b>Current</b>		
Lease liability	-	-
<b>Non-Current</b>		
Lease liability	-	-
<b>Note 9: Provisions</b>		
<b>Current</b>		
Employee entitlements	101,093	71,230
<b>Non-Current</b>		
Employee entitlements	-	-
Number of full-time employees at year end	5	5
<b>Note 10: Retained profits</b>		
Retained profits at beginning of the financial year	491,726	292,311
Net profit/(loss) attributable to the Board	118,209	199,415
Retained profits at the end of the financial year	609,935	491,726
<b>Note 11: Capital and Leasing Commitments</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable:-		
- not later than one year	21,885	19,919
- later than one year but not longer than five years	-	-
	21,885	19,919

THE HAIRDRESSERS' REGISTRATION BOARD

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notes to the financial statements  
for the year ended 31 december 2007

	2007 \$	2006 \$
<b>Note 11: Capital and Leasing Commitments (cont'd)</b>		
Cancellable operating lease contracted for but not capitalised in the financial statements		
Payable:-		
No later than one year	21,885	19,919
Later than one year but no longer than five years	21,885	19,919
	21,885	19,919

**Note 12: Cash Flow Information**

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	199	168
Cash at bank	674,738	505,620
	674,937	505,788

(b) Reconciliation of Cash Flow from Operations with profit/(loss) from Ordinary activities

Profit/(Loss) from ordinary activities after income tax	118,209	199,415
Non-cash flows in accumulated surplus from ordinary activities		
Non-cash items	-	-
Net gain on disposal of plant and equipment	-	5,203
Depreciation	14,658	9,955
Changes to provisions	29,864	(48,937)
Changes in assets and liabilities:		
Increase/(Decrease) in trade creditors and accruals	6,714	3,193
Cash flows from operations	169,445	168,829

THE HAIRDRESSERS' REGISTRATION BOARD

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notes to the financial statements  
for the year ended 31 december 2007

NOTE 13: Financial Instruments

(a) Interest Rate Risk

The exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

	Weighted Ave Effective Interest Rate		Fixed Interest Rate Maturing				Non-Interest Bearing	
	%	%	Within Year		1 to 5 Years		\$	\$
			\$	\$	\$	\$		
	2007	2006	2007	2006	2007	2006	2007	2006
Cash	4.15	4.15	674,738	505,620	-	-	-	-
Trade Debtors			-	-	-	-	-	-
<b>Total Financial Assets</b>			<b>674,738</b>	<b>505,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Payables			-	-	-	-	15,727	9,013
Borrowings			-	-	-	-	-	-
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,727</b>	<b>9,013</b>

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

(c) Net Fair Values

The net fair value of financial assets and financial liabilities approximate the values disclosed in the statement of financial position and in the notes to the financial statements.

Note 14: Segment Reporting

The Hairdressers' Registration Board operates within one industry segment being the registration of hairdressers, and in one geographical segment being Western Australia.

Note 15: Corporate Details

The principal place of business is:  
Hairdressers Registration Board  
46 Salvado Road  
WEMBLEY WA 6014

THE HAIRDRESSERS' REGISTRATION BOARD

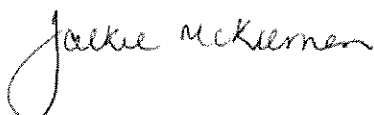
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## statement by members of the board

In the opinion of the Board the financial report as set out on pages 4 to 13:

1. Presents fairly the financial position of the Hairdressers Registration Board as at 31 December 2006 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the Hairdresser's Registration Board will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Chairperson



Registrar

Dated this 30th day of June 2008.

THE HAIRDRESSERS' REGISTRATION BOARD

ABN: 96 069 148 908

## private information for the members on the financial statements

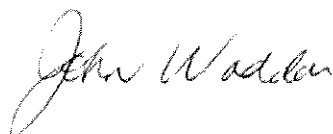
### DISCLAIMER

The additional financial data presented on the following page is in accordance with the books and records of the Hairdresser's Registration Board ("our client") which have been subjected to the auditing procedures applied in our statutory audit of the Board for the year ended 31 December 2007.

It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

Dated this 30th day of June 2008.

Lyons Waddell Pty Ltd  
Chartered Accountants



John Waddell  
Partner

Perth, WA

## operating statement

### for the year ended 31 december 2007

	2006	2007
	\$	\$
<b>Operating Revenues</b>		
Registration fees - Principals	359,436	317,671
Registration fees - Employees	95,057	86,286
Assessment fees	47,028	43,047
Certificate fees	93,179	81,586
Suspension fees/fines	4,683	2,274
Transfer fees	3,626	3,569
Reinstatement fees	5,968	4,872
Interest received	40,094	29,094
Application fee	90,701	61,248
Wages reimbursement	-	41,385
Government vehicle scheme	6,404	3,978
Insurance recoveries	2,846	534
Miscellaneous Income	-	1,406
Provision for employee entitlements	-	45,744
	749,022	722,694
<b>Operating Expenses</b>		
Accounting fees	1,658	633
Advertising	3,962	6,235
Audit fees	6,351	3,588
Bank fees	10,450	6,188
Board members fees	1,088	4,439
Cleaning	242	1,155
Courier charges	14,658	380
Depreciation	2,910	9,955
Electricity	2,839	2,056
Examination expenses	4,998	9,373
Fringe Benefit tax expense	215	6,582
GST Adjustment Account	-	350
Insurance	5,390	8,835
Internet expenses	1,798	1,266
Legal fees	33,583	6,300
Maintenance	1,161	916
Motor vehicle expenses	3,740	2,576
Motor vehicle fleet management	12,288	7,534
Office equipment/expenses	2,959	-
Petty cash expenditure	1,291	910
Postage	12,089	6,927
Printing and stationery	49,652	50,771
Professional fees	11,667	-
Provision for employee entitlements	29,864	-
Publications	88	148
Rent, outgoings and taxes	41,989	39,749
Salaries	297,856	280,258
Software development	11,244	8,425
Staff amenities/training	1,485	1,464
Superannuation	25,652	23,652
Telephone	9,174	7,532
Temporary staff	1,923	-
Travel and entertainment/mileage	3,982	-
Loss on sale of assets	-	5,203
Motor Vehicle lease payments	21,885	19,879
	630,813	523,279
<b>Total Cost of Services</b>		
<b>Changes in Net Assets Resulting from Operations</b>	118,209	199,415