

Performance Indicators & Financial Statements

For the year ended 30 June, 2002

Certification of Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Small Business Development Corporation's performance, and fairly represent the performance of the Small Business Development Corporation for the financial year ended 30 June 2002.



T. ATTERTON
CHAIRMAN



G. ETRELEZIS
MANAGING DIRECTOR

30 AUGUST 2002

Opinion of the Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

SMALL BUSINESS DEVELOPMENT CORPORATION PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

Scope

I have audited the key effectiveness and efficiency performance indicators of the Small Business Development Corporation for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Corporation is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Corporation's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Small Business Development Corporation are relevant and appropriate for assisting users to assess the Corporation's performance and fairly represent the indicated performance for the year ended June 30, 2002.

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K O O'NEIL
ACTING AUDITOR GENERAL
November 25, 2002

Performance Indicators

Small Business Development Corporation

To link into the State Government's Objective of *a growing and diversified economy*, SBDC operates with a mission to *create opportunity and wealth for small to medium sized businesses in Western Australia*.

SBDC's desired outcome and output which link with this Government Objective are shown in the table below.

State Government	Small Business Development Corporation	
Strategic Objective	Desired Outcome	Output
A growing and diversified economy	Development of new and existing Small Business in Western Australia.	Information, Guidance, Referral and Business Development Services

In 2001/2002, SBDC achieved this desired outcome and output by:

The provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia.

The following outlines the key effectiveness and efficiency indicators that have been developed to measure SBDC's performance.

Key Effectiveness Indicators ¹

The effectiveness of the SBDC in meeting its Outcome is measured by surveying its key stakeholder groups, namely:

- Small business owners - those who are already operating their own business, and
- Small business starters - those planning to operate a business in the future.

¹ In previous years the Effectiveness Indicators also included the change in the number of Small Businesses and Small Business employment in Western Australia. These figures are now reported under the Overview of Small Business in Western Australia in the annual report.

Client opinion of the services provided by SBDC

The SBDC provides a range of small business services to those in business as well as those planning on starting or buying a business. (Refer Report on Operations for details of these services). In addition, SBDC provides funding for core business facilitation services to a network of 37 Business Enterprise Centres (BECs) located across the State. The effectiveness of the small business services provided is measured by the success of delivery through the SBDC as well as the Business Enterprise Centre network.

Key effectiveness indicators used to measure SBDC's performance in achieving its Outcome, *Development of new and existing Small Business in Western Australia*, were derived from customer surveys with clients who had used SBDC's and the BEC's services during 2001/2002.

Indicators used were:

- Usefulness of the information and guidance provided;
- The extent the information / guidance lead to improved business decision making;
- The extent the information / guidance received contributed to improved business performance (*asked of established businesses only*);
- Contribution the service made to an informed decision to start or buy a business (*asked of those who were planning to start or buy a business only*).

The measures reported below are based on two surveys conducted during 2001/2002 of random samples of SBDC and BEC clients. They have been carried out by an independent market research company to ensure maximum objectivity².

² The Performance Evaluation for 2001/02 was undertaken by an independent research consultancy - Patterson Market Research Pty. Ltd. Telephone surveys were undertaken with random selections of clients who had directly sought information and guidance during 2001/02. The valid sample for each service area was as follows:

Service Area	Established Business Operators		Business Starters		Total Sample	
	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02
Clients - Direct advice						
Small Business Services	171	216	188	151	359	367
Business Information and Licence Centre	74	31	281	160	355	191
Clients - Indirect advice	#	9	#	3	517	12
Grants given	44	40	10	6	54	46
Business Enterprise Centre Network	90	98	92	79	182	177
Total	379	394	571	399	1467	793

Please note that the sample size of 793 from a total population of 253,915 provides a sampling error of + / - 5% @ 95% Confidence Level. For the telephone surveys, 1,593 eligible clients were contacted with 793 interviews obtained, giving a response rate of 50%.

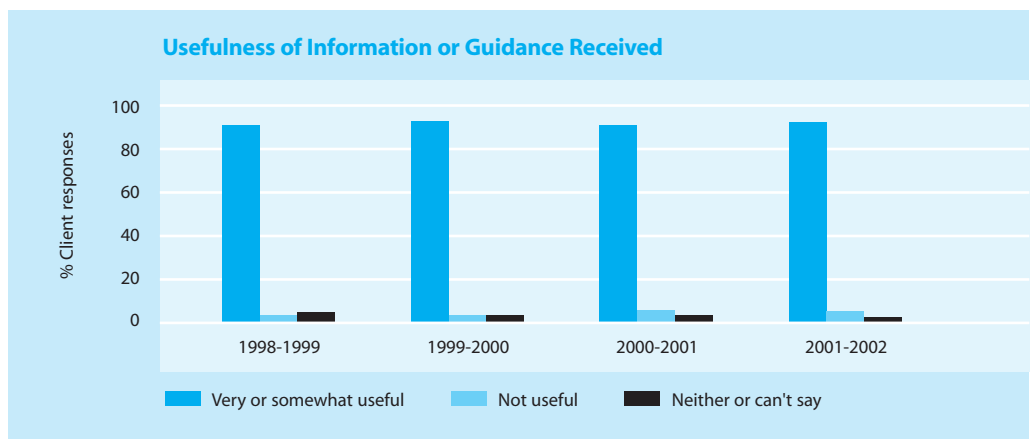
Indirect clients who attend functions organised by SBDC are not asked their business status.

The effectiveness measures reported below combine the client scores of both the SBDC and the Business Enterprise Centre network.

Usefulness of the Information or Guidance Provided

All clients surveyed were asked - "How would you rate the usefulness of the information / guidance provided to you?"

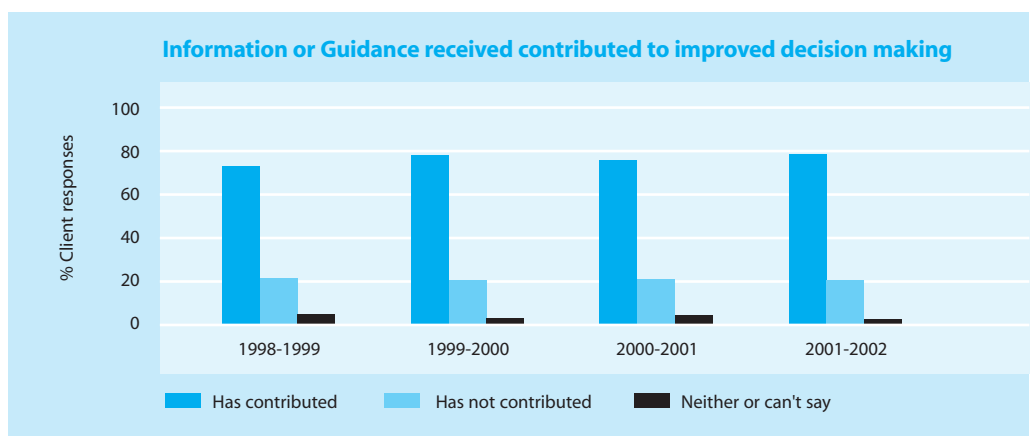
The evaluation indicated the perceived usefulness of the service provided to both business starters and established operators remained high, with 92 percent of clients rating it as *very or somewhat useful*, compared to 90 percent in 2000/2001 and 98/99, and 92 percent in 1999/2000.



Contribution to Improved Decision Making

All clients surveyed were asked - "To what extent did the information / guidance received contribute either directly or indirectly to an improvement in business decision making?"

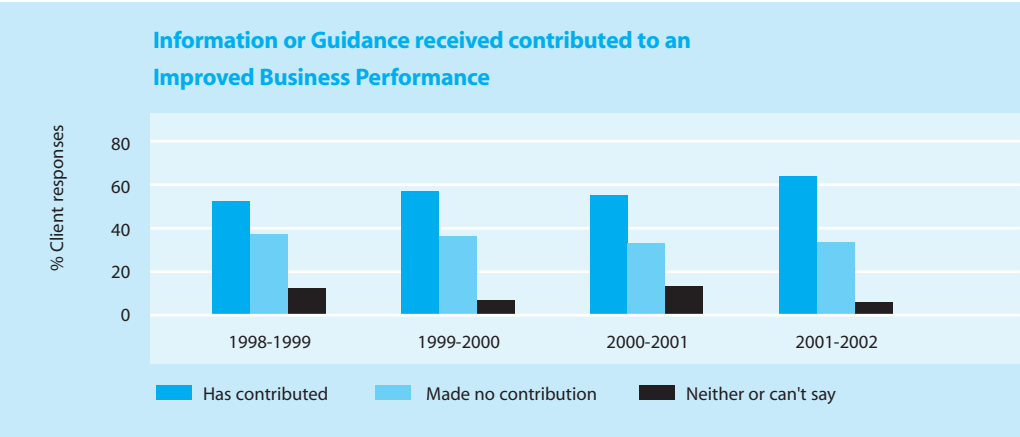
More than three quarters (78 per cent) of clients interviewed believed their contact with the SBDC or the BECs had made a positive contribution to their business decision making. This compares with 75 percent positive response reported in 2000/2001, 77 percent in 1999/2000 and 73 percent in 1998/1999.



Contribution of Service to Improved Business Performance

To assess the impact of SBDC and the BECs services on the operations and performance of clients' businesses, established business operators were asked - *"To what extent would you say the information or guidance you received has contributed to an improved performance of your business?"*

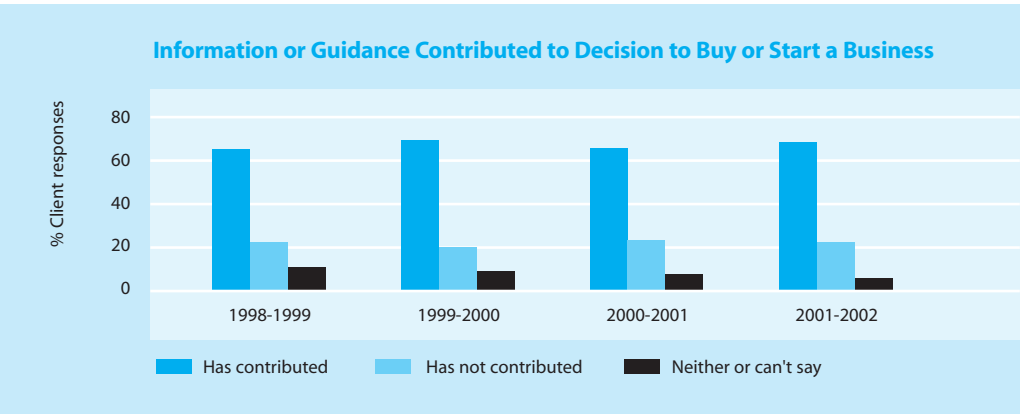
Nearly two thirds (63 percent) of established business considered that their contact with the SBDC or the BECs had contributed to an *improved business performance*. This is up from 55 percent of business operators in 2000/2001, 56 percent in 1999/2000 and 51 percent in 1998/99.



Contribution of Service to Start-up Decisions

All clients interviewed who were either planning or in the process of starting or buying a business were asked - *"Would you say your contact with the SBDC / BEC directly contributed to you making an informed decision about starting or buying your business?"*

Over two thirds of business starters (69 percent) believed SBDC or the BEC services had made a definite contribution to their decision *to start or buy a business*. This compares with 67 percent recorded in 2000/01, 70 percent in 1999/2000, and 66 percent in 1998/99.

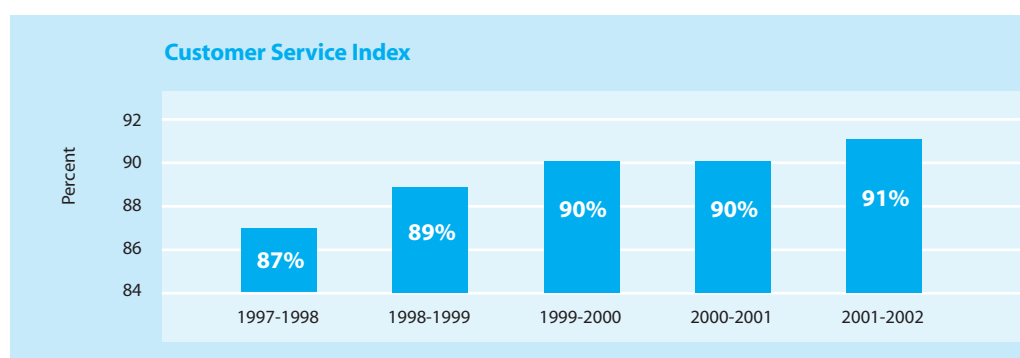


Customer Service Index

The Customer Service Index was introduced to measure the extent to which SBDC and the BEC network satisfied the customer's inquiry and request for assistance. Questions asked were included on the Performance Evaluation Survey.

The Customer Service Index is comprised of five individual performance indicators focusing on both the process and outcomes of providing services to clients.

The Customer Service Index for 2001/2002 continues to indicate very high levels of satisfaction with the services provided, with an index rating of 91 percent, compared to 90 percent in 2000/2001 and in 1999/2000, 89 percent for 1998/99 and 87 percent in 1997/98.



The scores showing the positive response given for each of the five Performance Indicators over the last five years is shown in the table below.

	1997/98 %	1998/99 %	1999/00 %	2000/01 %	2001/02 %
Usefulness:					
How useful was the information and guidance provided to you?	91	91	92	92 ³	92
Decision making:					
To what extent did the information and guidance you received contribute to an improvement in your decision making?	70	72	77	75	78
Access:					
Would you describe the task of accessing the service as being easy or difficult? <i>Total 'easy' responses shown</i>	95	94	94	94	95
Service:					
How would you rate the overall level of customer service provided by the staff?	81	94	96	94	96
Repeat:					
Would you use the service(s) again if the need arose?	95	94	94	94	94
Customer Service Index	87	89	90	90	91

³ Only those clients who sought direct advice were incorporated in the Customer Service Index.

Efficiency Indicators

Efficiency Indicators relate outputs to the level of resource inputs required to produce them. The key efficiency indicator for SBDC's one Output is set out below.

OUTPUT: Information, Guidance, Referral and Business Development Services

Provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia.

Four Efficiency Indicators are provided. The score for each Indicator as well as the comparative scores set in 2000/2001, 1999/2000 and 1998/99 are set out below:

EFFICIENCY INDICATORS	2001/02		2000/01	1999/00	1998/99
Cost for direct client contacts	5,582,851	\$45.65	\$48.42	\$40.98	\$48.51
Number of direct client contacts / equivalents ⁴	122,286				
Cost of indirect client contacts	125,970	\$3.12	\$2.34	\$3.14	\$3.13
Number of indirect client contacts ⁵	40,403				
Cost of BEC services	3,529,310	\$32.80	\$40.33	\$37.99	\$45.01
Number of BEC client contacts	107,600				
Policy Advice	\$840,831		\$1,026,812	\$1,091,469	\$1,144,063

4 Number of direct client contacts is as specified in the Output Measures (refer Report on Operations) namely: Clients - **direct advice** (103,236) plus the number of '**equivalent direct clients**' that are serviced through the provision of grant money (19,050) equals 122,286.

Explanation:

Direct client contacts have contacted the SBDC for guidance or information either by a personal visit, by telephone or have visited the SBDC web-site for four minutes or more, or the BLIS web-site for two minutes or more.

Grants are given either under the *Small Business Improvement Program*, the *Business Innovation Development Scheme* or the *Business Migrant Incentive Program*, to provide funding for small businesses or potential business migrants to use the services of a private sector consultant to prepare business or marketing plans, feasibility studies or a business proposal to enhance a visa application.

The average grant per small business is \$2,745.83 (refer Output Measure costs - Report on Operations). Assuming the average hourly rate for the services of a private sector consultant is \$100, the grant money provides each client with approximately 27.45 hours of consultant's time (\$2,745.83 / 100). From SBDC records, each SBDC consultant sees on average two clients per hour. Therefore the number of '*direct client contacts equivalent*' is 27.45 (consultant hours) x 2 (clients per hour) x 347 (grants given) = 19,050 '*direct clients equivalent*'.

5 **Indirect client contacts** are exposed to a display of a range of advisory, information, referral and business services that would impact on their growth and business development. These include 14,635 who have attended *Award Functions*, *Expos* or other *Forums* which SBDC has organised, has been the major sponsor where the focus has been on business development or where an SBDC representative has given an address on small business matters.

Indirect client contacts also include 13,902 who have browsed the SBDC web-site for an average of two to four minutes, 8,467 who have accessed the *b-generation web-site*, which targets youth, and 2,597 who have accessed the *Small Business Research web-site* for two minutes or more.

Certification of Financial Statements

The accompanying financial statements of the Small Business Development Corporation have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985, from proper accounts and records, to present fairly the financial transactions for the year ended 30 June 2002, and the financial position as at 30 June 2002.

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



T. ATTERTON
CHAIRMAN



G. ETRELEZIS
MANAGING DIRECTOR



R. BUTTSWORTH
PRINCIPAL ACCOUNTING OFFICER

30 AUGUST 2002

Opinion of the Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

SMALL BUSINESS DEVELOPMENT CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

Scope

I have audited the accounts and financial statements of the Small Business Development Corporation for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Corporation is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Corporation.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Corporation to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement 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 statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Corporation's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Small Business Development Corporation provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Corporation at June 30, 2002 and its financial performance and its cash flows for the year then ended.

A handwritten signature in black ink, appearing to read 'K O O'Neil'.

K O O'NEIL
ACTING AUDITOR GENERAL
November 25, 2002

Statement of Financial Performance

For the year ended 30 June, 2002

	Note	2002 \$	2001 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	2	3,537,728	3,274,465
Supplies and services	3	2,750,201	2,746,509
Depreciation expense	4	112,202	105,263
Communications expense		130,327	148,158
Maintenance expense		88,845	96,855
Grants and subsidies	5	3,162,659	3,088,729
Capital user charge	6	297,000	0
Net loss on disposal of non-current assets	7	0	402
Total cost of services		10,078,962	9,460,381
Revenues from ordinary activities			
Revenue from operating activities			
User charges and fees		45,691	30,112
Trading profit	8	65,083	64,714
Commonwealth grants and contributions	9	56,714	138,446
Net profit on disposal of non-current assets	7	3,420	0
Revenue from non-operating activities			
Interest revenue		172,583	262,273
Other revenues from ordinary activities	10	336,612	252,472
Total revenues from ordinary activities		680,103	748,017
NET COST OF SERVICES		9,398,859	8,712,364
REVENUES FROM GOVERNMENT			
	11		
Output appropriation (i)		8,345,000	8,529,000
Resources received free of charge		11,000	9,000
Total revenues from Government		8,356,000	8,538,000
CHANGE IN NET ASSETS		(1,042,859)	(174,364)

(i) Appropriation included capital in 2001.

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June, 2002

	Note	2002 \$	2001 \$
Current Assets			
Cash assets	12	2,646,504	3,785,835
Inventories		39,305	30,592
Receivables	13	451,941	376,414
Amounts receivable for outputs	14	104,000	0
Total Current Assets		3,241,750	4,192,841
Non-Current Assets			
Amounts receivable for outputs	14	19,000	0
Furniture, plant and equipment	15	312,678	309,600
Total Non-Current Assets		331,678	309,600
Total Assets		3,573,428	4,502,441
Current Liabilities			
Payables		57,135	55,524
Provisions	16	422,921	369,875
Other liabilities	17	573,138	722,027
Total Current Liabilities		1,053,194	1,147,426
Non-Current Liabilities			
Provisions	16	229,528	141,450
Total Non-Current Liabilities		229,528	141,450
Total Liabilities		1,282,722	1,288,876
NET ASSETS		2,290,706	3,213,565
Equity	18		
Contributed equity		120,000	0
Accumulated surplus		2,170,706	3,213,565
TOTAL EQUITY		2,290,706	3,213,565

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June, 2002

	Note	2002 Inflow (Outflows) \$	2001 Inflow (Outflows) \$
CASH FLOWS FROM GOVERNMENT			
Output appropriations		8,222,000	8,479,000
Capital contributions (2001 appropriation)		120,000	50,000
Net cash provided by Government		8,342,000	8,529,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(3,368,852)	(3,250,697)
Supplies and services		(6,422,196)	(5,996,542)
Capital user charge		(297,000)	0
GST payments on purchases		(652,424)	(597,281)
Receipts			
Sale of goods and services		180,790	165,339
Commonwealth grants and contributions		56,714	138,446
Interest received		176,909	264,220
GST receipts on sales		42,174	29,609
GST receipts from taxation authority		572,572	428,807
Other receipts		341,843	251,441
Net cash used in operating activities	19(b)	(9,369,470)	(8,566,658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of furniture, plant and equipment		5,643	805
Purchase of furniture, plant and equipment		(117,504)	(128,132)
Net cash used in investing activities		(111,861)	(127,327)
Net decrease in cash held		(1,139,331)	(164,985)
Cash assets at the beginning of the financial year		3,785,835	3,950,820
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	19(a)	2,646,504	3,785,835

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

Notes to the Financial Statements

For the year ended 30 June, 2002

1. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements. The statements have been prepared on the accrual basis of accounting using the historical cost convention.

(b) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Corporation gains control of the appropriated funds. The Corporation gains control of appropriated funds at the time those funds are deposited into the Corporation's bank account or credited to the holding account held at the Department of Treasury and Finance.

(c) Contributed Equity

Under UIG38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance.

(d) Revenue

Sales revenue represents revenue earned from the sale of goods and services net of returns, allowances and duties and taxes paid. Other revenue is fully described in the Statement of Financial Performance. Revenue is recognised at the point of sale for goods sold and at the time of delivery for services charged.

(e) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(f) Depreciation of non-current assets

Furniture, plant and equipment are depreciated over their estimated useful lives using the straight line method. Depreciation rates applicable are as follows:

Furniture - 11.25% per annum

Equipment - 15% per annum

Motor Vehicles - 12.5% per annum

Fixtures and Fittings - 7.5% per annum

Computing Equipment - 30% per annum

These rates are reviewed on a regular basis to ensure relevance.

(g) Leases

The Corporation has entered into a number of operating lease arrangements for the rent of the office buildings and motor vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property. No finance leases are held by the Corporation.

(h) Inventories

Publication stocks are valued at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

(i) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(j) Payables

Payables, including accruals not yet billed, are recognised when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days. The Corporation considers the carrying amounts of payables approximate their net fair values.

(k) Employee Entitlements

(i) Annual Leave

This entitlement is recognised at current remuneration rates and is measured as the amount unpaid at the reporting date in respect to employees' service up to that date.

(ii) Long Service Leave

The Corporation applied the long hand method at 30 June 1999. The resulting liability was not materially different from that calculated using the short hand method and therefore the short hand method has been applied since year ending 30 June 2000. Under the short hand method, leave entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an officer has completed four years of service.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

(iii) Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are unfunded and the liability for future payments are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

The note disclosure required by paragraph 51 (e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Corporation. Accordingly, deriving the information for the Corporation is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(l) Accrued Salaries

Accrued Salaries (refer note 17) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Corporation considers the carrying amount approximates net fair value.

(m) Net Fair Value of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following bases:

Monetary financial assets and liabilities not traded in an organised financial market - carrying amounts of receivables, payables and accruals (which approximates net market value).

(n) Grants

The Corporation recognises, as a current liability, grants approved but not yet paid under the Small Business Improvement Program.

(o) Valuation of Non-current Assets

All non-current assets are recognised at cost.

(p) Resources Received Free of Charge

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

(q) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

	2002 \$	2001 \$
2. Employee Expenses		
Salaries,wages and allowances	2,925,481	2,755,874
Superannuation	260,860	249,146
Long service leave	44,269	49,757
Annual leave	6,033	10,821
Other related expenses*	301,085	208,867
	<u>3,537,728</u>	<u>3,274,465</u>
<p>* These employee expenses include payroll tax,fringe benefits tax,staff recruitment,staff training,staff amenities and other employment on-costs associated with the recognition of annual and long service leave liability.The related on-costs liability is included in employee entitlement liabilities at Note 16.</p>		
3. Supplies and Services		
Premises	408,723	414,046
Media,advertising and promotions	463,153	468,692
Travel and accommodation	168,288	164,153
Professional Services	734,438	684,619
Small Business Initiative Fund Payments	401,646	357,997
Sponsorships	96,680	96,082
Other services	347,245	421,332
Consumable supplies	130,028	139,588
	<u>2,750,201</u>	<u>2,746,509</u>
4. Depreciation Expense		
Office furniture	3,658	2,443
Office equipment	19,071	21,330
Fixtures and fittings	8,931	2,893
Motor vehicles	2,118	2,118
Computer hardware	78,424	76,479
	<u>112,202</u>	<u>105,263</u>
5. Grants and Subsidies		
Business Enterprise Centres	2,453,500	2,448,000
Small Business Improvement Program	527,311	612,232
Business Innovation Development Scheme	24,778	27,997
Business Migrant Incentive Program	157,070	500
	<u>3,162,659</u>	<u>3,088,729</u>
6. Capital User Charge	<u>297,000</u>	<u>0</u>

A capital user charge rate of 8% has been set by the Government for 2001-02 and represents the opportunity cost of capital invested in the net assets of the Corporation used in the provision of outputs.The charge is calculated on the net assets.Payments are made to the Department of Treasury and Finance on a quarterly basis.

	2002 \$	2001 \$
7. Net profit/(losses) on disposal of non-current assets		
Profit on Sale of Non-Current Assets		
Office furniture	100	0
Office equipment	0	27
Computer hardware	3,899	391
	3,999	418
Gross proceeds on disposal of assets	4,359	418
Loss on Sale of Non-Current Assets		
Computer hardware sold	(579)	(820)
Gross proceeds on disposal of assets	1,284	387
Net profit/(loss)	3,420	(402)

8. Trading Profit

Sales	134,521	135,041
Cost of sales:		
Opening inventory	(30,592)	(36,708)
Purchases	(78,151)	(64,211)
	(108,743)	(100,919)
Closing inventory	39,305	30,592
Cost of Goods Sold	(69,438)	(70,327)
Trading profit	65,083	64,714

9. Commonwealth Grants And Contributions

Department of Industry Science and Resources		
- Business Information Services	0	82,457
Department of Transport & Regional Services		
- Legislative Review Project	0	30,000
- Indian Ocean Territories Service Delivery Arrangement	56,714	25,989
	56,714	138,446

10. Other Revenues from Ordinary Activities

Unused Regional Enterprise Funding Scheme (REFS) funds returned*	122,304	158,371
Department of Training – funding for Small Business Smart Business Program	150,000	0
Other	64,308	94,101
	336,612	252,472

* Represents unused funds expensed in previous periods under the Regional Enterprise Funding Scheme (REFS) which have been returned to the Corporation during the years 1999/2000 to 2001/02. The funds have been reallocated to the Small Business Initiatives Fund and are available through Business Enterprise Centres to develop projects for small business linked to skills development, planning, mentoring, e-commerce, youth enterprise and export facilitation.

	2002 \$	2001 \$
11. Revenues from Government		
Appropriation revenue received during the year:		
Output appropriations (i)	8,345,000	8,479,000
Capital appropriations (ii)	0	50,000
	8,345,000	8,529,000
Resources Received Free of Charge		
Determined on the basis of the following estimates provided by agencies.		
Office of the Auditor General	11,000	9,000
	8,356,000	8,538,000

- (i) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs purchased by the Government. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (ii) Capital appropriations were revenue in 2001 (year ended 30 June 2001). From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

12. Cash Assets

Bank account	146,054	785,385
Cash investments - investment with Department of Treasury & Finance	2,500,000	3,000,000
Cash on hand	450	450
	2,646,504	3,785,835

13. Receivables

Trade debtors	2,710	8,569
Net GST recoverable	191,627	154,464
Accrued interest	9,339	13,665
Prepayments	248,265	199,716
	451,941	376,414

14. Amounts Receivable for Outputs

Current	104,000	0
Non-current	19,000	0
	123,000	0

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

	2002 \$	2001 \$
15. Furniture, Plant And Equipment		
Office furniture at cost	54,151	55,429
Accumulated depreciation	(34,935)	(32,555)
	19,216	22,874
Office equipment at cost	179,026	172,086
Accumulated depreciation	(111,843)	(92,772)
	67,183	79,314
Fixtures and fittings at cost	219,609	189,059
Accumulated depreciation	(115,941)	(107,010)
	103,668	82,049
Motor vehicles at cost	16,943	16,943
Accumulated depreciation	(13,678)	(11,560)
	3,265	5,383
Computer equipment at cost	356,407	344,419
Accumulated depreciation	(237,061)	(224,439)
	119,346	119,980
	312,678	309,600

Reconciliations

Reconciliations of the carrying amounts of furniture, plant and equipment at the beginning and end of the current financial year are set out below.

	Office furniture \$	Office equipment \$	Fixtures and fittings \$	Motor vehicles \$	Computer equipment \$	Total \$
2002						
Carrying amount at start of year	22,874	79,314	82,049	5,383	119,980	309,600
Additions	0	6,940	30,550	0	80,013	117,503
Disposals	(0)	0	0	0	(2,223)	(2,223)
Depreciation	(3,658)	(19,071)	(8,931)	(2,118)	(78,424)	(112,202)
Carrying amount at end of year	19,216	67,183	103,668	3,265	119,346	312,678

	2002 \$	2001 \$
16. Provisions		
Current		
Annual leave	136,860	130,824
Long service leave	228,831	239,051
Other (i)	57,230	0
	<u>422,921</u>	<u>369,875</u>
Non-current		
Long service leave	184,970	130,482
Superannuation -unfunded lump sum liability (ii)	15,611	10,968
Other (i)	28,947	0
	<u>229,528</u>	<u>141,450</u>
	<u>652,449</u>	<u>511,325</u>

- (i) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including payroll tax. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at Note 2.
- (ii) The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

The Corporation considers the carrying amount of employee entitlements approximates the net fair value.

17. Other Liabilities

Accrued expenses	130,026	129,611
Accrued salaries	59,298	63,948
Grants payable	383,814	528,468
	<u>573,138</u>	<u>722,027</u>

18. Equity

Contributed equity		
Capital contributions	<u>120,000</u>	<u>0</u>

From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

Accumulated surplus/(deficiency)		
Opening balance	3,213,565	3,387,929
Change in net assets	(1,042,859)	(174,364)
Closing balance	<u>2,170,706</u>	<u>3,213,565</u>

2002
\$

2001
\$

19. Notes to the Statement of Cash Flows

(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 assets	2,646,504	3,785,835
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(b) Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(9,398,859)	(8,712,364)
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Non-cash items:

Depreciation expense	112,202	105,263
Resources received free of charge	11,000	9,000
(Profit)/loss on sale of property, plant and equipment	(3,420)	402

Changes in assets and liabilities:

Increase in receivables	(75,526)	(218,092)
(Increase)/decrease in inventories	(8,713)	6,116
Increase in payables	1,611	33,240
(Decrease)/increase in other liabilities	(148,889)	144,824
Increase in provisions	141,124	64,953

Net cash used in operating activities	(9,369,470)	(8,566,658)
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20. Remuneration of Auditors

Audit fees to the Auditor General (free of charge)	11,000	9,000
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21. Remuneration of Accountable Authority and Senior Officers

(a) The total fees, salaries, superannuation (*) and other benefits for the financial year of the members of the Accountable Authority are:

59,724	71,712
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(b) The total fees, salaries, superannuation (*) and other benefits for the financial year of Senior Officers are:

634,957	552,345
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- (c) The number of members of the Accountable Authority whose total fees, salaries, superannuation (*) and other benefits for the financial year, falls within the following bands are:

		2002	2001
\$	0 - \$10,000	6	6
\$	10,001 - \$20,000	1	-
\$	20,001 - \$30,000	-	1

- (d) The number of Senior Officers whose total fees, salaries, superannuation (*) and other benefits for the financial year, falls within the following bands are:

		2002	2001
\$	70,001 - \$80,000	-	2
\$	80,001 - \$90,000	2	-
\$	90,001 - \$100,000	2	3
\$	100,001 - \$110,000	1	-
\$	120,001 - \$130,000	-	1
\$	160,001 - \$170,000	1	-

- * Superannuation was previously disclosed under retirement benefits in 2001. Comparative figures in 2001 had been modified to reflect changes in disclosure requirement.

22. Affiliated Bodies

(a) The Institute for Small Business Research (ISBR).

The Corporation's affiliation with ISBR forms a valuable link between the small business sector and the research capacity of Western Australia's major academic institutions. The achievement of the objectives of this affiliation is reflected in the report on operations. During the financial year, the Corporation provided secretariat duties and staff support.

(b) Business Enterprise Centres (BEC)

There are 37 separately incorporated entities located in city and country areas to assist small businesses to expand or develop new business ideas. During the year \$2,453,500 was paid out to the centres by way of grants and transfers.

	2002 \$	2001 \$
23. Regional Enterprise Funding Scheme (REFS)		
Under this scheme the Corporation provided funds to the regional BECs to lodge with banks in support of loans of up to \$10,000 to small business.		
The scheme was closed to further applications on 21 October 1999 and was replaced with the Small Business Initiatives Fund (SBIF). Unutilised REFS deposit funds were transferred to the SBIF.		
(i) Balance of funds with participating banks as at year end	115,801	249,176
(ii) Balance of loans outstanding as at year end (11 in 2002, 27 in 2001)	26,618	104,299
(iii) Loans defaulted during the year (5 in 2002, 5 in 2001)	17,881	23,161
(iv) Recovered default loans for the year	2,235	1,667
Reconciliation of funds transferred to SBIF for the year:		
Balance of <i>REFS</i> deposit funds with participating banks as at the beginning of year	249,176	419,729
Less Defaulting loans paid out to year end	17,881	23,161
	231,295	396,568
Plus Recovered defaults to year end	2,235	1,667
Accrued deposit interest at year end	4,575	9,312
	238,105	407,547
Less Funds retained by the participating banks to support outstanding REFS loans	115,801	249,176
Funds transferred back to the Small Business Development Corporation	122,304	158,371

24. Indian Ocean Territories Service Delivery Arrangement

The Corporation has an agreement with the Commonwealth of Australia to provide business information, enterprise development, assistance and training to new and existing small to medium enterprises located on Christmas and Cocos (Keeling) Islands. An amount of \$20,286 was carried forward from 2000/01 and during 2001/02 a further \$56,714 was received from the Commonwealth. Gross expenditure against this was \$57,075 and the remaining \$19,925 has been carried forward to the 2002/03 financial period.

25. Lease Commitments

Analysis of non-cancellable operating lease commitments for buildings and motor vehicles:

Within 1 year	230,914	216,175
Later than 1 year and not later than 5 years	374,147	562,212
	605,061	778,387

Note: The above amounts are exclusive of GST.

26. Contingent Liabilities

The Small Business Guarantees Act 1984.

As at 30 June 2002 there were 2 outstanding guarantees amounting to a face value of \$250,000 representing a contingent liability to the Corporation. The balance of those loans at 30 June 2002 was \$79,323. Under Section 6 of the Small Business Guarantees Act 1984 the Consolidated Fund will appropriate for any payments made under the guarantees.

27. Additional Financial Instruments Disclosures

Interest rate risk exposure

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

	Weighted average effective interest rate %	Floating interest rate	Non interest bearing	Total
30 June 2002				
Assets				
Cash at bank	3.21	146,054		146,054
Cash investments	4.68	2,500,000		2,500,000
Cash on hand			450	450
Receivables			451,941	451,941
Total financial assets		2,646,054	452,391	3,098,445
Liabilities				
Payables			57,135	57,135
Provisions			652,449	652,449
Other liabilities			573,138	573,138
Total financial liabilities		0	1,282,722	1,282,722
Net financial assets		2,646,054	(830,331)	1,815,723
30 June 2001				
Assets				
Cash at bank	4.43	785,385		785,385
Cash investments	5.94	3,000,000		3,000,000
Cash on hand			450	450
Receivables			376,414	376,414
Total financial assets		3,785,385	376,864	4,162,249
Liabilities				
Payables			55,524	55,524
Provisions			511,325	511,325
Other liabilities			722,027	722,027
Total financial liabilities		0	1,288,876	1,288,876
Net financial assets		3,785,385	(912,012)	2,873,373

Credit risk exposure

All financial assets are unsecured.

28. Output Information

During the financial year, the Corporation has changed from reporting on 2 outputs to 1 output, being Information, Guidance, Referral and Business Development Services.

	2002 \$	2001 \$
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29. Explanatory Statement

(a) Comparison of actual results with those of the prior year.

Explanations are provided for significant variations between the current and prior year results. Significant variations are considered to be those greater than 5% and at least \$15,000.

Revenue

User charges and fees	45,691	30,112
Increase in admission fees resulting from an increase in the frequency and choice of workshops conducted.		

Commonwealth grants and contributions	56,714	138,446
A reduction in Commonwealth funds in 2001/02 due to the completion of the Business Information Services Program and the Legislative Review Project.		

Interest revenue	172,583	262,273
Reduction in interest income resulting from reduced balances in the operating account and funds invested at Department of Treasury and Finance.		

Other revenues from ordinary activities	336,612	252,472
Increase due to receipt of funding from Department of Training for Small Business Smart Business Program.		

Expenditure

Employee expenses	3,537,728	3,274,465
The increase can be attributed to a 3% salary increase negotiated through the Workplace (Enterprise Bargaining) Agreement, together with normal incremental movements.		

Communication expense	130,327	148,158
Savings in communication costs as a result of the closure of the GST Transition Centre together with an increase and reliance of the internet for communication.		

	2002 Estimate \$	2002 Actual \$
29. Explanatory Statement (continued)		
(b) Comparison of estimates and actual results. Section 42 of the Financial Administration and Audit Act requires the Corporation to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results. Significant variances are considered to be those greater than 5% and at least \$15,000.		
Revenue		
Interest	150,000	172,583
Increase is due to the investment of higher than expected cash balances relating to unspent funds allocated to the Small Business Initiatives Fund.		
Other	60,000	340,032
Additional unbudgeted receipts from Department of Training for Small Business Smart Business Program and funds no longer committed and returned under the Regional Enterprise Funding Scheme (REFS).		
Expenditure		
Salaries and allowances	2,823,000	2,975,784
Increase in staff resources for special projects together with payouts for leave entitlements.		
Supplies and services	4,829,000	2,832,991
Funds budgeted in 2001/02 for projects under the Small Business Initiatives Fund were not expensed and have been carried forward to 2002/03.		
Capital User Charge	152,000	297,000
Higher capital user charge due to higher than expected cash balances relating to the unspent Small Business Initiatives Fund.		

Glossary of Terms used in this Report

ABN	Australian Business Number
ATO	Australian Taxation Office
BAS	Business Activity Statement
BEC	Business Enterprise Centre
BIDS	Business Innovation Development Scheme
BILC	Business Information and Licence Centre
BLIS	Business Licence Information Service
EEO	Equal Employment Opportunity
GEM	Government Electronic Marketplace
GST	Goods and Services Tax
ISBR	Institute for Small Business Research
SBDC	Small Business Development Corporation
SBIF	Small Business Initiatives Fund
SBIP	Small Business Improvement Program
WIEX	Women in Export Network
YAP	Young Achiever Program