

CHEMISTRY

CENTRE

CHEMISTRY CENTRE (WA)

ANNUAL REPORT

**FOR THE 11 MONTHS
ENDED 30 JUNE 2008**

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ANNUAL REPORT

FOR THE 11 MONTHS ENDED 30 JUNE 2008

CHEMISTRY CENTRE (WA)
TABLE OF CONTENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Statement of Compliance	3
Overview	4
Executive Summary	4
Operational Structure	4
Performance Management Framework	7
Agency Performance – Report on Operations	8
Financial Targets	8
Key Performance Indicators	8
Significant Issues and Trends	9
Financial Statements	
Certification of Financial Statements	10
Income Statement – The Net Profit or Loss/Commercial Format	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Financial Statements	15
Key Performance Indicators	
Certification of Key Performance Indicators	37
Detailed Information in Support of Key Performance Indicators	37
Ministerial Directives	38
Other Financial Disclosures	38
Governance Disclosures	38
Other Legal Requirements	41
Government Policy Requirements	43

CHEMISTRY CENTRE (WA) (COMMERCIAL)
STATEMENT OF COMPLIANCE
FOR THE 11 MONTHS ENDED 30 JUNE 2008

HON NORMAN MOORE MLC
MINISTER FOR MINES AND PETROLEUM; FISHERIES; ELECTORAL AFFAIRS

In accordance with Section 61 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament, the annual report of the Chemistry Centre (WA) for the 11 months ended 30th June 2008.

The annual report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Member of Governing Board
Date: 25th September 2008

Member of Governing Board
Date: 25th September 2008

Contact Details

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CHEMISTRY CENTRE (WA)
OVERVIEW
FOR THE 11 MONTHS ENDED 30 JUNE 2008

OVERVIEW

Executive Summary

Performance Highlights

- The Chemistry Centre (WA) (referred to as "ChemCentre" in this document) commenced operations as a statutory authority on 1st August 2007 and this 'annual' report, in fact, covers ChemCentre's first eleven months operations.
- Construction of ChemCentre's new accommodation continued through the year with the main concrete work for the building being completed.
- ChemCentre continued its cultural and operational shift to full cost recovery and commercial operation, growing substantially its revenues from the private sector and producing a small surplus for the first time in many years.

Operational Structure

Enabling Legislation

ChemCentre was established as a statutory authority under the Chemistry Centre (WA) Act, on 1 August 2007.

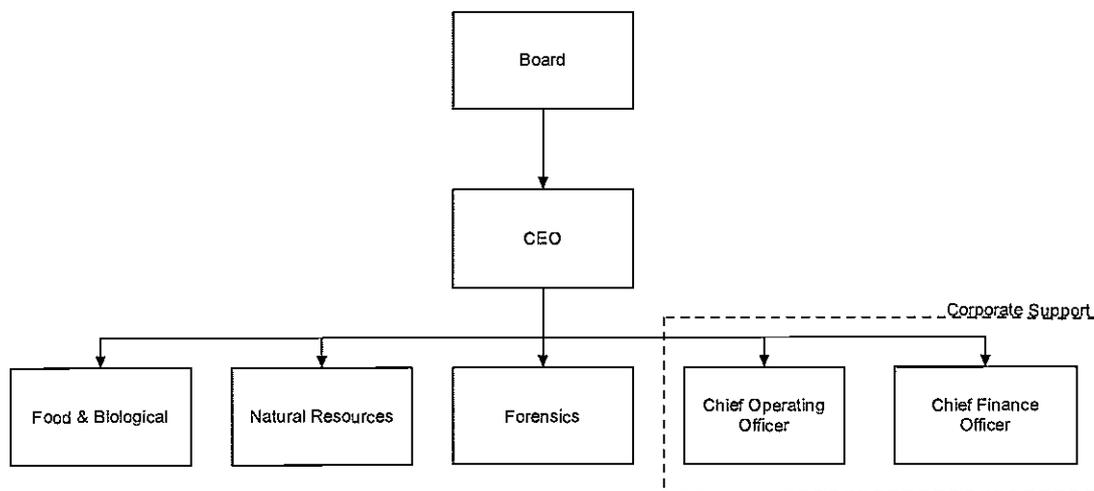
Responsible Minister

The Hon Troy Buswell MLA, Treasurer and Minister for Housing and Works; Commerce; Science and Innovation

Mission

Applying technical knowledge to practical problems to achieve effective outcomes for communities, governments and industry.

Organisational Chart



Board of ChemCentre

Each member of the Board is appointed by the Minister for Industry and Enterprise and selected for the relevant expertise that each bring. The initial appointments were variously for one, two and three years. Each subsequent appointment (or re-appointment) will be for three year terms, allowing a staggered rotation of board membership.

CHEMISTRY CENTRE (WA)
OVERVIEW
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Board Profiles

Bret Mattes (Chair)

Originally trained as an oceanographer, Dr Mattes held several positions in Shell, including geoscientist and exploration manager, before moving in 1990 to BHP Petroleum. Between 1990 and 2007, Dr Mattes held several roles in BHP Petroleum, finishing his time with that company as Vice-President Australia/Asia Gas & Power, BHP Billiton. He is now CEO and Managing Director of Star Energy, an Indonesian energy company with interests in petroleum and geothermal energy.

Prof. Linda Kristjanson (Deputy Chair)

Professor Linda Kristjanson is Deputy Vice Chancellor Research & Development, Curtin University of Technology in Western Australia. Between 2000 and 2006 she held the position of The Cancer Council WA Chair of Palliative Care. In this role, Professor Kristjanson created and led the Western Australian Centre for Cancer & Palliative Care. Professor Kristjanson has received competitive research funding from local and national organisations in Canada, the USA and Australia. Professor Kristjanson was chosen as the 2002 Australian Telstra Business Woman of the Year for her entrepreneurial work in science.

Dr Simon Carroll (Resigned 2008 April)

Dr Carroll has been CEO of an ASX-listed ophthalmic specialty company and Executive Director of the Western Australian Biomedical Research Institute at Curtin University of Technology and Commercial. He has also held numerous directorships of private companies and served on a number of boards of management, particularly in the initiation and growth phases of these organisations. His experience in starting companies, commercialising and licensing technologies is extensive. Dr Carroll holds a Doctor of Philosophy and a Master of Business Administration from the University of Western Australia, and is a Member of the Australian Institute of Company Directors.

Dr Lianne Cretney-Barnes

Dr Cretney-Barnes has held senior positions in both private and public sector organisations for over 20 years and has considerable experience in strategic marketing, branding and business development. She has also worked in communications, recruitment, alumni relations, external and government relations and fundraising. She has won awards from the Australian Marketing Institute National Awards for Marketing Excellence in both 2002 and 2003. Dr Cretney-Barnes is also an Associate Fellow of the Australian Institute of Management and the Australian Marketing Institute, and a graduate of the Australian Institute of Company Directors.

Dr John Farrow

Dr Farrow is a researcher and site manager for the Commonwealth Scientific and Industrial Research Organisation Minerals (CSIRO) Waterford site with more than years experience in hydrometallurgy, Dr Farrow has worked on a broad range of collaborative projects with all key Australian and overseas minerals processing companies, as well as a range of engineering companies, reagent suppliers and equipment manufacturers. He has been the leader of the CSIRO Alumina Production Group, Alumina Theme Leader for the CSIRO Light Metals Flagship and has played a key role in the Parker CRC for Integrated Hydrometallurgy Solutions. With awards for several projects and a widely published author, Dr Farrow is a Fellow of the Australian Institute of Minerals and Metallurgy and a Fellow of the Royal Australian Chemical Institute.

Dr Keith Shilkin

Dr Shilkin was the CEO of Pathwest for ten years. Prior to that, he was the Head of Department of Pathology at Sir Charles Gairdner Hospital and held other Pathology appointments in Perth, Singapore, London and New York. He is widely published in the professional literature. He has held numerous positions in professional pathology and associated organisations and committees. He has been active over many years in various community organisations. Dr Shilkin was this year made a Member of the Order of Australia for services to medicine and the Jewish Community.

Dr Peter Stransky

Dr Stransky has over 25 years experience as an industrial and production chemist, working mostly with industry on the Kwinana strip. His roles varied from research scientist to Commercial Manager and he has had considerable experience in designing and realising commercial industrial projects, including financial, contractual and technical aspects. Since 2006, he has continued to be involved in business development assignments for minerals and chemicals companies in his role as an independent consultant.

CHEMISTRY CENTRE (WA)
OVERVIEW
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Administered Legislation

ChemCentre does not administer any Act.

Other Key Legislation Impacting on the Chemistry Centre (WA)'s Activities

In the performance of its functions, ChemCentre complies with the following relevant written laws:

Auditor General Act 2006;

Contaminated Sites Act 2003;

Disability Services Act 1993;

Equal Opportunity Act 1984;

Financial Management Act 2006;

Freedom of Information Act 1992;

Industrial Relations Act 1979;

Minimum Conditions of Employment Act 1993;

Occupational Safety and Health Act 1984;

Public Sector Management Act 1994;

Salaries and Allowances Act 1975;

State Records Act 2000; and

State Supply Commission Act 1991.

CHEMISTRY CENTRE (WA)
OVERVIEW
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Performance Management Framework

Outcome Based Management Framework

Agency level Government desired outcome: Quality independent scientific advice and an emergency response capability that supports government and the wider community.

Service 1: Scientific information and advice

Development and delivery of scientific information and advice, including commercial services, to government, industry and the community.

Service 2: Emergency Response

Specialist technical advice and support to government and industry in managing the risks arising from unmanaged chemical-biological-radiological releases.

Changes to Outcome Based Management Framework

ChemCentre's Outcome Based Management Framework was only newly established during 2007-08.

Shared Responsibilities with Other Agencies

ChemCentre's Emergency Response service is largely delivered in support of Fire and Emergency Services Authority, normally the controlling authority at such emergency events.

ChemCentre also provides an extensive forensic science service to the WA Police and the Coroner.

CHEMISTRY CENTRE (WA)

AGENCY PERFORMANCE – REPORT ON OPERATIONS
FOR THE 11 MONTHS ENDED 30 JUNE 2008

AGENCY PERFORMANCE – REPORT ON OPERATIONS

This first eleven months of operation for ChemCentre, represents a change not only in governance but also in culture. With no prior years to provide a reliable guide, variation from budget should be expected to be greater than would be the norm for a more mature operation.

Financial Targets: Actual performance compared to budget targets

With a history of providing a specialist service to government, at a net cost to government, the results for the first eleven months operation show the cultural and operational changes towards a more business-like operation are starting to have an effect, with ChemCentre producing a small surplus.

	Budget	Actual
Total Income	7,768,000	7,770,000
Total Cost of Service	10,453,000	11,695,000
Net Cost of Service	2,685,000	3,925,000
Grants & Subsidies from Government	3,048,000	3,861,000
Surplus/(Deficit) before tax for period	363,000	(64,000)

The budget figures could not allow for the salary agreement for the specialised callings, which has a significant impact on ChemCentre, impacting on the total cost and the grants received from Government.

Key Performance Indicators: Actual performance compared to budget targets

Key Effectiveness Indicators	Target	Achieved
Client satisfaction	75%	82%
Emergency Response: Resolution Time	4 hr	2.5 hr
Proficiency Rating	95%	94%
Key Efficiency Indicators		
Service1: Average Cost/hour	\$127	\$133
Service 2: Average Cost/hour	\$127	\$133

CHEMISTRY CENTRE (WA)
SIGNIFICANT ISSUES AND TRENDS
FOR THE 11 MONTHS ENDED 30 JUNE 2008

SIGNIFICANT ISSUES AND TRENDS

Current and emerging issues and trends

The environment (contamination and remediation), water resources and climate change are matters of ever increasing importance in the State and areas to which ChemCentre can contribute through its scientific base.

Economic and social trends

There is increasing tension between industrial development and the security of the environment and public health, as evidenced by events in Esperance and Wagerup.

There is also increasing interest in a more integrated, more effective forensic science service in support of Law and Order services.

Changes in Written Law

The Chemistry Centre (WA) Act 2007 came into force on 1 August 2007, creating ChemCentre as a statutory authority.

Likely developments and forecast results of operations

ChemCentre is occupied with two main issues:

- The continued transition from a 'background' support service to more commercial, more relevant, more client-centric operation; and
- Developing its capacity and capabilities along themes relevant to emerging issues in the State to ensure authoritative information is available or obtainable in a timely manner.

CHEMISTRY CENTRE (WA)
DISCLOSURES AND LEGAL COMPLIANCE
FOR THE 11 MONTHS ENDED 30 JUNE 2008

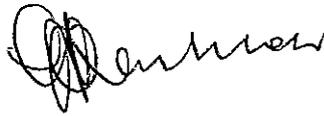
DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

Certification of Financial Statements

The accompanying financial statements of the Chemistry Centre (WA) 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 the 11 months ended 30th June 2008 and the financial position as at 30th June 2008.

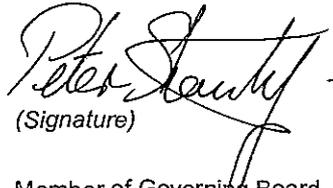
At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



(Signature)
G Clarkson
Chief Finance Officer
Date: 23rd September 2008



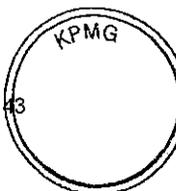
(Signature)
P Hyde
Acting Chief Executive Officer
Date: 23rd September 2008



(Signature)
Member of Governing Board
Date: 23rd September 2008



(Signature)
Member of Governing Board
Date 23rd September 2008



CHEMISTRY CENTRE (WA)
INCOME STATEMENT
FOR THE 11 MONTHS ENDED 30 JUNE 2008

	Note	2008 \$000
INCOME		
<i>Revenue</i>		
Provision of Services	6	7,756
Other revenue	7	14
Total Income		<u>7,770</u>
EXPENSES		
Expenses		
Employee benefits expense	8	7,125
Supplies and services	9	1,307
Depreciation and amortisation expense	10	779
Accommodation expenses	11	631
Other expenses ^(c)	12	1,853
Total expenses		<u>11,695</u>
Loss before grants and subsidies from State Government		(3,925)
Grants and subsidies from State Government	13	<u>3,861</u>
Loss before income tax equivalent expense		(64)
Deferred Income Tax Benefit	30	<u>16</u>
Loss after income tax equivalent expense		<u>(48)</u>
Loss for the period		<u>(48)</u>

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



CHEMISTRY CENTRE (WA)
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	
		2008 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	26	1,517
Inventories	14	74
Prepayments	16	11
Receivables	15	1,076
Amounts receivable for Services	17	408
Total Current Assets		3,086
Non-Current Assets		
Restricted Cash and Cash Equivalents	18	81
Property, plant and equipment	19	3,223
Intangible assets	20	196
Deferred Income Tax Asset	30	483
Total Non-Current Assets		3,983
TOTAL ASSETS		7,069
LIABILITIES		
Current Liabilities		
Payables	22	996
Provisions	23	1,014
Other current liabilities	24	1,168
Current Tax Liabilities	30	62
Total Current Liabilities		3,240
Non-Current Liabilities		
Provisions	23	419
Total Non-Current Liabilities		419
TOTAL LIABILITIES		3,659
NET ASSETS		3,410
EQUITY		
Contributed equity	25	3,458
Retained earnings		(48)
TOTAL EQUITY		3,410

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

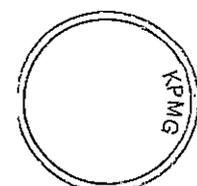


CHEMISTRY CENTRE (WA)
STATEMENT OF CHANGES IN EQUITY
FOR THE 11 MONTHS ENDED 30 JUNE 2008

	Note	
		2008 \$000
Balance of equity at start of period		-
CONTRIBUTED EQUITY		
Balance on 1 st August 2007	25	-
Capital contribution		396
Other contributions by owners ^(a)		3,062
Balance at end of period		<u>3,458</u>
RETAINED EARNINGS		
Balance at start of period		-
Profit for the period		(48)
Balance at end of period		<u>(48)</u>
Balance of equity at end of period		<u><u>3,410</u></u>

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

(a) Contributions by owners includes the net asset value of assets and liabilities transferred of \$2.6 million and a deferred tax asset of \$405k recognised at the point of transfer.



CHEMISTRY CENTRE (WA)
CASH FLOW STATEMENT
FOR THE 11 MONTHS ENDED 30 JUNE 2008

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Provision of services		8,201
GST receipts on services		831
Payments		
Employee benefits		6,918
Accommodation		347
GST payments on purchases		363
GST payments to taxation authority		468
Other payments		2,142
Net cash used in operating activities	26	(1,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Transferred to Department of Treasury and Finance ^(a)		(27)
Purchase of non-current physical assets		(1,139)
Net cash used in investing activities		(1,166)
CASH FLOWS FROM STATE GOVERNMENT		
Grants and subsidies		3,621
Net cash provided by State Government		3,621
Net increase/(decrease) in cash and cash equivalents		1,249
Cash and cash equivalents at the beginning of period		-
Cash transferred from another Agency ^(b)	26	268
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	26	1,517

(a) This was cash transferred to Department of Treasury and Finance and held in an account to fund the payment of the 27th payroll which occurs every 11 years. The amount of \$54,000 was held as at 1st of August 2007

(b) This cash was transferred from the Department of Industry and Resources

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



1. Australian equivalents to International Financial Reporting Standards

General

ChemCentre's financial statements for the 11 months ended 30 June 2008 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 ChemCentre 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).

Early adoption of standards

ChemCentre cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by ChemCentre for the annual reporting period ended 30 June 2008.

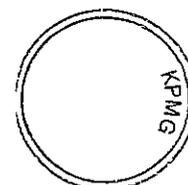
2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 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.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(b) 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.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 3 'Key sources of estimation uncertainty'.

(c) Contributed Equity

The contributed equity is in the form of an appropriation used for the purchase of Capital Equipment.

(d) Reporting Entity

The reporting entity comprises the Chemistry Centre (WA) referred to as ChemCentre. There are no Related Bodies see note 33 'Related bodies'.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(e) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Rendering of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Service Appropriations

Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable holding account comprises the depreciation expense for the period and any agreed increase in leave liability during the period

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when ChemCentre obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions are recognised as revenues during the reporting period and were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes as Revenue in Advance. See Note 24

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(f) Income Tax

ChemCentre operates within the National Tax Equivalent Regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the WA Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

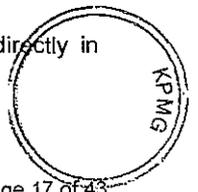
As a consequence of participation in the NTER, ChemCentre is required to comply with AASB 112 'Income Taxes'.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(g) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing more than \$1,000 are capitalised only if they form part of a group of similar items which are significant in total. Otherwise they are expensed direct to the Income Statement.

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, ChemCentre uses the cost model for all property, plant and equipment. All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

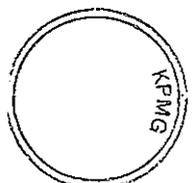
Depreciation

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

Depreciation on assets 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	5 to 7 years
Office equipment	5 years
Software ^(a)	2.5 to 3 years
Motor vehicles	3 to 7 years

(a) Software that is integral to the operation of related hardware.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(h) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

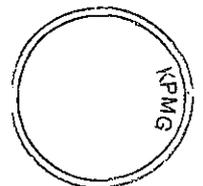
Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by ChemCentre have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software ^(a)	3 to 5 years
-------------------------	--------------

(a) Software that is not integral to the operation of any related hardware.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(i) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet 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 ChemCentre 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, where the replacement cost is falling or where there is a significant change in useful life. 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 balance sheet date irrespective of whether there is any indication of impairment.

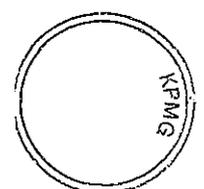
The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based 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 balance sheet date.

See note 21 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(n) 'Receivables' and note 15 'Receivables' for impairment of receivables.

(j) Leases

The lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(k) Financial Instruments

In addition to cash and cash equivalents, ChemCentre has two categories of financial instrument:

- Loans and Receivables;
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. This includes cash on hand, bank accounts and short term deposits

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

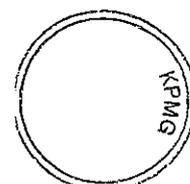
See note 14 'Inventories'

(n) 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 against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that ChemCentre will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(j) 'Financial Instruments and note 15 'Receivables'.

(o) Payables

Payables are recognised when ChemCentre becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(j) 'Financial Instruments and note 22 'Payables'.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 23 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as ChemCentre does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

ChemCentre has no liabilities under the Pension or GSS Schemes. The liabilities for the unfunded Pension and GSS Schemes transfer benefits due to members who transferred from the Pension Scheme are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by ChemCentre to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. ChemCentre makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

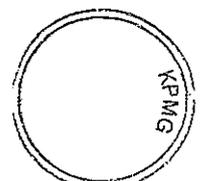
The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

See also note 2(q) 'Superannuation expense'.

(ii) *Provisions - Other*

Employment On-Costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of ChemCentre's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See note 12 'Other expenses' and note 23 'Provisions'.



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

(q) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

- (a) Defined benefits plans – Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- (b) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans – in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current period.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

See also note 2(p) 'Provisions – Employee Benefits' under Superannuation.

(r) Accrued Salaries

Accrued Salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled soon after the financial year end. ChemCentre considers the carrying amount of accrued salaries to be equivalent to the net fair value. (refer note 23 'Provisions')

The accrued salaries suspense account (see note 18 'Restricted Cash and Cash Equivalents') consists of amounts paid annually into a suspense account over a period of 10 years to largely meet the additional cash flow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(s) Amounts Receivable for Services (Holding Account)

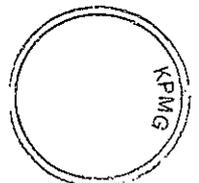
ChemCentre receives appropriation funding on an accrual basis that recognises the full annual cash and non cash cost of services. The appropriations are paid partly in cash and partly as an asset that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

(t) Resources Provided Free of Charge or for Nominal Cost

Resources provided 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.

(u) Segment Information

Segment information has been divided by service (refer note 37 'Schedule of Income and Expenses by Service')



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

3. Key sources of estimation uncertainty

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

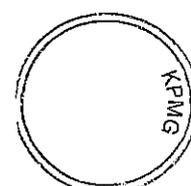
The following are the sources of estimation uncertainty that may be disclosed where they have a significant risk of material impact:

- Discount rates used in estimating provisions;
- Provisions dependant on factors such as cost of keeping staff
- Estimating useful life and residual values of key assets and intangible assets;
- Long service leave – retention rates and discount rates; and
- Estimating depreciated replacement cost.

4 Initial Application of Australian Accounting Standards

ChemCentre has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on ChemCentre:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of ChemCentre's exposure to risks, including enhanced disclosure regarding components of ChemCentre's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

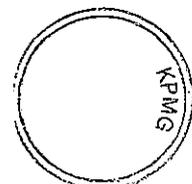


CHEMISTRY CENTRE (WA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 11 MONTHS ENDED 30 JUNE 2008

5 Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Authority but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1050 'Administered Items' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).	1 July 2008
The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance (<i>for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced</i>), otherwise, there will be no financial impact.	



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

	2008
	\$000

6. Provision of services

Private Sector	4,490
State Government Sector	3,266
	7,756

ChemCentre invoices clients on a fee for service basis for work performed. The clients are Organisations in the Private Sector and Western Australian State Government Agencies.

7. Other revenue

Expense recovery	3
Salary Packaging recoveries	11
	14

8. Employee benefits expense

Wages and salaries ^(a)	5,769
Superannuation – defined contribution plans	433
Superannuation – defined benefit plans	174
Long service leave ^(b)	176
Annual Leave ^(b)	573
	7,125

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at note 12 'Other Expenses'. The employment on-costs liability is included at note 23 'Provisions'.

9. Supplies and Services

Communications	28
Consumables	998
Materials	132
Travel	149
	1,307

10. Depreciation and amortisation expense

Depreciation	
Plant, equipment and vehicles	644
Office Equipment	99
	743

Amortisation

Total amortisation	
Software	36
Total depreciation and amortisation	779

11. Accommodation expenses

Lease rentals	284
Repairs and maintenance	122
Utilities	225
	631



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

12. Other expenses

Equipment repairs and maintenance	154
Network Maintenance	146
External Services purchased by ChemCentre	564
Printing and Stationery	99
Payments to Cooperative Research Centres	188
Motor Vehicle	70
Doubtful Debts	55
Notional Payroll Tax	352
Other minor Expenses	225
	1,853

13. Income from State Government

Appropriation received during the period	
Service Appropriation ^(a)	3,225
Resources received free of charge ^(b)	636
	3,861

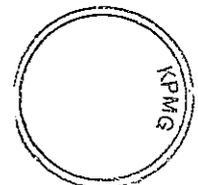
(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable holding account comprises the depreciation expense for the year and any agreed increase in leave liability during the year

(b) Where assets or services have been received free of charge or for nominal cost, ChemCentre recognises revenues 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. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case ChemCentre makes the adjustment direct to equity

14. Inventories

Inventories not held for resale:	
Stores (at cost)	74
	74

See also note 2(l) 'Inventories'



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

15. Receivables

Current	
Receivables	1,077
GST Income Tax Credits	71
Allowance for impairment of receivables	(72)
	1,076
 Reconciliation of changes in the allowance for impairment of receivables:	
Balance on 1 st August 2007	(0)
Amounts provided for during the period	72
Amount recovered during the period	0
Balance at end of period	(72)
 Credit Risk	1,074
 Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:	
Not more than 3 months	108
More than 3 months but less than 6 months	20
More than 6 months but less than 1 year	78
More than 1 year	4
 Receivables individually determined as impaired at the balance sheet date:	
Carrying amount, before deducting any impairment loss	65
Provision for Impairment loss	(65)
	-

Included in the allowance for impairment of receivables, ChemCentre has some debtors for which it has received notification of filing for bankruptcy and it is expected that only a small proportion of the amount owing will be recovered.

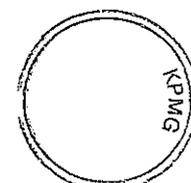
See also note 2(m) 'Receivables' and note 29 'Financial Instruments'.

16. Prepayments

Current	
Moneys paid in advance for services to be performed	11

17. Amounts Receivable for Services

Non Current	
Represents the non-cash component of Services appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.	408



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

18. Restricted Cash and Cash Equivalents

Accrued Salaries Suspense Account^(a) 81

(a) Amount held in the suspense account and only to be used for the purposes of meeting the 27th payroll in financial years which occur every eleven years

19. Property, plant and equipment

Plant, equipment and vehicles	
At cost	8,837
Accumulated depreciation	<u>(5,803)</u>
	3,034
Office equipment	
At cost	644
Accumulated depreciation	<u>(455)</u>
	189
Written down Value of plant ,equipment and office equipment	<u>3,223</u>

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

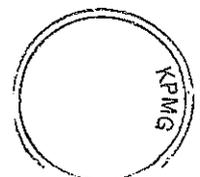
	Plant, equipment and vehicles \$000	Office equipment \$000	Total \$000
2008			
Carrying amount 1 st August 2007	-	-	-
Transfers	2,783	239	3,022
Additions	895	49	944
Depreciation	(644)	(99)	(743)
Carrying amount at end of year	<u>3,034</u>	<u>189</u>	<u>3,223</u>

20. Intangible assets

Laboratory Information Management Computer software development	
At cost	232
Accumulated amortisation	<u>(36)</u>
	196

Reconciliation

Computer software	
Carrying amount 1 st August 2007	-
Transfers	36
Additions	196
Amortisation expense	<u>(36)</u>
	196
Carrying amount at end of year	<u>196</u>



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

21. Impairment of assets

There were no indications of impairment to Property, plant and equipment, and Intangible assets at 30 June 2008.

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

All surplus assets at 30 June 2008 have either been classified as non-current assets held for sale or written-off.

22. Payables

Current	
Trade payables	756
GST Payable	76
Accrued Expenses	6
Accrued Salaries	158
	996

See also note 2(n) 'Payables' and note 29 'Financial Instruments'.

23. Provisions

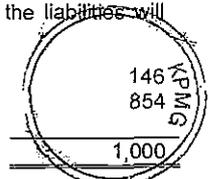
Current	
Employee benefits provision	
Annual leave ^(a)	433
Long service leave ^(b)	581
	1,014
Non-current	
Long service leave ^(c)	419

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	413
More than 12 months after balance sheet date	20
	433

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	146
More than 12 months after balance sheet date	854
	1,000



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

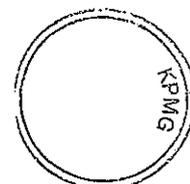
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 12 'Other expenses'.

24. Other liabilities

Current	
Revenue received in Advance	1,168
	<u>1,168</u>

25. Equity

Contributed equity	
Balance at the start of the period	0
Contributions by owners	
Capital Contribution	396
Transfer of Net Assets from Department of Industry and Resources	3,062
Balance at end of period	<u>3,458</u>



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

26. Notes to the Cash Flow Statement

(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 held with Commonwealth Bank	1,516
Cash on hand	1
	1,517

(b) Reconciliation of profit after income tax equivalents to net cash flows provided by/(used in) operating activities

Profit after income tax equivalents	339
Non-cash items:	
Depreciation and amortisation expense	779
Provision for Doubtful Debts	55
Grants and subsidies from Government	(3,225)
Amounts credited to provision for income tax equivalents	(403)
(Increase)/decrease in assets:	
Current receivables ^(a)	(236)
Current inventories	(12)
Amounts receivable for services and prepayments	(14)
Increase/(decrease) in liabilities:	
Current payables ^(a)	686
Accrued Expenses	6
Accrued Salaries	138
Employee Benefits	69
Revenue in Advance	612
Net GST receipts/(payments) ^(a)	468
Change in GST in receivables/payables ^(b)	(468)
Net cash (used in) operating activities	(1,206)

(c) Assets transferred from another agency

On 1st August 2007, the Chemistry Centre (WA) was set up as a stand alone statutory authority. The net cash balance transferred was \$293k. The assets and liabilities transferred from the Department of Industry and Resources are listed below:

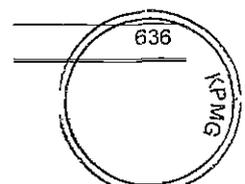
Property Plant and Equipment	3,053
Inventories	74
Accounts Receivable	1,504
Prepayments	28
Accounts Payable	(70)
Revenue in Advance	(686)
Employee Entitlements	(1,507)
Net Assets	2,396

27. Resources provided free of charge

During the period the following resources were provided to other agencies free of charge for functions outside the normal operations of ChemCentre:

Payroll Tax accrued for costing purposes only	352
Rent accrued for costing purposes only	284

No payment is made for either item



**CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

2008
\$000

28. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2008. Significant variations are considered to be those greater than 10% or \$50,000

Significant variances between estimate and actual results for the financial period

	2008 Estimate \$000	2008 Actual \$000	Variation \$000
Superannuation ^(a)	668	607	61
Depreciation ^(b)	596	779	189
Accommodation Expenses ^(c)	768	631	137

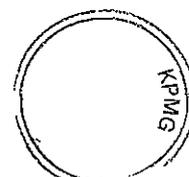
(a) Superannuation: There were less staff who were members of the Gold State Superannuation fund than expected

(b) More new capital has been purchased than estimated leading to higher than expected depreciation

(c) Less money was spent on the current building than budgeted because of the anticipated move to a new Chemistry Centre building in August 2009 located near Curtin University of Technology

Significant variances between actual and prior year actual – revenues and expenditures

No comparisons were available as ChemCentre commenced as a separate statutory authority on the 1st August 2007



CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008

29. Financial Instruments Disclosures

(a) Financial Risk Management Objectives and Policies

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

Credit risk

Credit risk arises when there is the possibility of ChemCentre's receivables defaulting on their contractual obligations resulting in financial loss to ChemCentre. ChemCentre measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment. ChemCentre trades only with recognised, creditworthy third parties. ChemCentre 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 ChemCentre's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 15 'Receivables'.

Liquidity risk

ChemCentre is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when ChemCentre is unable to meet its financial obligations as they fall due.

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

Market Risk

ChemCentre has no exposure to market risk

(b) Categories of Financial Instruments

In addition to cash and cash equivalents, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2008
	\$000
Financial Assets	
Cash and cash equivalents	1,517
Loans and Receivables	1,076
Restricted Cash held for financial year with 27 payrolls	81
Held in accounts with the Department of Treasury and Finance	
Financial Liabilities	
Financial liabilities measured at amortised cost ^(a)	996
<small>(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).</small>	

(c) Interest Rate Risk

ChemCentre does not hold any interest bearing deposits or pay interest on any loans. Therefore there is no interest rate risk.



CHEMISTRY CENTRE (WA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 11 MONTHS ENDED 30 JUNE 2008

2008
 \$'000s

30. Taxation Equivalent

(a) Income tax expense

Current income tax	62
Deferred income tax	(78)
Net Current and Deferred Tax transferred to Income Statement	(16)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) before income tax equivalents	(64)
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Tax effect of amounts which are not deductible in calculating taxable income:

Doubtful Debts not claimed	64
Accounting Depreciation on tax depreciable fixed assets including R&D assets	779
Provisions (amount charged in P&L)	285
Total Addback items	1,128

Depreciation – tax (excluding R&D assets)	(779)
Provisions – employee benefits actually paid	(78)
Deductions	(857)

Assessable Income	207
Income Tax expected to be paid at Statutory Rate (30%)	62

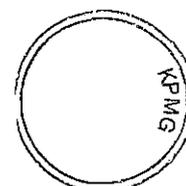
Income tax expense	62
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(c) Deferred Tax Assets

Doubtful Debts	21
Employee Benefits	430
Accrued Salaries	32
Net deferred tax assets	483

Reconciliation of Movements

Equivalent Regime as at 1 August 2007	405
Credited to Profit and loss	78
	483



CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2007

31. Remuneration of members of the accountable authority and senior officers

Remuneration on Members of the accountable authority 2008
The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are

\$	
1 – 10,000	3
10,001 – 20,000	2
	-

The total remuneration of members of the accountable authority is: \$50,000

The total remuneration includes the superannuation expense incurred by ChemCentre in respect of members of the accountable authority.

No members of the accountable authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	
110,001 – 120,000	1
130,001 – 140,000	2
170,001 - \$180,000	1

The total remuneration of senior officers is: \$550,000

The superannuation included here represents the superannuation expense incurred by ChemCentre in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

32. Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	\$28,700
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The expense is included at note 12 'Other expenses'.

33. Related bodies

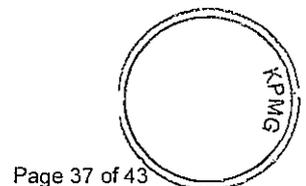
There are no related bodies

34. Affiliated bodies

There are no affiliated bodies

35. Special purpose accounts

There are no special purpose accounts



CHEMISTRY CENTRE (WA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2007

36. Supplementary financial information

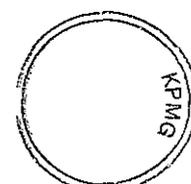
<u>Write-Offs</u>	0
There was no public property written-off by ChemCentre during the financial period	0
<u>Losses Through Theft, Defaults and Other Causes</u>	
Losses of public money and public and other property through theft or default	0
Amounts recovered	0
<u>Gifts of Public Property</u>	
Gifts of public property provided by ChemCentre	0

37. Schedule of Income and Expenses by Service

	Service 1 Scientific Information and Advice 2008	Service 2 Emergency Response Management 2008	Total 2008
	\$000	\$000	\$000
INCOME			
Provision of services	7,257	499	7,756
Valuation of Community Service Obligations	2,208		2,208
Other Income	14		14
Gain on disposal of non-current assets			
Total Income	9,479	499	9,978
EXPENSES			
Employee benefits expense	7,477		7,477
Supplies and services	1,307		1,307
Depreciation and amortisation expense	780		780
Finance costs			
Accommodation expenses	632		632
Payments to Dept of Industry & Resources	287		287
Grants and subsidies			
Other expenses	1,354	499	1,853
Total expenses	11,196	499	11,695
Profit/(loss) before grants and subsidies from State Government	(1,717)	0	(1,717)
Net Appropriation from State Government			3,861
Profit/(Loss) after Net Appropriation from State Government			2,144
Reversal of Community Service Obligations			(2,208)
(Loss) before income tax equivalents			(64)
Income tax equivalent benefit			16
Profit for the period			48

38. Capital Commitments

There were no Capital Commitments as at 30 June 2008



CHEMISTRY CENTRE (WA)
GOVERNANCE DISCLOSURES
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Key Performance Indicators

Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Chemistry Centre (WA)'s performance, and fairly represent the performance of the Chemistry Centre (WA) for the 11 months ended 30th June 2008.


 (Signature)
 Member of Governing Board
 Date: 23rd September 2008


 (Signature)
 Member of Governing Board
 Date: 23rd September 2008

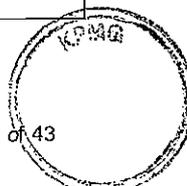
Detailed Information in Support of Key Performance Indicators

Agency Level Government Desired Outcome:

Quality independent scientific advice and an emergency response capability that supports government and the wider community.

Service 1: Scientific Information and Advice		
Development and delivery of scientific information and advice, including commercial services, to government, industry and the community.		
	2007-08 Actual	2007-08 Target
Key Effectiveness Indicators		
Client Satisfaction: <i>as determined by a quarterly survey of clients randomly selected from the invoices sent out in the preceding quarter. The survey covered 32 organisations with 100% response rate.</i>	82%	79%
Proficiency Rating for the Accredited Services: <i>as determined from the aggregate of all external proficiency trials undertaken during the relevant year. This relates to the percentage of all quantitative trial results that that were less than 2 standard deviations from the mean of the results reported by all laboratories in the respective trials.</i>	94%	95%
Key Efficiency Indicator		
Total cost for service	\$11,196,000	
Billable hours: <i>as calculated for the average staffing over the year</i>	84,109 hr	
Average Cost per Chargeable Hour	\$133	\$127

Service 2: Emergency Response Management		
Specialist technical advice and support to government and industry in managing the risks arising from unmanaged chemical-biological-radiological releases.		
	2007-08 Actual	2007-08 Target
Key Effectiveness Indicator		
Average Resolution Time for all emergency response incidents attended: <i>extracted from the response team log book</i>	2.3 hr	4 hr
Key Efficiency Indicator		
Total cost for service	\$499,000	
Billable hours: <i>as calculated for the average staffing over the year</i>	3,753 hr	
Average Cost per Chargeable Hour	\$133	\$127



CHEMISTRY CENTRE (WA)
GOVERNANCE DISCLOSURES
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Ministerial Directives [TI 903(12)]

No Ministerial directives were received during the financial period.

Other Financial Disclosures

Pricing policies of services provided

ChemCentre has discretion over pricing for goods and services rendered.

Employment and Industrial Relations

Staff Profile

	2007-08
Full-time permanent	76
Full-time contract	19
Part-time measured on a FTE basis	6
	<u>101</u>

Staff Development

The Statutory Authority has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

During the financial period, staff spent in excess of 1750 hours on in-house and external training.

Workers Compensation

Two compensation claims of a minor nature were recorded during the financial period.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Chemistry Centre (WA) and Senior Officers.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for 2007/2008 was \$4,000.

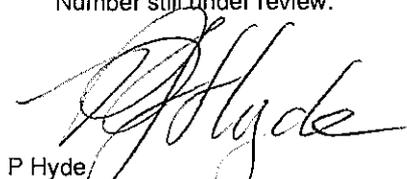
OTHERCHEMISTRY CENTRE (WA)
OTHER LEGAL REQUIREMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008

Other Legal Requirements

Compliance with Public Sector Management Act Section 31(1)

1. In the administration of the Chemistry Centre (WA), I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	nil
Number of breaches found, including details of multiple breaches per application:	nil
Number still under review:	nil



P Hyde
Chief Executive Officer

25th September 2008

Electoral Act 1907 section 175ZE

In compliance with section 175ZE of the Electoral Act 1907, ChemCentre is required to report on expenditure incurred during the financial period in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are as follows:

Expenditure with Advertising Agencies	
Expenditure with Market Research Agencies	13,350
Rubis Pty Ltd	
Expenditure with Polling Agencies	0
Expenditure with Direct Mail Agencies	0
Expenditure with Media Advertising Agencies	15,936
Media Force	
TOTAL EXPENDITURE	29,286

**OTHER CHEMISTRY CENTRE (WA)
OTHER LEGAL REQUIREMENTS
FOR THE 11 MONTHS ENDED 30 JUNE 2008**

Annual Estimates

Section 40 of the FMA provides for the accountable authority of a statutory authority to submit annual estimates of the annual operations of the statutory authority to the Minister for approval.

The estimates are to be prepared and submitted to the Minister at such times as determined by the Treasurer, or no later than three months before the commencement of the next financial year.

Statutory authorities not funded as a separate Division of the Consolidated Account Expenditure Estimates should include the approved annual estimates for the current financial period in the annual report of the preceding financial year submitted to the responsible Minister under the provisions of section 61 of the Act.

Disability Access and Inclusion Plan Outcomes

Recordkeeping Plans

The Statutory Authority's Recordkeeping Plan was approved by the State Records Office on 25 June 2008. Targets have been set for 2008/2009 to improve the efficiency and effectiveness of the Statutory Authority's recordkeeping system. Examples of these initiatives are:

1. Review of functional titles for to keep abreast of the requirements of the organisation.
2. Further training for all staff on the use of the recently introduced Records Management System.
3. The development of Quick Reference documents for users and the introduction of monthly Tips articles in the Staff Newsletter.
4. The completion of the disposal program.

During the induction phase, all new employees are advised on their obligations to keep full and accurate records.

Government Policy Requirements

Corruption Prevention

Allegations by the Statutory Authority resulted in an investigation against an officer. The matter was investigated by an external party and the results of the investigation forwarded to Corruption and Crime Commission CCC. No further breaches of conduct have been identified. As a result of this incident, the Statutory Authority has reviewed its internal processes to prevent fraud and corruption by any officer. In this regard, the Chief Executive Officer has briefed all staff on their responsibilities under the Public Sector Code of Conduct and the Statutory Authority's Act and core values.

All existing staff in the Department currently undergo workplace conduct awareness workshops. These include an emphasis on confidentiality of information, the receipt of gifts, hospitality, and appropriate conduct in dealing with lobbyists. All new staff undergo an induction process which includes information, document security requirements and acceptable behaviour and conduct in the workplace.

Sustainability

Occupational Health and Safety

The Statutory Authority has policies and procedures committing it to sound occupational health and safety and injury management practices. All new employees receive an intensive safety induction. An ongoing program of safety training is carried out on a monthly basis.

The Occupational Safety and Health Committee, including safety representatives nominated by employees, form the key to occupational safety and health consultation with the Statutory Authority. The Committee members are accessible and effectively utilised by both management and employees in the discussion and resolution of occupational safety and health issues.

The Occupational Safety and Health Committee meets monthly to discuss and resolve occupational issues, review hazard and incident reports and review progress against the Occupational Safety and Health Plan.

In accordance with the Workers' Compensation and Injury Management Act 1981, the Statutory Authority has a documented injury management system and which is readily available to all employees through the intranet. A return to work program strategy has been developed.

Annual performance for 2007/08 against the following targets:

<i>Indicator</i>	<i>Target 2007/08</i>
Number of fatalities	Zero (0)
Lost time injury/diseases (LTI/D) incidence rate	Zero (0)
Lost time injury severity rate	Zero (0)



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**CHEMISTRY CENTRE (WA)
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE PERIOD 1 AUGUST 2007 TO 30 JUNE 2008**

I have audited the accounts, financial statements, controls and key performance indicators of the Chemistry Centre (WA).

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the 11 months then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board 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.

Chemistry Centre (WA)
Financial Statements and Key Performance Indicators for the period 1 August 2007 to 30 June 2008

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Chemistry Centre (WA) at 30 June 2008 and its financial performance and cash flows for the 11 months 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 Centre 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 Centre are relevant and appropriate to help users assess the Centre's performance and fairly represent the indicated performance for the 11 months ended 30 June 2008.



GLEN CLARKE
ACTING AUDITOR GENERAL
30 September 2008