

Professional Standards
Council of Queensland

Financial Statements

For the Year Ended 30 June 2021

Protecting consumers by improving professional standards

Table of Contents

Financial Statements	2
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Section 1	
About the Council and this Financial Report	6
A1 Basis of Financial Statement Preparation	6
A1-1 General Information	6
A1-2 Compliance with Prescribed Requirements	6
A1-3 Presentation	6
A1-4 Authorisation of Financial Statements for issue	6
A1-5 The Reporting Entity	7
A1-6 Impact of the Global Coronavirus Pandemic (COVID-19)	7
A2 Objectives of the Council	7
Section 2	
Notes about our Financial Performance	9
B1 Revenue	9
B1-1 User Charges and Fees	9
B2 Expenses	9
B2-1 Supplies and Services	9
Section 3	
Notes about our Financial Position	10
C1 Cash and Cash Equivalents	10
C2 Receivables	10
C3 Payables	10
Section 4	
Notes about Risk and other Accounting Uncertainties	11
D1 Financial Risk Disclosures	11
D2 Contingencies	11
D3 Events Occurring after the reporting date	11
Section 5	
Other information	12
E1 Key Management Personnel (KMP) disclosures	12
E2 Related Party Transactions	12
E3 New and Revised Accounting Standards	12
E4 Taxation	12
Management Certificate	13
Independent Auditor's Report	14

Financial Statements

Statement of Comprehensive Income

Year ended 30 June 2021

Operating Result	Note	2021	2020
		\$'000	\$'000
Income from continuing operations			
User charges and fees	B1-1	369	428
Other revenue		5	11
Total Income from continuing operations		374	439
Expenses from continuing operations			
Supplies and services	B2-1	416	456
Total Expenses from continuing operations		416	456
Operating result for the year		(42)	(17)
Other comprehensive income		-	-
Total comprehensive income		(42)	(17)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2021

		2021	2020
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	C1	575	607
Receivables	C2	6	7
Total current assets		581	614
Total assets			
		581	614
Current liabilities			
Payables	C3	140	131
Total current liabilities		140	131
Total liabilities			
		140	131
Net assets			
		441	483
Equity			
Accumulated surplus		441	483
Total equity			
		441	483

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2021

	Accumulated Surplus	Total
	\$'000	\$'000
Balance as at 1 July 2019	500	500
Operating result from continuing operations	(17)	(17)
Balance at 30 June 2020	483	483
Operating result from continuing operations	(42)	(42)
Balance at 30 June 2021	441	441

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
<i>Inflows:</i>			
User charges and fees		370	372
Interest receipts		5	12
GST input tax credits from ATO		41	54
<i>Outflows:</i>			
Supplies and services		(407)	(545)
GST paid to suppliers		(41)	(54)
Net cash provided by operating activities		(32)	(161)
Net increase (decrease) in cash and cash equivalents		(32)	(161)
Cash and cash equivalents - opening balance		607	768
Cash and cash equivalents - closing balance	C1	575	607

The accompanying notes form part of these statements.

Notes to the Financial Statements

Section 1

About the Council and this Financial Report

A1 Basis of Financial Statement Preparation

A1-1 General Information

The Professional Standards Council ("the Council") is a Queensland Government Entity established under the *Professional Standards Act 2004* and controlled by the State of Queensland, which is the ultimate parent. The head office and principal place of business of the Council is Level 2, St James Centre, 111 Elizabeth Street, Sydney NSW, 2000.

A1-2 Compliance with Prescribed Requirements

The Professional Standards Council has prepared these financial statements in compliance with section 39 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis (with the exception of the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations.

With respect to compliance with Australian Accounting Standards and Interpretations, the Council has applied those requirements applicable to not-for-profit entities, as the Council is a not-for-profit entity. Except where stated, the historical cost convention is used.

A1-3 Presentation

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2019-20 financial statements.

Current/Non-Current Classification

Assets and Liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Council does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

A1-4 Authorisation of Financial Statements for issue

The financial statements are authorised for issue by the Chair, Professional Standards Council and Executive Director, Financial Services Branch of Department of Justice and Attorney-General at the date of signing the Management Certificate.

A1-5 The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Council. The Council does not control any other entities.

A1-6 Impact of the Global Coronavirus Pandemic (COVID-19)

To contain the spread of the coronavirus and to prioritise the health and safety of our communities, various restrictions have been announced and implemented across the country. This has impacted the operations of the Council and the Professional Standards Authority, which provides regulatory support to the eight national Professional Standards Councils. The Council's principal office in Sydney was closed for the majority of the year, with staff working from home. There has also been limited travel and direct stakeholder engagement. Councils and committee meetings however have continued as scheduled using video-conferencing.

A2 Objectives of the Council

The objectives of the Professional Standards Council are to promote consumer protection and excellence in professional standards by encouraging the self-regulation of occupational groups through Professional Standards Schemes.

a) Professional Standards Schemes

Professional Standards Schemes apply to members of occupational associations that administer professional standards schemes approved by the Councils.

Professional Standards Schemes:

- Recognise those occupational associations who implement robust risk management strategies;
- Limit occupational liability for members of occupational associations who carry professional indemnity insurance and/or business assets which comply with the association's standard of insurance and are at (or above) the level of the limitation of liability amount (cap).

b) The Professional Standards Councils

The Professional Standards Councils were constituted under state and territory professional standards legislation, with the mandate to approve Professional Standards Schemes. There are a total of eight Councils, one for each Australian state and territory. Each Council consists of eleven members, who are nominated and appointed pursuant to the *Professional Standards Agreement 2011*.

c) The Queensland Council

The Professional Standards Council was established under the *Professional Standards Act 2004* (the Act). The Council is responsible for determining the limitation of liability. When doing so, the Council must consider the claims history of each association member and the need to adequately protect consumers. The Council's other functions are set out in section 43 of the Act, and are in summary:

- To advise the Minister about publication in the Gazette, amendments to, or revocation of a scheme; the operation of the Act; and anything else about the occupational liability of members of occupational associations;
- To advise occupational associations about insurance policies relating to limitation of liability;
- To encourage and assist in the improvement of occupational standards of members of occupational associations;
- To encourage and assist in the development of self-regulation of occupational associations;
- To monitor the occupational standards of members of participating occupational associations;
- To monitor the compliance by an occupational association with its risk management strategies;
- To publish advice and information about the functions of Council;
- To conduct forums, approved by the Minister, on issues of interest to members of occupational groups;
- To collect, analyse and provide the Minister with information on issues and policies about the standards of occupational groups; and
- To start proceedings in its own name for the prosecution of an offence against the Act or for injunctive or other relief for the offences.

d) Funding of the Council

The Council is fully funded through the following:

- A fee of \$5,000 is payable to the Council for a Professional Standards Scheme application for approval, amendments or revocation as per the *Professional Standards Regulation 2017*;
- The annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme as per the *Professional Standards Regulation 2017*;
- Interest payable on unpaid annual fees as per the *Professional Standards Regulation 2017*; and
- The interest on accumulated funds.

Section 2

Notes about our Financial Performance

B1 Revenue

B1-1 User Charges and Fees

	2021 \$'000	2020 \$'000
Annual fees	369	428
Total	369	428

Accounting Policy – User Charges

User charges and fees are pursuant to *Professional Standards Regulations 2017*. Application fees are recognised on receipt and annual fees are recognised over the annual scheme period, with accruals raised where regulated fees have not been received at 30 June. Where a scheme year is not equal to the fiscal year, a portion of the revenue is deferred until the next fiscal year. The Chartered Accountants Australia and New Zealand scheme expired on 7 October 2019, being the only scheme with the annual scheme period not equal to the fiscal year. There is no deferred revenue required to be shown as at 30 June 2021.

B2 Expenses

B2-1 Supplies and Services

	2021 \$'000	2020 \$'000
Secretariat support charges*	415	455
Bank charges	1	1
Total	416	456

Accounting Policy – Supplies and Services

*This represents secretariat support provided by the Department of Customer Service, New South Wales. The total cost of secretariat support proportionately shared among the eight Councils is determined by the percentage of revenue each Council has recognised. These costs include employment costs, remuneration of all members of all eight national Councils, other operating expenses, occupancy costs and depreciation and amortisation of assets solely procured for the Councils and held by the Department of Customer Service, New South Wales. In 2021 Queensland's percentage is 8.63% (2020: 10.45%).

Secretariat support charges include 8.63% of the total expected external audit fees for the consolidated eight jurisdictional Professional Standards Councils. An amount of \$5,225 (2020: \$5,225) is included in the secretariat support charges for the actual audit costs incurred for the financial statement audit of the Professional Standards Council of Queensland which are paid to the Queensland Audit Office. There are no non-audit services included in this amount.

Section 3

Notes about our Financial Position

C1 Cash and Cash Equivalents

	2021 \$'000	2020 \$'000
Cash at bank	575	607
Total	575	607

Accounting Policy – Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits held at call with financial institutions (Queensland Treasury Corporation - Cash Fund Facility).

Cash held in 2021 with the Commonwealth Bank earned interest at a rate between 0.05% to 0.2% (2020: 0.2% to 1.2%), and with the Queensland Treasury Corporation at a rate between 0.51% to 1.03% (2020: 0.86% to 2.14%). If interest rates changed by +/-1% from the year end rates applicable to the Council's financial assets, with all other variables held constant, the Council would have a surplus and equity increase/(decrease) of \$5,750 (2020: \$6,070). This is mainly attributable to the Council's exposure to variable interest rates on its cash deposited in interest bearing accounts.

C2 Receivables

	2021 \$'000	2020 \$'000
Membership fees receivable	6	7
Total	6	7

Trade debtors, being amounts receivable per *Professional Standards Regulations 2017* are recognised as amounts due at the time of sale or service delivery i.e. the regulated price. Settlement of these amounts is required within 30 days in order to avoid regulated simple interest at the rate of 0.05% per day being payable on the outstanding balance until that balance is paid. The interest is payable on and from the day after the 30 days ends, until and including the day the amount is paid.

The collectability of receivables is assessed periodically with provision being made for expected credit losses. Expected credit losses have been assessed as not material. All known bad debts were written-off as at 30 June 2021.

Other debtors generally arise from transactions outside the usual operating activities of the Council and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

C3 Payables

	2021 \$'000	2020 \$'000
Trade creditors	140	131
Total	140	131

Trade creditors include 2020-21 service charges for the period 01 April 2021 to 30 June 2021. Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount. Amounts owing are unsecured and are generally settled on 30 day terms.

Section 4

Notes about Risk and other Accounting Uncertainties

D1 Financial Risk Disclosures

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Council becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - (Note C1)
- Receivables - held at amortised cost (Note C2)
- Payables - held at amortised cost (Note C3)

The Council does not enter into transactions for speculative purposes, nor for hedging. The Council holds no financial assets classified at fair value through profit or loss.

D2 Contingencies

The Professional Standards Council has no material contingencies as at 30 June 2021.

D3 Events Occurring after the reporting date

The Professional Standards Council does not have any favourable or unfavourable events occurring between the reporting date and the date when the financial report is authorised for issue.

Section 5

Other information

E1 Key Management Personnel (KMP) disclosures

Details of Key Management Personnel

The Council's responsible Minister is identified as part of the Council's KMP, consistent with additional guidance included in the revised version of AASB124 *Related Party Disclosures*. The Minister is the Attorney-General and Minister for Justice, Minister for Women and Minister for the Prevention of Domestic and Family Violence.

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Council does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

In accordance with the *Professional Standards Agreement 2011*, the remuneration for the Professional Standards Councils members is set by the NSW government in line with NSW guidelines. In accordance with the *Inter-Departmental Services Agreement (2016)*, as amended, the NSW government manages payroll processing for the eight national Professional Standards Councils. Total remuneration, including superannuation for the Councils' key management personnel was \$266,496 (2020: \$262,885), the Council is required to fund 8.63% or \$22,999 (2020: 10.45% or \$27,471) of total key management personnel remuneration. This expense is included in Secretariat support (Note B2-1).

E2 Related Party Transactions

No transactions with related parties have materially affected the Council's operating result or financial position.

E3 New and Revised Accounting Standards

The Council did not voluntarily change any of its accounting policies during 2020-21. Those new and amended Australian Accounting Standards that were applicable for the first time in the 2020-21 financial year had no significant impact on the Council's financial statements.

The Council is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Council applies standards and interpretations in accordance with their respective commencement dates.

E4 Taxation

The Council is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Where applicable, FBT and GST are the only taxes accounted for by the Council.

Management Certificate

for the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to s.62(1)(a) of the *Financial Accountability Act 2009* (the Act), s.39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Professional Standards Council for the financial year ended 30 June 2021 and of the financial position of the Council at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Corynne Scott CPA

Executive Director, Financial Services
Department of Justice and Attorney-General



John Vines OAM

Chairperson
Professional Standards Council

24 August 2021

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Council Members of the Professional Standards Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Professional Standards Council (the Entity).

In my opinion, the financial report:

- a) gives a true and fair view of the Entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Responsibilities of the Entity for the financial report

The Council Members are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Council Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council Members are also responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the Entity or to otherwise cease operations.

Independent Auditor's Report (cont.)



Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Entity.
- Conclude on the appropriateness of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Independent Auditor's Report (cont.)



Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- a) I received all the information and explanations I required
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the Entity's transactions and account balances to enable the preparation of a true and fair financial report.

A handwritten signature in black ink, appearing to read "P. Airey", is written over a faint, illegible printed name.

Philip Airey
as delegate of the Auditor-General

26 August 2021

Queensland Audit Office
Brisbane



Queensland Government

© 2021 Professional Standards Council of Queensland.

This addendum has been prepared by the Professional Standards Council of Queensland for general and audit information purposes. Recipients should obtain their own independent advice before making any decisions that rely upon this information. You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Professional Standards Council of Queensland as the owner, however, you must obtain permission from the Professional Standards Council of Queensland if you wish to (a) charge others for access to the work (other than at cost), (b) include the work in advertising or a product for sale, or (c) modify the work.

Published in August 2021 by the Professional Standards Council of Queensland.

psc.gov.au

