Professional Standards Council of Victoria

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

PROFESSIONAL STANDARDS COUNCILS

Contents

Accountable Officer's and Chief Finance and Accounting Officer's Declaration

We certify that the attached financial statements for the Professional Standards Council, Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the Council as at 30 June 2013.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial report for issue.

Shaun Condron
Chief Finance and Accounting Officer
Professional Standards Council, Victoria

Melbourne
22 October 2013

Brian Rayment QC
Chairman
Professional Standards Council, Victoria

Sydney
17 October 2013

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Council Members, Professional Standards Council

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Professional Standards Council which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and Chief Finance and Accounting Officer's declaration has been audited.

The Council Members' Responsibility for the Financial Report

The Council Members of the Professional Standards Council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Council Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial report.

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Professional Standards Council as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Professional Standards Council for the year ended 30 June 2013 included both in the Professional Standards Council's annual report and on the website. The Council Members of the Professional Standards Council are responsible for the integrity of the Professional Standards Council's website. I have not been engaged to report on the integrity of the Professional Standards Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
24 October 2013

for John Doyle
Auditor-General

Comprehensive Operating Statement

for the financial year ended 30 June 2013

	2013 $	2012 $
Income from transactions		
Fee revenue	**626,300**	550,760
Other revenue	**863**	–
Interest revenue	**48,741**	51,945
Total Income from transactions	**675,904**	602,705
Expenses		
Supplies and services	**(507,789)**	(365,596)
Total Expenses from transactions	**(507,789)**	(365,596)
Net result from transactions (net operating balance)	**168,115**	237,109
Comprehensive result	**168,115**	237,109

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2013

	Note	2013 $	2012 $
Financial assets			
Cash and deposits	9	**863,575**	589,798
Receivables	1(n), 2	**124,675**	91,085
Investment	9	**660,368**	630,135
Total financial assets		**1,648,618**	1,311,018
Total assets		**1,648,618**	1,311,018
Liabilities			
Payables	3	**228,115**	103,936
Unearned revenue	4	**209,103**	163,797
Total liabilities		**437,218**	267,733
Net assets		**1,211,400**	1,043,285
Equity			
Accumulated surplus/(deficit)		**1,211,400**	1,043,285
Net worth		**1,211,400**	1,043,285
Commitments for expenditure	5		
Contingent assets and contingent liabilities	6		

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

Statement of Changes in Equity

for the year ended 30 June 2013

	Accumulated Surplus $	TOTAL $
Balance as at 1 July 2011	806,176	806,176
Net result for the year	237,109	237,109
Balance at 30 June 2012	**1,043,285**	**1,043,285**
Net result for the year	168,115	168,115
Other comprehensive income for the year	–	–
Transfer to accumulated surplus	–	–
Balance at 30 June 2013	**1,211,400**	**1,211,400**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1(n)).

Cash Flow Statement

for the financial year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Fee revenue		**650,430**	509,740
Interest received		**51,286**	54,123
Payments to suppliers		**(434,386)**	(403,475)
GST received from ATO		**36,680**	26,102
Net cash flows from/(used in) operating activities	7	**304,010**	186,490
Cash and cash equivalents from investing activities			
Purchase of investment*		**(30,233)**	(33,135)
Net increase/(decrease) in cash held		**273,777**	153,355
Cash and cash equivalents at the beginning of the financial year		**589,798**	436,442
Cash and cash equivalents at the end of the financial year		**863,575**	589,798

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

These annual financial statements represent the audited general purpose financial statements for the Professional Standards Council, Victoria, for the period ending 30 June 2013. The purpose of the report is to provide users with information about the Council's stewardship of resources entrusted to it.

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 11.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention.

(C) REPORTING ENTITY

The financial statements include all activities of the Professional Standards Council, Victoria. Its principal address is:
Level 2, 160 Marsden Street, Parramatta NSW 2150
Enabling legislation *(Professional Standards Act 2003 (Vic)).*

(D) OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE PROFESSIONAL STANDARDS COUNCILS

The objectives of the Professional Standards Councils are to promote consumer protection and excellence in professional standards by encouraging self-regulation of occupational groups through *Cover of Excellence*® schemes.

(i) *Cover of Excellence*® Schemes

Cover of Excellence® schemes apply to members of occupational associations that administer professional standards schemes approved by the Councils. Cover of Excellence® 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); and
- Entitle participating members of the occupational associations to use the *Cover of Excellence*® logo.

(ii) The Professional Standards Councils

The Professional Standards Councils were constituted under state and territory professional standards legislation, with the mandate to approve *Cover of Excellence*® schemes. There are a total of eight Councils, one for each Australian state and territory. Each Council consists of 11 members, who are nominated and appointed pursuant to the Professional Standards Agreement.

(iii) The Victorian Council

The Victorian Professional Standards Council was established under the *Professional Standards Act 2003* (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 26 of the Act, and are in summary:

- To advise the Minister about publication in the Gazette, amendments to, or revocation of a scheme;
- 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.

(iv) Funding of the Council

The Council is fully funded through the following:

- A fee of $5,000 is payable to the Council for a *Cover of Excellence*® scheme application for approval, amendments or revocation; and
- An annual fee of $50 for each member of occupational associations participating in a *Cover of Excellence*® scheme.
- In the 2011–12 period, a discount of 20% was offered to each member. Member fees have reverted to full cost of $50 for 2012–13.

(E) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

Notes to the Financial Statements

continued

Statement of Changes in Equity

The Statement of Changes in Equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows – other movements in equity' related to 'transactions with owner in its capacity as owner'.

(F) INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Revenue is recognised when earned, in the relevant accounting period.

Fee revenue is derived from the professional associations who are members of the Professional Standards Council. These are the Institute of Chartered Accountants (ICAA), Certified Practicing Accountants (CPA), The Victorian Bar, Law Institute of Victoria and Engineers Australia. The Association of Taxation and Management Accountants has paid an application fee to become a member.

Interest

Interest includes interest received from investments.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(G) EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate. Supplies and services generally represent the day-to-day running costs incurred in normal operations. The only expense that the VPSC incur is for the provision of secretariat services by the NSW Department of Attorney General and Justice as agreed under the *Professional Standards Interdepartmental Service Agreement 2010*.

(H) NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value; and
- impairment and reversal of impairment for financial instruments at amortised cost.

(I) FINANCIAL ASSETS

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank.

Receivables

Receivables consist of contractual receivables, which include mainly debtors in relation to association fees and accrued interest.

Contractual receivables are classified as financial instruments and categorised as loans and receivables ((refer to Note 9) for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that debts may not be collected, and bad debts are written off when identified.

To comply with AASB 107 p.7, VPSC has classified amounts held in interest bearing accounts for greater than 90 days as Investments

(J) LIABILITIES

Payables

Payables consist of contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the PSC prior to the end of the financial year that are unpaid, and arise when the PSC becomes obliged to make future payments in respect of the purchase of those goods and services; and

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 9). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Unearned revenue

Unearned revenues represent the portion of schemes received but not yet earned and relate to periods of the scheme subsequent to balance date.

(K) COMMITMENTS

Commitments for future expenditure includes operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(L) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(M) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

(N) CORRECTION OF PRIOR PERIOD

Due to a mis-statement in GST receipts in 2011–12, receivables and accumulated surplus (as at 1 July 2011) have been restated.

Line item	2011–12 published financial statements ($)	Adjustment ($)	2011–12 restated ($)
Receivables	97,751	(6,666)	91,085
Total assets	1,317,684	(6,666)	1,311,018
Net assets	1,049,951	(6,666)	1,043,285
Accumulated surplus	1,049,951	(6,666)	1,043,285
Total equity	1,049,951	(6,666)	1,043,285

Notes to the Financial Statements

continued

(O) AASs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2013, the following AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statement for reporting periods commencing after the stated operative dates as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement*).	1 January 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 13 Fair Value Measurement	This standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities, other observable inputs, and unobservable inputs.	1 January 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.

NOTE 2. RECEIVABLES

	2013 $	2012 $
Contractual		
Amounts owing from Associations	**51,454**	38,820
Accrued interest	**12,993**	15,585
	64,447	54,405
Statutory		
GST receivable	**60,228**	36,680
	60,228	36,680

(a) Ageing analysis of contractual receivables

Please refer to Table 9.1 in Note 9 for the ageing analysis of contractual receivables.

(b) Nature and extent of risk arising from contractual receivables

Please refer to Note 9 for the nature and extent of risks arising from contractual receivables.

NOTE 3. PAYABLES

	2013 $	2012 $
Contractual Payables	**228,115**	103,936
	228,115	103,936

(a) Maturity analysis of payables

Please refer to Note 9 Table 9.3 for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 9 Table 9.3 for the nature and extent of risk arising from payables.

NOTE 4. UNEARNED REVENUE

Unearned prepaid income	**209,103**	163,797
	209,103	163,797

NOTE 5. COMMITMENTS FOR EXPENDITURE

There were no commitments for expenditure at balance date not provided for in the balance sheet as at 30 June 2013. (2012: Nil).

NOTE 6. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent asset or contingent liabilities at balance date not provided for in the balance sheet as at 30 June 2013. (2012: Nil).

NOTE 7. CASH FLOW INFORMATION

Reconciliation of net result for the period	**168,115**	237,109
Movements in asset and liabilities:		
(Increase)/Decrease in receivables	**(33,590)**	(32,161)
Increase/(Decrease) in payables	**124,179**	14,936
Increase/(Decrease) in unearned revenue	**45,306**	(33,394)
Net cash flows from operating activities	**304,010**	186,490

NOTE 8. REMUNERATION OF AUDITORS

Victorian Auditor-General's Office		
Audit of the financial statements	**11,320**	**11,000**

Notes to the Financial Statements

continued

NOTE 9. FINANCIAL INSTRUMENTS

(A) SIGNIFICANT ACCOUNTING POLICIES

The VPSC's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the VPSC's financial risks within the government policy parameters.

The VPSC's main financial risks include credit risk, liquidity risk and interest rate risk. The VPSC manages these financial risks in accordance with its financial risk management policy.

The VPSC uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial and audit risk management committee of the Professional Standards Council.

Table 9.1 Categorisation of financial instruments

	Note	Category	Carrying amount 2013 $	Carrying amount 2012 $
Financial Assets				
		Contractual financial assets Loans and receivables		
Cash			**863,575**	589,798
Investments*			**660,368**	630,135
Receivables	2	Contractual financial assets Loans and receivables	**64,447**	54,405
Financial Liabilities				
		Contractual		
Payables	3	Contractual financial liabilities measured at amortised cost	**228,115**	103,936

(B) CREDIT RISK EXPOSURE

Credit risk arises from the financial assets of PSC, which comprise cash deposits and receivables. PSC's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to PSC. Credit risk is measured at fair value and is monitored on a regular basis. Credit risk associated with PSC's financial assets is minimal because the main debtors are the Victorian Government and other Professional Standards Councils.

Table 9.2 Interest rate exposure, credit quality and ageing analysis of financial assets and liabilities

			Interest Rate Exposure				Credit Quality	
Description	Note	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Financial institutions Double-A credit rating	Not credit rated
			($)	Fixed interest rate	Variable interest rate	Non-interest bearing	($)	($)
2013								
Financial Assets								
Cash	9	2.5	863,575	–	863,575	–	863,575	–
Investment*		4.15	660,368	660,368	–	–	660,368	–
Receivables	9	–	64,447	–	–	64,447	12,993	51,454
Total financial assets			**1,588,390**	**660,368**	**863,575**	**64,447**	**1,536,936**	**51,454**
Financial Liabilities								
Payables	3	–	228,115	–	–	228,115		
Total financial liabilities			**228,115**	**–**	**–**	**228,115**		
2012								
Financial Assets								
Cash	9	3.25	589,798	–	589,798	–	589,798	–
Investment*		4.96	630,135	630,135	–	–	630,135	–
Receivables	9	–	54,405	–	–	54,405	15,585	38,820
Total financial assets			**1,274,338**	**630,135**	**589,798**	**54,405**	**1,235,518**	**38,820**
Financial Liabilities								
Payables	3	–	103,936	–	–	103,936		
Total financial liabilities			**103,936**	**–**	**–**	**103,936**		

(C) LIQUIDITY RISK

Liquidity risk arises when PSC is unable to meet its financial obligations as they fall due. PSC operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. PSC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities in the Balance Sheet.

The PSC Secretariat in NSW is the VPSC's only 'creditor' thereby minimising liquidity risk.

All financial assets and liability maturity rates are less than one month. Receivables as not past due and not impaired.

*To comply with AASB 107 p.7, PSC has classified amounts held in interest bearing accounts for greater than 90 days as Investments.

Notes to the Financial Statements

continued

NOTE 10. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names		
The persons who held the positions of Ministers and Accountable Officers in the PSC are as follows:		
Attorney-General	The Hon. Robert Clark, MP	1 July 2012 to 30 June 2013
Chairman	Mr Brian Rayment QC	1 July 2012 to 30 June 2013

Remuneration

Remuneration received or receivable by the Accountable Officer (Chairman) in connection with the management of the New South Wales, Western Australian, Tasmanian, Australian Capital Territory, Northern Territory and Victorian Councils during the reporting period was $7,440 (2012: $6,415).

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 11. GLOSSARY OF TERMS

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another equity;

(c) a contractual right;
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions
- that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) a contractual or statutory obligation:
- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:
   (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
   (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or

it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as other non-owner changes in equity.

Net result from transaction/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Supplies and Services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the VPSC.

Scheme

A scheme requires occupational associations to improve their professional standards and protect consumers by implementing robust risk management strategies and adhering to professional indemnity insurance standards. It rewards such practices by limiting the occupational liability of members of occupational associations.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

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