



**Professional Standards
Council of Queensland**
Financial statements
for the year ended
30 June 2019

In this financial statement

Financial statements		Section 4: Notes about risk and other accounting uncertainties	8
Statement of comprehensive income	1	D1 Financial risk disclosures	8
Statement of financial position	2	Recognition	8
Statement of changes in equity	3	Classification	8
Statement of cash flows	4	D2 Contingencies	9
		D3 Events occurring after the reporting date	9
Notes to the Financial Statements		Section 5: Other information	9
Section 1. About the Council and this financial report	5	E1 Key Management Personnel (KMP) Disclosures	9
A1 Basis of financial statement preparation	5	Details of Key Management Personnel	9
A1-1 General information	5	KMP Remuneration Policies	9
A1-2 Compliance with prescribed requirements	5	E2 Related party transactions	9
A1-3 Presentation	5	E3 New and revised accounting standards	9
A1-4 Authorisation of financial statements for issue	5	E4 Taxation	9
A1-5 The reporting entity	5		
A2 Objectives of the Council	6	Professional Standards Council	
a) Professional Standards Schemes	6	Management Certificate	10
b) The Professional Standards Councils	6	Independent auditor's report	11
c) The Queensland Council	6		
d) Funding of the Council	6		
Section 2: Notes about our financial performance	7		
B1 Revenue	7		
B1-1 User charges and fees	7		
B2 Expenses	7		
B2-1 Supplies and services	7		
Section 3: Notes about our financial position	8		
C1 Cash and cash equivalents	8		
Accounting policy – cash and cash equivalents	8		
C2 Receivables	8		
C3 Payables	8		

Statement of comprehensive income

Year ended 30 June 2019

Operating Result	Note	2019 \$'000	2018 \$'000
Income from continuing operations			
User charges and fees	B1-1	615	562
Other revenue		21	18
Total income from continuing operations		636	580
Expenses from continuing operations			
Supplies and services	B2-1	648	552
Total expenses from continuing operations		648	552
Operating result for the year		(12)	28
Other comprehensive income		-	-
Total comprehensive income		(12)	28

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	C1	768	736
Receivables	C2	12	13
Total current assets		780	749
Total assets		780	749
Current liabilities			
Payables	C3	220	174
Other current liabilities		60	63
Total current liabilities		280	237
Total liabilities		280	237
Net assets		500	512
Equity			
Accumulated surplus		500	512
Total equity		500	512

The accompanying notes form part of these statements.

Statement of changes in equity

For the year ended 30 June 2019

	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 July 2017	484	484
Operating result from continuing operations	28	28
Balance at 30 June 2018	512	512
Operating result from continuing operations	(12)	(12)
Balance at 30 June 2019	500	500

The accompanying notes form part of these statements.

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
User charges and fees		613	565
Interest receipts		21	18
GST input tax credits from ATO		60	52
<i>Outflows:</i>			
Supplies and services		(602)	(524)
GST paid to suppliers		(60)	(52)
Net cash provided by operating activities		32	59
Net increase (decrease) in cash and cash equivalents		32	59
Cash and cash equivalents – opening balance		736	677
Cash and cash equivalents – closing balance	C1	768	736

The accompanying notes form part of these statements.

Notes to the Financial Statements

For the year ended 30 June 2019

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 17, 50 Ann Street, BRISBANE QLD 4000.

A1-2 Compliance with prescribed requirements

The Professional Standards Council has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual 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 2017–18 financial statements except where restated.

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.

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

	2019 \$'000	2018 \$'000
Application fees	5	5
Annual fees	610	557
Total	615	562

Accounting Policy – User Charges

User charges and fees controlled by the Council are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the Council where they can be deployed for the achievement of Council objectives.

Where membership fees are received in advance, they are recognised as unearned revenue. The revenues are recognised as they are earned over the annual scheme period.

B2 EXPENSES

B2-1 Supplies and services

	2019 \$'000	2018 \$'000
Secretariat support charges*	647	552
Bank Charges	1	–
Total	648	552

Accounting Policy – Supplies and Services

This represents secretariat support provided by the Department of Finance, Services and Innovation, 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 received. These costs include employment costs, remuneration of all members of all eight national Councils, other operating expenses, grants administered, occupancy costs and depreciation and amortisation of assets solely procured for the Councils and held by the Department of Finance, Services and Innovation, New South Wales. In 2019 Queensland's percentage is 15.23% (2018: 15.02%).

External audit fees as shown in note B2-1 represents 15.23% of the total expected external audit fees for the consolidated eight jurisdictional Professional Standards Councils and does not represent the actual audit costs incurred for the Professional Standards Council of Queensland. External audit fees of the Professional Standards Council of Queensland are paid to the Queensland Audit Office and relate to the 2018–19 financial statements.

* Included in Secretariat support is an amount of \$5,125 for external audit (2018: \$5,100). There are no non-audit services in this amount.

Section 3: Notes about our financial position

C1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Cash at bank	768	736
Total	768	736

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).

Interest earned on cash held in 2019 with the Commonwealth Bank at 1.2% and 1.45% (2018: 1.45%), and with Queensland Treasury Corporation at 2.36% and 3.15% (2018: 2.20% and 2.85%). 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 \$8,000 (2018: \$7,000). This is mainly attributable to the Council's exposure to variable interest rates on its cash deposited in interest bearing accounts.

C2 RECEIVABLES

	2019 \$'000	2018 \$'000
Interest receivable	1	1
Other	11	12
Total	12	13

Trade debtors are recognised as amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date. Where an annual fee is not settled within 30 days after the due date, simple interest at the rate of 0.05% per day is

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 impairment where required. All known bad debts were written-off as at 30 June 2019.

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

	2019 \$'000	2018 \$'000
Trade creditors	220	174
Total	220	174

Trade creditors include 2018–19 service charges for Quarter 4 and 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 2019.

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

As from 2018–19, 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.

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 as from 2018–19, 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), the NSW government manages payroll processing for the eight national Professional Standards Councils. Total compensation for the Councils' key management personnel was \$272,591 (2018: \$52,879), the Council is required to fund 15.23% or \$41,520 (2018: 15.02% or \$7,940) of total key management personnel compensation. 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 2018–19. Those new and amended Australian Accounting Standards that were applicable for the first time in the 2018–19 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.

Professional Standards Council Management Certificate

Professional Standards Council
Management Certificate
for the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* 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 2019 and of the financial position of the Council at the end of that year; and

We acknowledge responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* 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



Elizabeth Shearer
On behalf of the Chair,
Member
Professional Standards Council

28 August 2019

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

To the 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.

In my opinion, the financial report:

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

The financial report comprises the statement of financial position as at 30 June 2019, 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 certificate provided by the Executive Director and Chair.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 Council for the financial report

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

The council is 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



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 Accounting 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, but not for expressing an opinion on the effectiveness of the entity's internal control.
- 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 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



Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2019:

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

A handwritten signature in black ink, appearing to read "Melissa Fletcher".

Melissa Fletcher
as delegate of the Auditor-General

28 August 2019

Queensland Audit Office
Brisbane



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