



PROFESSIONAL STANDARDS
COUNCIL OF QUEENSLAND

Financial statements for the
financial year ending 30 June 2015



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General information

These financial statements cover the Professional Standards Council (the Council).

The Council is a Queensland Government Entity established under the Professional Standards Act 2004.

The Council is 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 4001

A description of the nature of the Council's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Council's financial statements please call (07) 323 96251 or email Garry.Davis@justice.qld.gov.au.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Income from continuing operations			
User charges and fees	2	570	607
Other revenues		32	30
Total Income from continuing operations		602	637
Expenses from continuing operations			
Supplies and services	3	483	619
Total expenses from continuing operations		483	619
Operating result from continuing operations		119	18
Other comprehensive income		-	-
Total comprehensive income		119	18

The accompanying notes form part of these statements.

Statement of financial position

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	4	1,108	1,304
Receivables	5	8	23
Total current assets		1,116	1,327
Total assets		1,116	1,327
Current liabilities			
Payables		113	440
Other current liabilities		52	55
Total current liabilities		165	495
Total liabilities		165	495
Net assets		951	832
Equity			
Accumulated surplus		951	832
Total equity		951	832

The accompanying notes form part of these statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated surplus \$'000	Total \$'000
Balance as at 1 July 2013	814	814
Operating result from continuing operations	18	18
Balance as at 30 June 2014	832	832
Balance as at 1 July 2014	832	832
Operating result from continuing operations	119	119
Balance as at 30 June 2015	951	951

The accompanying notes form part of these statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Inflows:			
User charges and fees		600	505
Interest receipts		32	30
GST input tax credits from ATO		83	57
Outflows:			
Supplies and services		(840)	(443)
GST paid to suppliers		(71)	(45)
Net cash provided by (used in) operating activities		(196)	104
Net increase (decrease) in cash and cash equivalents			
		(196)	104
Cash and cash equivalents at beginning of financial year		1,304	1,200
Cash and cash equivalents at end of financial year	4	1,108	1,304

The accompanying notes form part of these statements.

Notes to and forming part of the financial statements 2014–15

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Notes to and forming part of the financial statements 2014–15

OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE COUNCIL

The objectives of the Professional Standards Councils 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); and
- › Entitle participating members of the occupational association to use the Cover of Excellence logo (only permitted where the scheme has been approved before February 2014 and remains in force).

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 11 members, who are nominated and appointed pursuant to the Professional Standards Agreement.

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; and
- › The annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

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.

B. 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.

C. USER CHARGES AND FEES

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 an unearned revenue. The revenues are recognised as they are earned over the membership period.

D. 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 received but not banked at 30 June.

E. RECEIVABLES

Trade debtors are recognised at 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 collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June.

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.

F. SUPPLIES AND SERVICES

Supplies and services represent secretarial support provided by the Department of Justice NSW. The total cost of secretarial support is proportionately shared among the eight Councils determined by the percentage of revenue each Council has received. These costs comprise

employment costs, other operating expenses, grants administered and maintenance. In 2014–15 Queensland's percentage is 16.41% (2014: 17.94%).

External audit fees as shown in note 3 represents 16.41% of the total expected external audit fees for the Professional Standards Council of Australia 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 2014–15 financial statements.

G. PAYABLES

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

H. FINANCIAL INSTRUMENTS

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 - held at fair value through profit and loss (Note 4)
- › Receivables - held at amortised cost (Note 5)
- › Payables - held at amortised cost

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

I. 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. GST credits receivable from, and GST payable to the ATO, are recognised (refer Note 5).

J. ISSUANCE OF FINANCIAL STATEMENTS

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

K. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The Council has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

L. OTHER PRESENTATION MATTERS

Amounts included in the financial statements are in Australian dollars and have been 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

M. NEW AND REVISED ACCOUNTING STANDARDS

The Council did not voluntarily change any of its accounting policies during 2014–15. Those new and amended Australian accounting standards that were applicable for the first time in the 2014–15 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.

	2015 \$'000	2014 \$'000
NOTE 2. USER CHARGES AND FEES		
Annual fees	570	607
Total	570	607

NOTE 3. SUPPLIES AND SERVICES

Secretariat support*	483	619
Total	483	619

* Included in the secretariat support is an amount of \$5,100 for external audit fees (2014: \$6,400). There are no nonaudit services in this amount. Refer to Note 1(f) Supplies and Services.

NOTE 4. CASH AND CASH EQUIVALENTS

Cash at bank	1,108	1,304
Total	1,108	1,304

Interest earned on cash held with the Commonwealth Bank ranging between 1.95% and 2.45% in 2015 (2014: 2.45% and 2.7%). If interest rates would change 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 \$11,000 (2014: \$13,000). This is mainly attributable to the Council's exposure to variable interest rates on its cash deposited in interest bearing accounts.

NOTE 5. RECEIVABLES

GST receivable	–	12
Interest receivable	2	3
Other	6	8
Total	8	23

NOTE 6. COMMITMENTS

The Professional Standards Council has no capital or expenditure commitments as at 30 June 2015.

NOTE 7. CONTINGENCIES

The Professional Standards Council has no material contingencies at 30 June 2015.

NOTE 8. EVENTS OCCURRING AFTER BALANCE 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.

Certificate of the Professional Standards Council

CERTIFICATE OF THE PROFESSIONAL STANDARDS COUNCIL

QAO
certified statements

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009*, relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 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 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 2015 and of the financial position of the Council at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Garry Davis CPA

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



Brian Rayment QC
BA, LLB
Chairman,
Professional Standards Council

31 August 2015

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Council Members of the Professional Standards Council

Report on the Financial Report

I have audited the accompanying financial report of the Professional Standards Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and the Executive Director Financial Services, Department of Justice and Attorney-General.

The Council Members' Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards – Reduced Disclosure Requirements. The Council Members' responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is 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 procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

Independent auditor's report

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009*:

- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards – Reduced Disclosure Requirements, of the transactions of the Professional Standards Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



R W HODSON CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane



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