

PROFESSIONAL STANDARDS COUNCIL
OF WESTERN AUSTRALIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2016



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Key performance indicators

Certification of Key Performance Indicators for the Year Ending 30 June 2016.

The Professional Standards Council of Western Australia is required to report on performance indicators as outlined in the *Financial Management Act 2006* (WA) and its associated Regulations.

STATEMENT OF CERTIFICATION

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Professional Standards Council of Western Australia's performance, and fairly represent the performance of the Professional Standards Council of Western Australia for the financial year ended 30 June 2016.



Mr Brian Rayment QC

Chair

12 September 2016



Ms Rachel Webber

Council Member

12 September 2016

Key performance indicators

The Professional Standards Council of Western Australia is responsible for approving Professional Standards Schemes. From February 2014 the name “Professional Standards Scheme” replaced previous reference to “Cover of Excellence® schemes”. Schemes approved before this date and that have not expired may still be described as *Cover of Excellence®*. However, for ease of reference this addendum refers to ‘Professional Standards Schemes’ throughout. The Schemes become effective on a day specified in the gazetted Scheme or two months after gazettal by the Minister.

Professional Standards Schemes aim to increase consumer protection by improving the standards of professionals who belong to occupational associations that are approved by the Professional Standards Council to administer such Schemes. Members of such occupational associations are required to comply with required codes of ethics, codes of practice, and to engage in risk management and continuing occupational education. Awareness and an active response to these issues can lower the incidence of civil liability claims against participating members, thereby achieving the objectives associated with the Scheme.

As a further measure of consumer protection, members of occupational associations that participate in Schemes are also required to hold significant business assets and/or professional indemnity insurance.

There were three Professional Standards Schemes operating in Western Australia during 2015-2016:

- › The Institute of Chartered Accountants in Australia (Western Australia) Scheme (ICAA WA Scheme) which commenced on 8 October 2007 (*Gazette* 28 September 2007, No. 204). This Scheme was extended for a twelve month period which expired on 7 October 2013. An interim Scheme commenced on 8 October 2013 and concluded on 7 October 2014 (*Gazette* 4 October 2013, No. 180).

A new ICAA WA Scheme commenced on 8 October 2014 for a five year period (*Gazette* 8 August 2014, No. 122). This Scheme was amended on 1 September 2015 and replaced references to “The Institute of Chartered Accountants in Australia” and “ICAA” with “Chartered Accountants Australia and New Zealand” and “CA ANZ” (*Gazette* 1 September 2015, No. 135).

- › The Law Society of Western Australia Scheme which commenced on 1 July 2014 (*Gazette* 11 April 2014, No. 54). This Scheme was amended on 24 June 2014 (*Gazette* 27 June 2014, No 95); and
- › The Western Australian Bar Association Scheme which commenced on 1 July 2014 (*Gazette* 17 April 2014, No. 57).

Key Output/Service

Outcome	Professional Standards Schemes limiting the civil liability of the members of occupational associations
Output	Professional Standards Schemes limiting the liability of occupational associations together with approved compulsory insurance, risk management strategies and appropriate provisions for complaints and disciplinary matters in relation to those associations for the protection of consumers of the services provided by the associations.
Description	<p>Professional Standards Schemes limit the civil liability of members of the occupational association. Once approved, Schemes may continue for a period of up to five years. Annual fees on a per member basis are payable by the occupational association to the Council.</p> <p>Consumers are protected by a requirement that persons under a Scheme have insurance or assets to the approved level; that members engage in appropriate risk management strategies; and by an approved complaints and disciplinary process.</p>

EFFECTIVENESS

The three associations with Professional Standards Schemes were invited by the Professional Standards Council of Western Australia to respond to a survey that sought their comments on the Council's effectiveness indicators as at 30 June 2016. The Schemes of the CA ANZ, Law Society of Western Australia and the Western Australian Bar Association had a combined membership of 4,300 professionals during the reporting period.

To assist in determining the extent to which the objectives of the Professional Standards Schemes are being achieved, the associations were asked to comment on the following:

1. The impact of Professional Standards Schemes based on the number of claims and cases brought against members;
2. The effectiveness of schemes on the associations' perceptions of cost and availability of insurance for scheme members, taking into account:
 - › Cost of insurance (decreasing premium or increasing at a slower than market rate);
 - › Better value insurance for the same premium prices; and
 - › Availability of insurance.

EFFECTIVENESS INDICATORS ⁽¹⁾⁽²⁾

Indicator	2008–09 ⁽³⁾ Actual	2009–10 Actual	2010–11 Actual	2011–12 Actual	2012–13 Actual	2013–14 Actual	2014–15 Actual	2015–16 Actual	2015–16 ⁽⁴⁾ Target
Professional Standards Schemes have lowered the incidence of civil liability claims.	Two associations were unable to determine.	Two associations disagreed. One association did not comment.	Two associations agreed. One association disagreed.	Three associations disagreed.	Two associations disagreed. One association agreed.	Three associations disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed. ⁽⁵⁾	Lower incidence of civil liability claims as a result of Professional Standards Schemes.
Cost of insurance (decreasing premium or increasing at a slower than market rate).	Two associations disagreed.	One association agreed. Two associations disagreed.	One association agreed. Two associations disagreed.	One association agreed. Two associations disagreed.	Two associations disagreed. One association agreed.	Two associations disagreed. One association agreed.	One association agreed. Two associations disagreed.	One association agreed. Two associations disagreed. ⁽⁶⁾	Decreasing cost of insurance.
Better value insurance for same premium prices.	Two associations agreed.	Two associations agreed. One association did not comment.	One association agreed. Two associations disagreed.	One association agreed. Two associations disagreed.	Two associations agreed. One association disagreed.	Two associations agreed. One association disagreed.	One association agreed. Two associations disagreed.	Three associations disagreed. ⁽⁷⁾	Better value insurance.
Availability of insurance.	Two associations agreed.	Two associations agreed. One association disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed.	Two associations disagreed. One association agreed.	Three associations disagreed.	Three associations disagreed.	One association agreed. Two associations disagreed. ⁽⁸⁾	Better availability of insurance.

1. Associations have not been individually identified to protect the confidentiality of the information supplied.
2. Data is reported on a calendar year basis due to the data collection methodology undertaken by the associations.
3. For 2009 there were three associations with *Cover of Excellence*[®] schemes. However, as one association had only been operating for six months and did not have any members in its scheme, the responses were drawn from the other two associations.
4. Targets are derived from the stated objectives of the *Professional Standards Act 1997* (WA) as outlined in the second reading speech in Parliament on 25 June 1997 (Hansard, page 4569).
5. One association reported a decrease in the number of claims while another association advised that there had been no material change in the number of claims. A third association noted that it was not possible to compare claims data with the previous reporting period which encompassed only a six month period.
6. One association advised that insurance costs had decreased while another association commented that costs had not increased. A third association commented that although it does not consider or assess the cost of insurance for members, no concerns over costs have been raised.
7. Two associations noted that there was no difference in members obtaining better value insurance while a third association advised that all members have appropriate insurance arrangements.
8. One association commented that insurance was slightly more available and two associations advised that there was no difference in the availability of insurance.

EFFICIENCY

Indicator	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2015-16 ⁽²⁾ Target
Cost per scheme ⁽¹⁾	\$30,443	\$35,581	\$31,957	\$34,537	\$52,897	\$70,294	\$73,533	\$150,753 ⁽³⁾	\$82,667

1. The Cost per Scheme incorporates the Secretariat service charges, Resources Received Free of Charge and any bank charges.
2. The target was derived from the initial approved budget figure for Secretariat plus Resources Received Free of Charge.
3. The actual cost per scheme was higher due to costs relating to capacity and capability initiatives which were approved in the final budget, which added \$88,000 to Council's share of the total expenditure. The other contributing factors were that realised interest and scheme revenue of the other Councils were lower than when the March 2016 Section 40 estimates were determined. Council's actual portion of the consolidated revenue was 23.2% higher than this original estimate of 5%. Council's share of allocated consolidated expenditure increased accordingly by \$78,000.

Independent auditor's report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PROFESSIONAL STANDARDS COUNCIL

Report on the Financial Statements

I have audited the accounts and financial statements of the Professional Standards Council.

The financial statements comprise the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Professional Standards Council at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Council's Responsibility for the Financial Statements

The Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

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Report on Controls

I have audited the controls exercised by the Professional Standards Council during the year ended 30 June 2016.

Controls exercised by the Professional Standards Council are those policies and procedures established by the Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Opinion

In my opinion, in all material respects, the controls exercised by the Professional Standards Council are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

Council's Responsibility for Controls

The Council is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility for the Audit of Controls

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Professional Standards Council based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Council complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Professional Standards Council for the year ended 30 June 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion

In my opinion, in all material respects, the key performance indicators of the Professional Standards Council are relevant and appropriate to assist users to assess the Council's performance and fairly represent indicated performance for the year ended 30 June 2016.

Council's Responsibility for the Key Performance Indicators

The Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Council determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Independent auditor's report

Auditor's Responsibility for the Audit of Key Performance Indicators

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Council's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Independence

In conducting the above audits, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Professional Standards Council for the year ended 30 June 2016 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators 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 statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 September 2016

Disclosures and legal compliance

FINANCIAL STATEMENTS AND NOTES

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2016

The accompanying financial statements of the Professional Standards Council of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2016 and the financial position as at 30 June 2016.

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

Signed: 

Mr Brian Rayment QC

Chair

12 September 2016

Signed: 

Ms Rachel Webber

Council member

12 September 2016

Signed: 

Mr Alan Andersson

Chief Finance Officer

12 September 2016

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
COST OF SERVICE			
Expenses			
Supplies and services	4	452,259	220,598
Other expenses	5	2	3
Total cost of services		452,261	220,601
Income			
Revenue			
Scheme fees	6	215,398	232,965
Total revenue		215,398	232,965
Total income other than income from State Government		215,398	232,965
Net cost of services		236,863	(12,364)
Income from State Government			
Services received free of charge	7	38,448	34,726
Total income from State Government		38,448	34,726
(Deficit)/Surplus for the period		(198,415)	47,090
Total comprehensive income for the period		(198,415)	47,090

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

Statement of financial position

AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	497,555	590,832
Receivables	8	30,478	12,146
Total current assets		528,033	602,978
Total assets		528,033	602,978
LIABILITIES			
Current liabilities			
Payables	9	220,800	97,001
Unearned revenue	10	35,691	36,020
Total current liabilities		256,491	133,021
Total liabilities		256,491	133,021
Net assets		271,542	469,957
Equity			
Accumulated surplus	11	271,542	469,957
Total equity		271,542	469,957

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Accumulated surplus \$	Total equity \$
Balance at 1 July 2014	11	422,867	422,867
Total comprehensive income for the period		47,090	47,090
Balance at 30 June 2015		469,957	469,957
Balance at 1 July 2015		469,957	469,957
Total comprehensive income for the period		(198,415)	(198,415)
Balance at 30 June 2016		271,542	271,542

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

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payments to suppliers		(301,266)	(211,199)
GST payments on purchase		(30,127)	(21,120)
Bank charges		(2)	–
Receipts			
Scheme fees		215,400	232,901
GST receipts from taxation authority		22,718	22,750
Net cash provided by/(used in) operating activities	12	(93,277)	23,332
Net increase/(decrease) in cash and cash equivalents		(93,277)	23,332
Cash and cash equivalents at the beginning of the reporting period		590,832	567,500
Cash and cash equivalents at the end of the period	12	497,555	590,832

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2016

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Notes to the Financial Statements for the year ended 30 June 2016

Note 1: Australian Accounting Standards

GENERAL

The Professional Standards Council's (the "Council" for the purpose of these notes) financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Council has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

EARLY ADOPTION OF STANDARDS

The Council cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's instruction (TI) *1101 Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not yet operative) by the Council for the annual reporting period ended 30 June 2016.

Note 2: Summary of significant accounting policies

A. GENERAL STATEMENT

The Council is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions governing the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

B. BASIS OF PREPARATION

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

C. REPORTING ENTITY

The reporting entity comprises the Council and no other related bodies.

MISSION

The Professional Standards Council is concerned with the regulation and education of members of occupational associations to improve service standards, and to assist and promote the self-regulation of those associations. The objective of the program is to ensure that the community receives professional services that are affordable, accountable and of a high standard, and provide safeguards regarding professional liability commitment.

D. UNEARNED REVENUE

Unearned revenue represents the portion of scheme fees received but not earned and relates to periods of the scheme subsequent to the end of the reporting period.

E. INCOME

Revenue is recognised in the Statement of Comprehensive Income when it has been earned from memberships and is calculated from the commencement date over the period of the scheme.

F. FINANCIAL INSTRUMENTS

In addition to cash, the Council has two categories of financial instrument:

- › Loans and receivables
- › Financial liabilities measured at amortised cost

Financial instruments have been disaggregated into the following classes:

- › Financial assets
 - Cash and cash equivalents
 - Receivables
- › Financial liabilities
 - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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

G. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

H. RECEIVABLES

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Council will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

I. PAYABLES

Payables are recognised when the Council becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

J. SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL COST

Services received free of charge or for nominal cost that the Council would otherwise purchase if not donated, are recognised as income at the fair value of the services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

K. COMPARATIVE FIGURES

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3: Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Council has applied the following Australian Accounting Standards effective, or adapted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Council.

AASB 2013-9	Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Council has not yet determined the application or the potential impact of AASB 9.
AASB 2014-8	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] This Standard makes amendments to <i>AASB 9 Financial Instruments (December 2009)</i> and <i>AASB 9 Financial Instruments (December 2010)</i> arising from the issuance of <i>AASB 9 Financial Instruments in December 2014</i> . The Council has not yet determined the application or the potential impact of AASB 9.
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Council cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*, or by an exception from TI 1101. Consequently, the Council has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Council. Where applicable, the Council plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Council has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	Revenue from Contracts with Customers This Standard establishes the principles that the Council shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Council has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 16	Leases This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Council has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
AASB 1057	Application of Australian Accounting Standards This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.	1 Jan 2016

	Operative for reporting periods beginning on/after
<p>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Int 2, 5, 10, 12, 19 & 127]</p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Council has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-1 Amendments to Australian Accounting Standards</p> <p>Part E of this standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Council to determine the application or potential impact of the standard.</p>	1 Jan 2018
<p>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Council has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Council has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</p> <p>The amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Council has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
<p>AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concern expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	1 Jan 2016

	Operative for reporting periods beginning on/after
<p>AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Council has not yet determined the application of the Standard, though there is no financial impact.</p>	1 Jul 2016
<p>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</p> <p>The Standard amends the mandatory effective date of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Council has not yet determined the application or the potential impact of AASB 15.</p>	1 July 2016
<p>AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</p> <p>This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017
<p>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Council has not yet determined the application or the potential impact.</p>	1 Jan 2018

Note 4: Supplies and services

	2016 \$	2015 \$
Secretarial services ^(a)	413,811	185,872
Services received free of charge (Note 7)	38,448	34,726
	452,259	220,598

(a) Includes audit fee

Note 5: Other expenses

Bank charges	2	3
	2	3

Note 6: User charges and fees

Scheme fees	215,398	232,965
	215,398	232,965

Note 7: Income from State Government

Services received free of charge from other state government agencies during the period: ^(a)	38,448	34,726
Department of the Attorney General – financial, human resources and information technology services		
Total Income from State Government	38,448	34,726

(a) Where services have been received free of charge or for nominal cost, the Council recognises revenue equivalent to the fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. The value of services received free of charge recognised during the period was calculated based on estimates and information provided by agencies.

Note 8: Receivables

Current		
Receivables	23,069	12,146
GST receivable	7,409	–
Total current	30,478	12,146

Note 9: Payables

Current		
Accrued expenses	220,800	97,001
Total current	220,800	97,001

Note 10: Unearned revenue

Current		
Unearned revenue ^(a)	35,691	36,020
	35,691	36,020

(a) Revenues are recognised as they are earned over the annual scheme period, which may, depending on the scheme commencement date, create a revenue deferral component.

Note 11: Equity

The Western Australian Government holds the equity interest in the Council on behalf of the community. Equity represents the residual interest in the net assets of the Council.

	2016	2015
	\$	\$
Accumulated surplus		
Balance at start of period:	469,957	422,867
Result for the period	(198,415)	47,090
Balance at end of period	271,542	469,957
Total equity at end of period	271,542	469,957

Note 12: Notes to the statement of cash flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	497,555	590,832
	497,555	590,832

Reconciliation of net cost of services to net cash flows provided by operating activities

Net cost of services	(236,863)	12,364
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Non-cash items

Services received free of charge	38,448	34,726
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(Increase)/decrease in assets

Receivables	(10,924)	1,472
GST receivables	(7,409)	1,631

Increase/(decrease) in liabilities

Current payables	123,799	(27,946)
Unearned revenue	(328)	1,085

Net cash provided by operating activities	(93,277)	23,332
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Note 13: Commitments

The commitments recorded below are estimated values for known outgoings of the Professional Standards Authority. However, the Professional Standards Council of Western Australia is liable for a portion of the total cost (with the balance being borne by the other seven jurisdictions) through the Inter-Departmental Service Agreement existing between the states and territories. This Agreement commits each of the eight jurisdictions of the Professional Standards Councils to repay the service provider (the NSW Department of Finance, Services and Innovation (DFS)) for future operating commitments that the Professional Standards Council of Western Australia has agreed to fund per the protocols of the Inter-Departmental Service Agreement 2016. These costs are funded through their revenue as a portion of the total revenue of all the Professional Standards Councils, and that portion is not known with precision at the reporting date. It is dependent on the Professional Standards Council of Western Australia's portion of total revenue compared to the total of all eight jurisdictions.

	2016 \$	2015 \$
Occupancy costs		
Payable as follows:		
Within 1 year	36,378	35,799
Later than 1 year and not later than 5 years	109,818	146,196
	146,196	181,995
Capital user charges		
Cost recoveries due to the Service Provider, the NSW DFSI, representing costs associated with the usage of their capital items, are payable as follows:		
Within 1 year	22,256	22,299
Later than 1 year and not later than 5 years	51,479	72,062
Later than 5 years	5,069	6,741
	78,804	101,102
Grants and research charges		
Grants within 1 year ^(a)	4,464	14,726
Research within 1 year ^(b)	7,212	7,212
Grants later than 1 year and not later than 5 years ^(a)	–	4,464
Research later than 1 year and not later than 5 years ^(b)	–	7,212
	11,676	33,614

(a) The Professional Standards Council's Grants Program provides funding to external projects that aim to understand, demonstrate and promote the improvement of professional standards across Australia.

(b) The Research Grants program aims to encourage and reward innovative research that develops the community's confidence and trust in professional services in Australia.

Note 14: Financial instruments

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

CREDIT RISK

Credit risk arises when there is the possibility of the Council's receivables defaulting on their statutory obligations resulting in financial loss to the Council. Credit risk also arises from cash and cash equivalents held at banks and financial institutions. The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 14(c) 'Financial instruments disclosures' and Note 8 'Receivables'.

The Council trades only with recognised, creditworthy third parties. The Council has policies in place to ensure that receivable balances are monitored on an ongoing basis, with the result that the Council's exposure to bad debts is minimal. For banks and financial institutions, only independently rated and highly reputable financial institutions are accepted. At the end of the reporting period there were no significant concentrations of credit risk other than in respect of cash and cash equivalents.

LIQUIDITY RISK

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

The Council has appropriate procedures to manage cash flows to ensure that sufficient funds are available to meet its commitments.

MARKET RISK

The Council does not trade in foreign currency and is not materially exposed to other price risks because it does not have investments in securities or bonds. The Council is not exposed to interest rate risk because cash and cash equivalents are deposited in non-interest bearing accounts and the Council has no borrowings.

(B) CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	497,555	590,832
Receivables ^(a)	23,069	12,146
	520,624	602,978
Financial liabilities		
Financial liabilities measured at amortised cost	220,800	97,001
	220,800	97,001

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

(C) FINANCIAL INSTRUMENTS DISCLOSURES

CREDIT RISK

The following table discloses the Council's maximum exposure to credit risk and the ageing analysis of financial assets. The Council's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and-impaired-financial-assets.

The Council does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

AGEING ANALYSIS OF FINANCIAL ASSETS

	Carrying amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
2016								
Cash and cash equivalents	497,555	497,555	-	-	-	-	-	-
Receivables ^(a)	23,069	23,069	-	-	-	-	-	-
	520,624	520,624	-	-	-	-	-	-
2015								
Cash and cash equivalents	590,832	590,832	-	-	-	-	-	-
Receivables ^(a)	12,146	12,146	-	-	-	-	-	-
	602,978	602,978	-	-	-	-	-	-

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

LIQUIDITY RISK

The following table details the Council's contractual maturity analysis of financial assets and financial liabilities. The amounts disclosed in the table are the statutory undiscounted cash flows (interest and principal).

The maturity analysis section includes interest and principal cash flows. The interest exposure section analyses only the carrying amounts of each item.

MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Carrying amount	Total contractual cash flows	Maturity dates				
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
2016							
Financial assets							
Cash and cash equivalents	497,555	497,555	497,555	-	-	-	-
Receivables ^(a)	23,069	23,069	23,069	-	-	-	-
	520,624	520,624	520,624	-	-	-	-
Financial liabilities							
Payables	220,800	220,800	220,800	-	-	-	-
	220,800	220,800	220,800	-	-	-	-

	Carrying amount	Total contractual cash flows	Maturity dates				
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
2015							
Financial assets							
Cash and cash equivalents	590,832	590,832	590,832	-	-	-	-
Receivables ^(a)	12,146	12,146	12,146	-	-	-	-
	602,978	602,978	602,978	-	-	-	-
Financial liabilities							
Payables	97,001	97,001	97,001	-	-	-	-
	97,001	97,001	97,001	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

FAIR VALUES

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 15: Remuneration of members of the Council

The number of members of the Council, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands, are:

\$	2016	2015
0 – 10,000	10	11
10,001 – 20,000	1	–
	2016	2015
	\$	\$
Cash remuneration received	60,764	52,969
Total remuneration of members of the Council	60,764	52,969

NOTES

Note 1: Standard remuneration rates are based on meeting of up to four hours. Chair is paid \$128 per hour thereafter and Council members \$77 per hour thereafter. Remuneration values are shown inclusive of additional hours. Remuneration is calculated on amounts receivable for attendance during the financial year ending 30 June 2016.

Note 2: The Chair received a retainer of \$2,640 a year.

Note 3: In addition to standard remuneration, council members are entitled to Superannuation Guarantee contributions at the rate of 9.50%, subject to the requirement that the Council member earns more than \$450 (before tax) in a calendar month.

Note 16: Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for current financial year is as follows:

	2016	2015
	\$	\$
Auditing the accounts, financial statements and key performance indicators	10,500	10,400

Note 17: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2016 (2015: nil).

Note 18: Events occurring after the end of the reporting period

There were no significant events occurring after the end of the reporting period.

Note 19: Related bodies

The Council had no related bodies as at 30 June 2016 (2015: nil).

Note 20: Affiliated bodies

The Council had no affiliated bodies as at 30 June 2016 (2015: nil).

Note 21: Special purpose accounts

The Council had no special purpose accounts as at 30 June 2016 (2015: nil).

Note 22: Supplementary financial information

There were no losses of public moneys or other public property through theft or default during the financial year (2015: nil).

There were no write offs of public money or other public property during the financial year (2015: nil).

There were no gifts of public property during the financial year (2015: nil).



Government of **Western Australia**
Department of **the Attorney General**

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