

PROFESSIONAL STANDARDS COUNCIL
OF QUEENSLAND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2016



PROFESSIONAL
STANDARDS
COUNCILS

Contents

Financial statements	Statement of comprehensive Income		1
	Statement of financial position		2
	Statement of changes in equity		3
	Statement of cash flows		4
Notes to the financial statements	Preparation information	A1. Basis of financial statement preparation	5
		A1-1. General information	5
		A1-2. Compliance with prescribed requirements	5
		A1-3. Presentation	5
		A1-4. Authorisation of financial statements for issue	5
		A1-5. The reporting entity	5
	Section 1: How we operate – our departmental objectives and activities	A2. Objectives of the Council	5
		a. Professional Standards Schemes	5
		b. The Professional Standards Councils	6
		c. The Queensland Council	6
		d. Funding of the Council	6
	Section 2: Notes about our financial performance	B1. Revenue	6
		B1-1. User charges and fees	6
		B2. Expenses	7
	B2-1. Supplies and services		7
		Section 3: Notes about our financial position	C1. Cash and cash equivalents
		C2. Receivables	8
	Section 4: Notes about risk and other accounting uncertainties	D1. Financial risk disclosures	8
		D2. Contingencies	8
		D3. Events after the balance date	8
Section 7: Other information	G1. New and revised accounting standards	9	
	G2. Taxation	9	
Certification – Management certificate		10	
Independent auditor’s report		11	

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
OPERATING RESULT			
Income from continuing operations			
User charges and fees	B1-1	523	570
Other revenues		31	32
Total Income from continuing operations		554	602
Expenses from continuing operations			
Supplies and services	B2-1	1,064	483
Total expenses from continuing operations		1,064	483
Operating result for the year		(510)	119
Other comprehensive income		-	-
Total comprehensive income		(510)	119

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents	C1	1,013	1,108
Receivables	C2	30	8
Total current assets		1,043	1,116
Total assets		1,043	1,116
CURRENT LIABILITIES			
Payables		546	113
Other current liabilities		56	52
Total current liabilities		602	165
Total liabilities		602	165
Net assets		441	951
Equity			
Accumulated surplus		441	951
Total equity		441	951

The accompanying notes form part of these statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2016

	Accumulated surplus \$'000	Total \$'000
Balance as at 1 July 2014	832	832
Operating result for the year	119	119
Balance as at 30 June 2015	951	951
Operating result for the year	(510)	(510)
Balance at 30 June 2016	441	441

The accompanying notes form part of these statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
User charges and fees		495	600
Interest receipts		31	32
GST input tax credits from ATO		40	83
Outflows			
Supplies and services		(601)	(840)
GST paid to suppliers		(60)	(71)
Net cash provided by operating activities		(95)	(196)
Net increase (decrease) in cash and cash equivalents		(95)	(196)
Cash and cash equivalents at beginning of financial year		1,108	1,304
Cash and cash equivalents at end of financial year	C1	1,013	1,108

The accompanying notes form part of these statements.

Notes to the financial statements

Section 1: About the department 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 has been restated where necessary to be consistent with disclosures in the current reporting period.

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 department 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); 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 eleven 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;
- › The annual fee of \$50 for each member of occupational associations participating in a Professional Standards Scheme; and
- › The interest on accumulated funds.

As per Professional Standards Regulation 2007.

Section 2: Notes about our financial performance

B1. REVENUE

B1-1. User charges and fees

	2016 \$'000	2015 \$'000
Annual fees	523	570
Total	523	570

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

B2. EXPENSES

B2-1. Supplies and services

	2016 \$'000	2015 \$'000
Secretariat support*	1064	483
Total	1064	483

* Included in the secretariat support is an amount of \$5,100 for external audit fees (2015: \$5,100). There are no non-audit services in this amount.

Accounting Policy – Supplies and services

Supplies and services represent secretarial support provided by the NSW Department of Justice and NSW Department of Finance, Services and Innovation (DFS). The total cost of secretarial support proportionately shared among the eight Councils is determined by the percentage of revenue each Council has received. These costs comprise employment costs, other operating expenses, grants administered, occupancy costs and depreciation and amortisation of assets solely procured for the Councils and held by DFSI. In 2015-16 Queensland's percentage is 15.84% (2015: 16.41%).

External audit fees as shown in note B2-1 represents 15.84% 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 2015-16 financial statements.

Section 3: Notes about our financial position

C1. CASH AND CASH EQUIVALENTS

	2016 \$'000	2015 \$'000
Cash at bank	1,013	1,108
Total	1,013	1,108

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 received but not banked at 30 June 2016.

Interest earned on cash held with the Commonwealth Bank ranging between 1.7% and 2.1% in 2015 (2015: 1.95% and 2.45%). 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 \$10,000 (2015: \$11,000). This is mainly attributable to the Council's exposure to variable interest rates on its cash deposited in interest bearing accounts.

C2. RECEIVABLES

	2016 \$'000	2015 \$'000
GST receivable	20	–
Interest receivable	2	2
Other	8	6
Total	30	8

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. All known bad debts were written-off as at 30 June 2016.

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.

Associations are responsible for self-calculating amounts due at the time of sale or delivery (i.e. regulated timings and regulated prices) per *Professional Standards Regulation 2007*. Where Associations do not provide data for this liability to be estimated (per *Professional Standards Regulation 2007*) historical and trend data is used by the Council to estimate this liability. No such estimates were required during this reporting period.

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 - held at fair value through profit and loss (Note C1)
- › Receivables - held at amortised cost (Note C2)
- › 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.

D2. CONTINGENCIES

The Professional Standards Council has no material contingencies at 30 June 2016.

D3. EVENTS AFTER THE 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.

Section 7: Other information

G1. NEW AND REVISED ACCOUNTING STANDARDS

The Council did not voluntarily change any of its accounting policies during 2015-16. Those new and amended Australian accounting standards that were applicable for the first time in the 2015-16 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.

G2. 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 the ATO are recognised (refer Note C2).

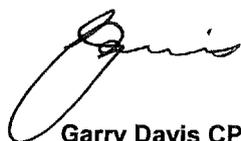
Certificate of the Professional Standards Council

Professional Standards Council
Notes to the Financial Statements
for the year ended 30 June 2016

CERTIFICATE OF THE PROFESSIONAL STANDARDS COUNCIL

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 2016 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
Chair,
Professional Standards Council

29 August 2016

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 2016, 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 significant accounting policies and other explanatory information, and certificates given by the Chair 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 2015 to 30 June 2016 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



© 2016 Professional Standards Council of Queensland.

This addendum has been prepared by the Professional Standards Council of Queensland for general and audit information purposes. Recipients should obtain their own independent advice before making any decisions that rely upon this information.

You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Professional Standards Council of Queensland as the owner, however, you must obtain permission from the Professional Standards Council of Queensland if you wish to (a) charge others for access to the work (other than at cost), (b) include the work in advertising or a product for sale, or (c) modify the work.

Published in September 2016 by the Professional Standards Council of Queensland



Queensland
Government

PSC.GOV.AU