

Professional Standards Council of South Australia

**Annual Financial Statements
for the year ending 30 June 2014
As at 30 June 2014**

Table of Contents

Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the accountants	6
Statement by executive	16

Statement of comprehensive income

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Regulatory fees	4	185	156
Total income		185	156
Expenses			
Administration	5	161	122
Total expenses		161	122
Net and total comprehensive result		24	34

The above statement should be read in conjunction with the accompanying notes

Statement of financial position

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
Current assets			
Cash and cash equivalents	6	390	347
Receivables	7	4	14
Total current assets		394	361
Total assets		394	361
Current liabilities			
Payables	8	68	43
Other current liabilities	9	70	87
Total current liabilities		138	130
Total liabilities		138	130
Net assets		256	231
Equity			
Retained earnings		256	231
Total equity		256	231

The above statement should be read in conjunction with the accompanying notes

Unrecognised contractual commitments	14
Contingent assets and liabilities	14

Statement of changes in equity

For the year ended 30 June 2014

	Retained earnings \$'000
Balance at 30 June 2012	197
Net and comprehensive result 2012-13	34
Balance at 30 June 2013	231
Prior period adjustments to equity	1
Net and comprehensive result 2013-14	24
Balance at 30 June 2014	256

The above statement should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2014

	Note	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Regulatory Fees		178	172
Cash generated from operations		178	172
Cash outflows			
Administration		(135)	(104)
Cash used in operations		(135)	(104)
Net cash provided by operating activities	10	43	68
Net increase in cash and cash equivalents		43	68
Cash and cash equivalents at the beginning of the financial year		347	279
Cash and cash equivalents at the end of the financial year	6	390	347

The above statement should be read in conjunction with the accompanying notes

Notes to the accountants

Note 1. Objectives of the Professional Standards Council	7
Note 2. Summary of significant accounting policies	8
Note 3. New and revised accounting standards and policies	10
Note 4. Regulatory fees	11
Note 5. Administration	11
Note 6. Cash and cash equivalents	11
Note 7. Receivables	11
Note 8. Payables	12
Note 9. Other current liabilities	12
Note 10. Cash flow reconciliation	12
Note 11. Auditors' remuneration	13
Note 12. Financial instruments	13
Note 13. Transactions with SA Government	15
Note 14. Unrecognised contractual commitments and contingent assets and liabilities	15
Note 15. Events after reporting period	15

Notes to the accountants

NOTE 1. OBJECTIVES OF THE PROFESSIONAL STANDARDS COUNCIL

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

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 associations to use the *Cover of Excellence®* logo (only permitted where the scheme has been approved before February 2014 and remains in force).

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.

THE SOUTH AUSTRALIA 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 [46] 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.

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
- An annual fee of \$50 for each member of occupational associations participating in a Professional Standards scheme.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The financial statements are General Purpose Financial Statements which have been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the reporting period ending 30 June 2014. These are outlined in Note 3.

B. BASIS OF PREPARATION

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Council's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- Accounting policies that are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- Compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - Revenues, expenses, financial assets and liabilities where the counter party/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies; These are outlined in Note 13.

- The Council's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

C. REPORTING ENTITY

The financial statements of the Council include income, expenses, assets and liabilities which the Attorney-General's Department administers on behalf of the SA Government.

D. COMPARATIVE INFORMATION

The presentation and classification of items in the financial report are consistent with prior periods except where specific Accounting Standard and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial report has been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial report for the preceding period.

E. ROUNDING

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

F. TAXATION

The Council is not subject to income tax. The Council is liable for payroll tax, fringe benefits tax and goods and services tax (GST). GST collections and payments are carried out by the Attorney General's Department (AGD) on behalf of the Council. GST in relation to the Council is reported in the AGD Controlled Financial Statements.

G. INCOME

Income is recognised to the extent that it is probable that the flow of economic benefits to the Council will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Regulatory Fees

Revenues are derived from application fees, annual fees and quarterly adjustments for new entrants to schemes. Revenue deferred is calculated on annual fees and quarterly adjustments only.

H. EXPENSES

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Council will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Administration

Expenses are initially recognised on a cash basis, but the proportion allocated to South Australia is in accordance with the percentage of revenue over total revenue by State. Service charges invoices to the State were based on estimated expenses as at 30 June 2014.

I. CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

J. ASSETS

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within twelve months and more than twelve months, the Council has separately disclosed the amounts expected to be recovered after more than twelve months.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position includes deposits at call with the Treasurer.

For the purposes of the statement of cash flows, cash consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from occupational associations and other accruals.

Receivables arise on the normal course of selling services to occupational associations.

Receivables are generally settled within 30 days after the issue of an invoice or the services have been provided. Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Council would not be able to collect the debt. Bad debts are written off when identified.

K. LIABILITIES

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within twelve months and more than twelve months, the Council has separately disclosed the amounts expected to be recovered after more than twelve months.

Payables

Payables include accrued expenses.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Other current liabilities

Revenue comprises application fee, annual fees and quarterly adjustments is recognised on the days the scheme was operating and apportioned to the relevant financial year. The proportion of the days related to the next financial year is recognised as unearned revenue in the current financial year.

L. UNRECOGNISED CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

M. EVENTS AFTER THE REPORTING PERIOD

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

NOTE 3. NEW AND REVISED ACCOUNTING STANDARDS AND POLICIES

The Council did not voluntarily change any of its accounting policies during 2013-14, the Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Council for the period ending 30 June 2014. The Council has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Council.

NOTE 4. REGULATORY FEES

	2014 \$'000	2013 \$'000
SA Law Society	52	51
SA Bar Association	7	15
Certified Practising Accountants	12	14
Institute of Chartered Accountants	114	76
Total regulatory fees	185	156

NOTE 5. ADMINISTRATION

Reimbursements paid to the New South Wales Attorney-General's Department for the cost of providing secretariat support to the South Australian Council.

	2014 \$'000	2013 \$'000
Administration cost (incl. audit fees)	161	122
Total administration	161	122

NOTE 6. CASH AND CASH EQUIVALENTS

	2014 \$'000	2013 \$'000
Deposits with the Treasurer	390	347
Total cash and cash equivalents	390	347

Interest rate risk

Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

NOTE 7. RECEIVABLES

	2014 \$'000	2013 \$'000
Annual fees receivables	4	14
Total receivables	4	14

Interest rate and credit risk

Receivables are raised for all services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

a) Maturity analysis of receivables – Refer to note 12

b) Categorisation of financial instruments and risk exposure information – Refer to note 12

NOTE 8. PAYABLES

	2014 \$'000	2013 \$'000
Accrued expenses	68	43
Total payables	68	43

Interest rate and credit risk

Accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- a) Maturity analysis of payables - Refer to table in note 12
- b) Categorisation of financial instruments and risk exposure information - Refer to note 12

NOTE 9. OTHER CURRENT LIABILITIES

	2014 \$'000	2013 \$'000
Unearned revenue	70	87
Total other current liabilities	70	87

NOTE 10. CASH FLOW RECONCILIATION

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents as at 30 June 2014		
Balance as per the statement of Cash Flows	390	347
Cash and cash equivalents disclosed in the Statement of Financial Position	390	347
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	43	68
Movement in assets and liabilities:		
Increase/(decrease) in receivables	(10)	(7)
(Increase)/decrease in payables	(25)	(20)
(Increase)/decrease in other current liabilities	16	(7)
Net result	24	34

NOTE 11. AUDITORS' REMUNERATION

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements was \$700 (1,400). No other services were provided by the Auditor-General.

NOTE 12. FINANCIAL INSTRUMENTS

A. CATEGORISATION OF FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Financial Assets

Cash and receivables are recorded at carrying amount which approximates fair value.

Financial Liabilities

Payables are recorded at carrying amount which approximates fair value.

B. CREDIT RISK

The Council has no significant concentration of credit risk. The Council has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experience and expected changes in client credit rating. Currently the Council does not hold any collateral security for any of its financial assets.

C. AGEING ANALYSIS OF FINANCIAL ASSETS

There are no Financial Assets administered by the Council past due.

D. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Carrying amount (\$'000)	Contractual Maturities			
		< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)	
2014					
Financial assets					
Cash and cash equivalents	390	390	-	-	
Receivables ⁽¹⁾	4	4	-	-	
Total financial assets	394	394	-	-	
Financial liabilities					
Payables ⁽¹⁾	67	67	-	-	
Total financial liabilities	67	67	-	-	

	Contractual Maturities			
	Carrying amount (\$'000)	< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)
2013				
Financial assets				
Cash and cash equivalents	347	347	-	-
Receivables ⁽¹⁾	14	14	-	-
Total financial assets	361	361	-	-
Financial liabilities				
Payables ⁽¹⁾	42	42	-	-
Total financial liabilities	42	42	-	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables

E. LIQUIDITY RISK

Payables of the Council are payable on demand.

F. MARKET RISK

Cash is subject to interest rate risk.

G. SENSITIVITY DISCLOSURE ANALYSIS

The impact of a 1% movement in interest rates on financial assets is shown in the following table:

	Interest Rate Risk		
	Carrying Amount (\$'000)	Net Result (\$'000)	Net Result (\$'000)
2014		-1%	1%
Financial assets			
Cash and cash equivalents	390	(4)	4
Total increase/(decrease)		(4)	4
2013			
Financial assets			
Cash and cash equivalents	347	(3)	3
Total increase/(decrease)		(3)	3

NOTE 13. TRANSACTIONS WITH SA GOVERNMENT

As required by APS 4.1 of Accounting Policy Framework II General Purpose Financial Reporting Framework, the following table discloses income, expenses and financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	SA Government	
	2014	2013
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	390	347
Total Financial Assets	390	347
Financial Liabilities		
Payables	1	1
Total Financial Liabilities	1	1

NOTE 14. UNRECOGNISED CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The Council has no commitments contracted for at the reporting date but not recognised as liabilities. The Council has no contingent assets or liabilities.

NOTE 15. EVENTS AFTER REPORTING PERIOD

There are no known events after balance date that affect these financial statements.

Statement by executive

STATEMENT BY EXECUTIVE

We certify that the attached General Purpose Financial Statements for the South Australian Professional Standards Council:

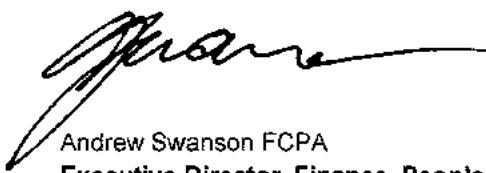
- comply with relevant Treasurer's Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Council; and
- present a true and fair view of the financial position of the Council as at 30 June 2014 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Council for the financial year over its financial reporting and its preparation of the General Purpose Financial Statements have been effective throughout the reporting period.



Rick Persse
Chief Executive
Attorney-General's Department

Dated: 4.11.14



Andrew Swanson FCPA
Executive Director, Finance, People & Performance
Attorney-General's Department

Dated: 4/11/14



Brian Rayment QC
Chairman
Professional Standards Council

Dated: 10. 11. 14

© 2014 Professional Standards
Council of South Australia.

This addendum has been prepared by the Professional Standards Council of South Australia 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 South Australia as the owner, however, you must obtain permission from the Professional Standards Council of South Australia 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 2014 by the Professional Standards Council of South Australia.



