

Professional Standards Council of South Australia

**FINANCIAL STATEMENTS
FOR THE FINANCIAL
YEAR ENDED
30 JUNE 2013**



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Statement of Comprehensive Income

for the year ended 30 June 2013

	Note No.	2013 \$'000	2012 \$'000
Income			
Regulatory fees	4	156	116
Total income		156	116
Expenses			
Administration	5	122	69
Total expenses		122	69
Net and total comprehensive result		34	47

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

Statement of Financial Position

as at 30 June 2013

	Note No.	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	6	347	279
Receivables	7	14	21
Total current assets		361	300
Total assets		361	300
Current liabilities			
Payables	8	43	23
Other current liabilities	9	87	80
Total current liabilities		130	103
Total liabilities		130	103
Net assets		231	197
Equity			
Retained earnings		231	197
Total equity		231	197

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 2013

	Retained earnings \$'000
Balance at 30 June 2011	151
Net and comprehensive result 2011-12	47
Balance at 30 June 2012	198
Error correction	(1)
Restated balance at 30 June 2012	197
Net and comprehensive result 2012-13	34
Balance at 30 June 2013	231

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

Statement of Cash Flows

for the year ended 30 June 2013

	Note No.	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash inflows			
Regulatory fees		172	129
Cash generated from operations		172	129
Cash outflows			
Administration		(104)	(63)
Cash used in operations		(104)	(63)
Net cash provided by operating activities	10	68	66
Net increase in cash and cash equivalents		68	66
Cash and cash equivalents at the beginning of the financial year		279	213
Cash and cash equivalents at the end of the financial year	6	347	279

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

Notes to and forming part of the Financial Statements 2012–13

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Notes to and forming part of the Financial Statements 2012–13

continued

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 the self-regulation of occupational groups through *Cover of Excellence*[®] schemes.

COVER OF EXCELLENCE[®] SCHEMES

Cover of Excellence[®] schemes apply to members of occupational associations that administer professional standards schemes approved by the Councils. *Cover of Excellence*[®] 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*[®] trademark.

THE PROFESSIONAL STANDARDS COUNCILS

The Professional Standards Councils were constituted under state and territory professional standards legislation, with the mandate to approve *Cover of Excellence*[®] 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 *Cover of Excellence*[®] scheme application for approval, amendments or revocation; and
- An annual fee of \$50 for each member of occupational associations participating in a *Cover of Excellence*[®] 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 2013. 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 2013 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 2013.

(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.

Notes to and forming part of the Financial Statements 2012–13

continued

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) ACCOUNTING ESTIMATES AND JUDGEMENTS

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, and 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 2012-13. 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 2013. 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.

	2013 \$'000	2012 \$'000
NOTE 4. REGULATORY FEES		
SA Law Society	51	22
SA Bar Association	15	3
CPA	14	12
ICAA	76	79
Total regulatory fees	156	116
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.		
Administration cost (incl. audit fees)	122	69
Total administration	122	69
NOTE 6. CASH AND CASH EQUIVALENTS		
Deposits with the Treasurer	347	279
Total cash and cash equivalents	347	279
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		
Annual fees receivables	14	20
Other	-	1
Total receivables	14	21
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		
Accrued expenses	43	23
Total payables	43	23
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		

Notes to and forming part of the Financial Statements 2012–13

continued

	2013 \$'000	2012 \$'000
NOTE 9. OTHER CURRENT LIABILITIES		
Unearned revenue	87	80
Total other current liabilities	87	80
NOTE 10. CASH FLOW RECONCILIATION		
Reconciliation of cash and cash equivalents as at 30 June 2013		
Balance as per the statement of Cash flows	347	279
Cash and cash equivalents disclosed in the Statement of Financial Position	347	279
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	68	66
Increase/(decrease) in receivables	(7)	7
(Increase)/decrease in payables	(20)	(6)
(Increase)/decrease in other current liabilities	(7)	(20)
Net result	34	47

NOTE 11. AUDITORS' REMUNERATION

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements was \$1 400 (\$700). 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)
2013				
Financial assets				
Cash & cash equivalents	347	347	-	-
Receivables ⁽¹⁾	14	14	-	-
Total Financial assets	361	361	-	-
Financial liabilities				
Payables ⁽¹⁾	42	42	-	-
Total Financial liabilities	42	42	-	-

	Carrying amount (\$'000)	Contractual Maturities		
		< 1 year (\$'000)	1-5 years (\$'000)	> 5 years (\$'000)
2012				
Financial assets				
Cash & cash equivalents	279	279	-	-
Receivables ⁽¹⁾	21	21	-	-
Total Financial assets	300	300	-	-
Financial liabilities				
Payables ⁽¹⁾	22	22	-	-
Total Financial liabilities	22	22	-	-

(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.

Notes to and forming part of the Financial Statements 2012–13

continued

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)	-1% Net Result (\$'000)	1% Net Result (\$'000)
2013			
Financial assets			
Cash and cash equivalents	347	(3)	3
Total increase/(decrease)		(3)	3
2012			
Financial assets			
Cash and cash equivalents	279	(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. A threshold of \$100,000 for separate identification of these items has been applied.

	SA Government	
	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	347	279
Total financial assets	347	279
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

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 2013 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: 20 November 2013



Andrew Swanson
Executive Director
Finance and Business Services
Attorney-General's Department

Dated: 20 November 2013



Brian Rayment
Chairman
Professional Standards Council

Dated: 5 December 2013



**Government of
South Australia**

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