



PROFESSIONAL  
STANDARDS  
COUNCIL

# Financial Report

for the financial year ended 30 June 2010

Professional Standards Council of South Australia



**STATEMENT OF COMPREHENSIVE INCOME***For the Year Ended 30 June 2010*

	Note No.	2010 \$'000	2009 \$'000
<b>Income</b>			
Regulatory fees		94	83
<b>Total income</b>		<b>94</b>	<b>83</b>
<b>Expenses</b>			
Administration	3	50	38
Other expenses		1	1
<b>Total expenses</b>		<b>51</b>	<b>39</b>
<b>Net and total comprehensive result</b>		<b>43</b>	<b>44</b>
<b>The net and total comprehensive result attributable to owner</b>		<b>43</b>	<b>44</b>

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

**STATEMENT OF FINANCIAL POSITION***As at 30 June 2010*

	Note No.	2010 \$'000	2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents	4	153	108
Receivables	5	13	13
<b>Total current assets</b>		<b>166</b>	<b>121</b>
<b>Total assets</b>		<b>166</b>	<b>121</b>
<b>Current liabilities</b>			
Payables	6	11	12
Other current liabilities	7	60	57
<b>Total current liabilities</b>		<b>71</b>	<b>69</b>
<b>Total liabilities</b>		<b>71</b>	<b>69</b>
<b>Net assets</b>		<b>95</b>	<b>52</b>
<b>Equity</b>			
Retained earnings		95	52
<b>Total equity</b>		<b>95</b>	<b>52</b>
<b>The total equity attributable to owner</b>		<b>95</b>	<b>52</b>

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

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2010

	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2008	-	8	8
<b>Net result 2008-09</b>	-	44	44
Balance at 30 June 2009	-	52	52
<b>Net result 2009-10</b>	-	43	43
Balance at 30 June 2010	-	95	95

**All changes in equity are attributable to owner**

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

**STATEMENT OF CASH FLOWS***For the Year Ended 30 June 2010*

	Note No.	2010 Inflows (Outflows) \$'000	2009 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>			
<i>Cash inflows</i>			
Regulatory Fees		97	79
<b>Cash generated from operations</b>		<b>97</b>	<b>79</b>
<i>Cash outflows</i>			
Administration		( 52 )	( 24 )
<b>Cash used in operations</b>		<b>( 52 )</b>	<b>( 24 )</b>
<b>Net cash provided by operating activities</b>	8	<b>45</b>	<b>55</b>
<b>Net increase in cash and cash equivalents</b>		<b>45</b>	<b>55</b>
Cash and cash equivalents at the beginning of the financial year		108	53
<b>Cash and cash equivalents at the end of the financial year</b>	4	<b>153</b>	<b>108</b>

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies

### a) Objectives of the Professional Standards Council

The *Professional Standards Act 2004* ("the Act") provides for the approval of schemes under which the occupational liability of members of occupational or professional associations is limited in return for the members:

- Holding compulsory insurance (or minimum business assets) up to a prescribed level, and
- Adopting risk-management strategies and dispute-resolution procedures.

The Professional Standards Council Fund is covered by the Act.

The Act commenced on 1 October, 2006.

All States and Territories have enacted professional standards legislation. This legislation fulfilled a pledge given by Insurance Ministers nationally in response to the insurance crisis.

Occupational associations are required to pay fees in respect of schemes limiting their members liability. These fees are set under the *Professional Standards Regulations 2006* and include fees payable to the South Australian Professional Standards Council ("the Council") on an application for approval or variation of a scheme and annual fees in respect of each member of the association which is covered by a scheme.

### b) 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*.

Except for the amendments to Australian Accounting Standards, AASB 2009-12, which the fund has early adopted, 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 2010.

### c) 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 department'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 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:

- a) 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;

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The Fund'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 2010 and the comparative information presented.

## **d) Reporting Entity**

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

## **e) Comparative Information**

The presentation and classification of items in the financial report are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 *Presentation of Financial Statements* or where a specific Accounting Policy Statement or Australian Accounting Standard have required a change.

Where presentation or classification of items in the financial report has been amended, comparative amounts have been reclassified unless reclassification is impracticable.

Where the council has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Positions and related notes.

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

## **f) Rounding**

Amounts have been rounded to the nearest \$1,000.

## **g) Taxation**

The Fund is not subject to income tax and payroll tax. The Fund is liable for fringe benefits tax and the goods and services tax.

Income, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred by the Fund as a purchaser is not recoverable from the Australian Taxation Office;
- Receivables and payables are stated with the amount of GST included.

## **h) Income**

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

Income has been classified according to its nature and has not been offset unless required or permitted by a specific accounting standard.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

In accordance with Accounting Policy Framework II *General Purpose Financial Statements Framework*, the notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

## **Fees and charges**

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the client or by reference to the stage of completion.

### **i) Expenses**

Expenses are recognised when and only when it is probable that the flow of economic benefits from the Fund will occur and can be reliably measured.

Expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard.

In accordance with Accounting Policy Framework II *General Purpose Financial Statements Framework*, the notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

## **Contributions (grants)**

Contributions paid are recognised as a liability and expense when the entity has a present obligation to pay the contribution and expense recognition criteria are met.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

### **j) Current and Non-current Classification**

Assets and liabilities are characterised as either current or non-current in nature. The Fund has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are expected to be consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

### **k) 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 department has separately disclosed the amounts expected to be recovered after more than twelve months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

## ***Receivables***

Receivables include prepayments and other accruals.

## **l) 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 department has separately disclosed the amounts expected to be recovered after more than twelve months.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

## ***Payables***

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Fund.

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.

## **2. New and revised accounting standards and policies**

Except for the amending Standard AASB 2009-12, which the fund has early adopted, the 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 period ending 30 June 2010. The fund 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 fund.

## **3. Administration**

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 4. Cash and cash equivalents

	2010 \$'000	2009 \$'000
Section 21 Deposit Account with the Treasurer	153	108
<b>Total cash and cash equivalents</b>	<b>153</b>	<b>108</b>

## 5. Receivables

	2010 \$'000	2009 \$'000
Regulatory fees*	13	13
<b>Total receivables</b>	<b>13</b>	<b>13</b>

\* \$50 represents GST receivable from the Australian Taxation Office

## 6. Payables

	2010 \$'000	2009 \$'000
Administration	11	12
<b>Total payables</b>	<b>11</b>	<b>12</b>

## 7. Other Current Liabilities

	2010 \$'000	2009 \$'000
Unearned revenue	60	57
<b>Total other current liabilities</b>	<b>60</b>	<b>57</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 8. Cash flow reconciliation

	2010 \$'000	2009 \$'000
<b>Reconciliation of cash – cash at year end as per:</b>		
Cash flow statement	153	108
Statement of Financial Position	153	108
<b>Reconciliation of cash provided by operating activities to net result</b>		
Net cash provided by operating activities	45	44
Change in assets and liabilities		
Increase in receivables	–	4
(Decrease)/Increase in payables	1	(3)
Increase in other current liabilities	(3)	(12)
<b>Net result</b>	<b>43</b>	<b>44</b>

## 9. Remuneration of auditors

The amount payable to the Auditor-General for audit services during the reporting period was \$500. No other services were provided by the Auditor-General.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## 10. Financial Instruments

### a. Categorisation of financial instruments

#### *Financial Assets*

Cash is recorded at the carrying amount as per the Balance Sheet, which approximates net fair value.

#### *Financial Liabilities*

Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

### b. Credit Risk

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

### c. Liquidity Risk

Payables of the Council are payable on demand.

### d. Market Risk

Market risk for the Council is primarily through interest rate risk. The impact on net operating result for each affected financial asset of the Council, of a +/- 1% movement in interest rates is shown in the below table.

		Interest Rate Risk	
		-1%	+1%
Carrying Amount (\$'000)		Profit (\$'000)	Profit (\$'000)
<b>2010</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	153	(1.53)	1.53
<b>Total increase/(decrease)</b>		(1.53)	1.53
<b>2009</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	108	(1.08)	1.08
<b>Total increase/(decrease)</b>		(1.08)	1.08

## 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 the records of the Council; and
- present a true and fair view of the financial position of the Council as at 30 June 2010 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.



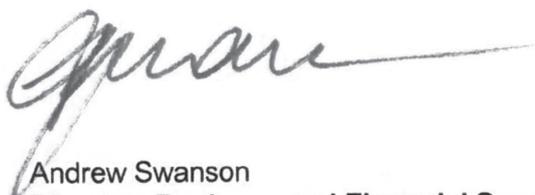
Jerome Maguire  
**Chief Executive**  
**Attorney-General's Department and**  
**Department of Justice**

31/12/ 2010



Brian Rayment QC  
BA, LLB  
**Chairman**  
**Professional Standards Council**

20 December 2010



Andrew Swanson  
**Director, Business and Financial Services**  
**Attorney-General's Department**

30 November 2010



**Government of  
South Australia**

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