

QUEENSLAND STUDIES AUTHORITY

Annual Report

2005–06

(Part 3 of 4)

Note: The PDF version of this document has been split into sections for easier download.
This file is Part 3 of 4.



**Queensland
Government**



**Queensland
Studies Authority**
Partnership and innovation

Financial report for the year ended 30 June 2006

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GENERAL INFORMATION

The Queensland Studies Authority is a statutory body established under the *Education (Queensland Studies Authority) Act 2002*. The principal address of the authority is:

295 Ann Street
Brisbane Q 4000

A description of the nature of the authority's operations and principal activities is included in the notes to the financial statements.

**Queensland Studies Authority
Income Statement
for the year ended 30 June 2006**

	<i>Notes</i>	<i>2006</i> \$	<i>2005</i> \$
Income			
User charges	2	1,494,529	1,918,557
Government contributions	2	28,607,223	24,555,000
Interest		537,641	515,486
Other revenue		224,367	106,027
Total income		<u>30,863,760</u>	<u>27,095,070</u>
Expenses			
Employee expenses	3	20,120,156	17,357,738
Supplies and services	4	10,633,377	9,382,866
Depreciation and amortisation	5	767,114	687,537
Total expenses		<u>31,520,647</u>	<u>27,428,141</u>
Borrowing costs	6	<u>86,454</u>	<u>15,544</u>
Operating Deficit	17	<u>(743,341)</u>	<u>(348,615)</u>

The accompanying notes form part of these financial statements.



**Queensland Studies Authority
Balance Sheet
as at 30 June 2006**

	<i>Notes</i>	<i>2005</i> \$	<i>2005</i> \$
Current assets			
Cash assets	7	4,282,682	1,691,447
Receivables	8	777,383	371,796
Inventories	9	377,323	76,581
Other	10	388,957	574,207
Total current assets		<u>5,826,345</u>	<u>2,714,031</u>
Non-current assets			
Intangibles	11	3,271,211	2,662,605
Property, plant and equipment	12	2,883,211	2,473,207
Total non-current assets		<u>6,154,422</u>	<u>5,135,812</u>
TOTAL ASSETS		<u>11,980,767</u>	<u>7,849,843</u>
Current liabilities			
Payables	13	606,754	431,187
Other Financial Liabilities	15	321,687	124,288
Accrued Employee Benefits	14	2,311,606	1,473,542
Other Current Liabilities	16	1,796,029	-
Total current liabilities		<u>4,936,076</u>	<u>2,029,017</u>
Non-current liabilities			
Other Financial liabilities	15	3,600,734	1,454,779
TOTAL LIABILITIES		<u>8,536,810</u>	<u>3,483,796</u>
NET ASSETS		<u>3,443,957</u>	<u>4,366,047</u>
EQUITY			
Contributed Capital		4,954,499	5,133,248
Accumulated Deficit		(1,510,542)	(767,201)
TOTAL EQUITY		<u>3,443,957</u>	<u>4,366,047</u>

The accompanying notes form part of these financial statements.



**Queensland Studies Authority
Statement of Changes in Equity
for the year ended 30 June 2006**

	Accumulated Deficit		Contributed Equity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance 1 July	(767,201)	(418,586)	5,133,248	5,213,532
Operating Surplus/(Deficit)	(743,341)	(348,615)		
Non-Owner changes in equity:				
Transactions with Owners as Owners:				
Net leave liabilities transferred to (from) other departments			(178,749)	(80,284)
Balance 30 June	(1,510,542)	(767,201)	4,954,499	5,133,248

The accompanying notes form part of these financial statements.



**Queensland Studies Authority
Statement of Cash Flows
for the year ended 30 June 2006**

	<i>Notes</i>	<i>2006</i> \$	<i>2005</i> \$
Cash Flows from operating activities			
Inflows:			
User charges		1,229,212	2,031,500
Government contributions		30,403,252	24,555,000
Interest		537,363	506,304
GST input tax credits		1,205,517	1,270,788
Outflows:			
Suppliers and Employees		(31,047,311)	(28,391,368)
GST remitted to the ATO		(197,903)	(191,557)
Borrowing costs		(86,454)	(15,544)
Net cash provided by / (used in) operating activities	17	<u>2,043,676</u>	<u>(234,877)</u>
Cash Flows from investing activities			
Outflows:			
Payments for property, plant & equipment		(599,362)	(2,156,736)
Payments for intangibles		(1,194,779)	(886,942)
Net cash provided by / (used in) investing activities		<u>(1,794,141)</u>	<u>(3,043,678)</u>
Cash Flows from financing activities			
Inflows:			
Borrowings		2,466,000	1,600,000
Outflows:			
Borrowing redemptions		(124,300)	(20,933)
Net cash provided by financing activities		<u>2,341,700</u>	<u>1,579,067</u>
Net increase / (decrease) in cash held		2,591,235	(1,699,488)
Cash at beginning of financial year		1,691,447	3,390,935
Cash at end of financial year	7	<u>4,282,682</u>	<u>1,691,447</u>

The accompanying notes form part of these financial statements.



Queensland Studies Authority
Notes To and Forming Part of the Financial Statements
for the year ended 30 June 2006

Objectives and Principal Activities of the Queensland Studies Authority

The Queensland Studies Authority was established as a statutory body from 1 July 2002 under the *Education (Queensland Studies Authority) Act 2002*.

The objective of the Queensland Studies Authority is responsibility for syllabus development, assessment and the transition to tertiary education and post-school destinations for Queensland students from preschool to Year 12.

The authority is funded for the outputs it delivers principally by parliamentary appropriations. It also provides the following on a fee for service basis:

- Sale of publications
- Seminars, conferences and workshops
- Past examination papers
- Visa student fees
- Verification of student education profiles
- Certificates.

1 Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS are provided in transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS in Note 23.

The financial report is a general purpose financial report.

In particular, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2006, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the authority, where material.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

(c) User Charges, Taxes, Penalties and Fines

User charges and fees controlled by the authority are recognised as revenue when invoices for the related services are issued. User charges and fees are controlled by the authority where they can be deployed for the achievement of its objectives.

Revenue is recognised when goods or services are delivered.

Sale of assets

The profit or loss on sale of an asset is determined when control has passed to the buyer. In accounting for the sale of non-current assets, gross proceeds from the sales are applied to the written down value of the assets and disclosed in the Income Statement.

(d) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the authority obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

(e) Cash Assets

For the purposes of the Balance Sheet and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the authority's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 14 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the authority and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(g) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

Net realisable value is determined on the basis of the authority's normal selling pattern.

(h) Acquisitions of Assets

Actual cost is used for the initial recording of all asset acquisitions. Cost is determined as the value given as consideration plus cost incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from a Queensland department (whether as a result of a machinery-of-Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland department, are recognised at their fair value at date of acquisition in accordance with AASB116 Property Plant and Equipment.

(i) Property, Plant and Equipment

Items of property, plant and equipment, with a cost or other value in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Intangibles	\$100,000
Other	\$5,000

Items with a lesser value are expensed in the year of acquisition.

Plant and equipment is valued at cost in accordance with Queensland Treasury's Non Current Asset Accounting Policies for the Queensland Public Sector. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

(j) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The residual value is zero for all the authority's intangible assets.

It has been determined that there is not an active market for any of the authority's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Internal Use Software

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the authority, namely 5 – 7 ½ years.



Queenland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

(k) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment

Property, plant and equipment and intangibles are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the authority.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the now depreciable amount is depreciated over the remaining useful life of the asset to the authority.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Items comprising the authority's technical library are expensed on acquisition.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate %
Plant and equipment:	
Other equipment	16.67 - 20
Intangible Assets	
Purchased Software	20
Internal Use Software	13.3 - 20

(l) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the authority determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried out at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

(m) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(n) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(o) Other Financial Liabilities

Interest bearing liabilities are recognised at book value as the amount contractually owing.

All borrowing costs are accounted for on an accrual basis in the Income Statement using the effective interest method, and are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. No borrowing costs are capitalised.

Loans payable are recognised at the face value of the principal outstanding, interest being expensed or otherwise recognised as it accrues. The fair value of these loans is disclosed in Note 15.

(p) Employee Benefits

Wages, Salaries, Annual Leave and Sick Leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

Long service Leave

Under the Queensland government's long service leave scheme, a levy is made on the authority to cover this expense. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The authority's obligation is limited to its contribution to QSuper.

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

(q) Provisions

Provisions are recorded when the authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date to settle the obligation in a future period, but where the timing and/or amount required to settle the obligation is uncertain at reporting date, discounted to the present value using the pre-tax discount rate.

(r) Insurance

The authority's non-current physical assets and other risks are insured through a commercial insurer with premiums being paid on a risk assessment basis. In addition, the authority pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(s) Financing/Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include interest on bank overdrafts and short-term and long-term borrowings.

(t) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queens and State Public Sector entities as a result of machinery-of-Government changes are



**Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006**

adjusted to 'Contributed Equity' in accordance with UIG Abstract 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

(u) Taxation

The Queensland Studies Authority 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 and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(v) Issuance of Financial Statements

The financial statements are authorised for issue by the Director and Chairperson at the date of signing the Management Certificate.

(w) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest dollar.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

2 Revenue

	2006	2005
	\$	\$
User Charges		
- Visa student fees	422,250	384,546
- Sale of publications, syllabuses, past papers	331,981	337,255
- Workshops	450,670	747,927
- Verification of Student Education Profiles	8,847	11,848
- Examinations	42,888	43,524
- Attainment certificate statements	68,445	59,960
- Certificates	30,952	29,453
- Other	138,486	304,044
	<u>1,494,529</u>	<u>1,918,557</u>
Government contributions		
- Operating	28,607,223	24,555,000

3 Employee expenses/Number of employees/Executive Remuneration

Employees expenses:		
Wages and salaries	16,583,134	14,281,095
Employee superannuation contributions	1,682,145	1,548,198
Long service leave levy	237,732	180,934
Workers compensation	52,838	53,143
Other	1,564,307	1,294,368
	<u>20,120,156</u>	<u>17,357,738</u>

The Authority had 204.9 full time equivalent employees at 30 June 2006 (193-2005)

Executive Remuneration:		2006
The following is remuneration paid/payable to senior executives:		
\$140,000 to \$159,999		3
\$160,000 to \$179,999		-
\$180,000 to \$199,999		1
		<u>4</u>
Aggregate amount of total remuneration of executives shown above		\$ <u>531,118</u>
Aggregate amount of separation and redundancy payments during the year to executives shown above		\$ <u>243,535</u>

	2006	2005
	\$	\$
4 Supplies and services		
- Administration and finance	3,998,775	3,644,067
- Asset operating costs	1,191,497	1,303,228
- Consulting, contracting & bureau fees	3,926,723	3,123,598
- Property costs & maintenance	1,516,109	1,306,604
- Other	273	5,368
	<u>10,633,377</u>	<u>9,382,865</u>



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

5 Depreciation, amortisation and other expenses

	2005	2006
	\$	\$
The (deficit)/surplus from ordinary activities includes the following specific net gains and expenses		
<u>Depreciation and Amortisation</u>		
- Other Plant & equipment	180,940	143,730
- Computer software	586,174	543,807
	767,114	687,537
<u>Loss from Disposal of other Plant & Equipment</u>	8,417	-
<u>Bad and doubtful debts</u>	3,397	35,052
<u>Rental expense – operating lease</u>	1,261,175	1,079,076
<u>Auditors' remuneration</u>		
Queensland Audit Office -	21,000	19,000

6 Borrowing costs

Interest – QTC Borrowings 86,454 15,544

No borrowing costs were recognised during the period as part of the carrying amount of any qualifying assets.

7 Cash assets

Cash on hand	1,700	1,700
Cash at bank	1,960,982	30,747
Deposits at call	2,320,000	1,659,000
	4,282,682	1,691,447

8 Receivables

Current

Trade debtors	583,732	97,445
Other debtors	66,268	187,045
GST Receivable	127,383	87,306
	777,383	371,796

9 Inventories

Publications	377,323	1,090,646
Provision for obsolescence	-	(1,014,065)
Total inventories	377,323	76,581

The holding and carrying value of inventory was reassessed during the reporting period and amounts considered to be excess to requirements were adjusted through the Income Statement

10 Other current assets

Current

Prepayments	388,957	574,207
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Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

	2006 \$	2005 \$
11 Intangibles		
Computer software		
At cost	4,929,582	3,762,698
Less accumulated amortisation	<u>(1,658,371)</u>	<u>(1,100,093)</u>
	<u>3,271,211</u>	<u>2,662,605</u>

Movements during the reporting period

	Opening WDV	Additions	Disposals	Amortisation	Closing WDV
<i>Computer software</i>	<u>484,263</u>	<u>49,995</u>		<u>(141,730)</u>	<u>392,528</u>
<i>Internal use software</i>	<u>1,074,738</u>			<u>(441,444)</u>	<u>630,294</u>
<i>Software Development - work in progress</i>	<u>1,103,604</u>	<u>1,144,784</u>	<u>-</u>		<u>2,248,388</u>
	<u>2,662,605</u>	<u>1,194,779</u>	<u>-</u>	<u>(586,174)</u>	<u>3,271,211</u>

	2006 \$	2005 \$
12 Plant & equipment		
<i>Plant and equipment</i>		
At cost	3,561,892	3,692,201
Less accumulated depreciation	<u>(678,681)</u>	<u>(1,218,994)</u>
<i>Total</i>	<u>2,883,211</u>	<u>2,473,207</u>

Movements during the reporting period

	Opening WDV	Additions	Disposals	Depreciation	Closing WDV
<i>Plant & equipment</i>	493,929	457,758	(8,418)	(180,940)	762,279
<i>Plant & equipment - work in progress</i>	<u>1,979,378</u>	<u>141,604</u>			<u>2,120,982</u>
	<u>2,473,207</u>	<u>599,362</u>	<u>(8,418)</u>	<u>(180,940)</u>	<u>2,883,211</u>

Plant and equipment with a cost of \$1,979,378 was incorrectly commissioned and depreciated in the prior reporting period. This error has been rectified by reversing depreciation totalling \$146,444 and reflecting the asset as work-in-progress. Comparative figures and the accumulated deficit have been restated accordingly.

13 Payables

Trade creditors	469,483	379,435
Other creditors	<u>37,271</u>	<u>51,752</u>
	<u>506,754</u>	<u>431,187</u>

14 Accrued Employee Benefits

Recreation leave	1,554,118	1,290,551
Salaries Outstanding	<u>757,488</u>	<u>182,991</u>
	<u>2,311,606</u>	<u>1,473,542</u>



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

	2006 \$	2005 \$
15 Other Financial Liabilities		
Queensland Treasury Corporation borrowings		
Non-current	3,600,734	1,454,779
Current	<u>321,687</u>	<u>124,288</u>
	<u>3,922,421</u>	<u>1,579,067</u>

No assets have been pledged as security for any liabilities.

All borrowings are in \$A denominated amounts and recognised at their face value, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period.

On 30 October 2004, a 10 year loan facility with the Queensland Treasury Corporation was approved with a limit of \$4,066,000. The facility was totally utilised during the reporting period.

Principal and interest repayments are made quarterly in arrears. The current interest rate is 5.88% (2005:5.57%).

The market value of the authority's borrowings at 30 June, as notified by the Queensland Treasury Corporation, was \$ 3,899,860 (2005: \$1,593,827). This represents the value of the debt if the authority repaid it in full at balance date.

As it is the intention of the authority to hold its borrowings for their full term, no adjustment provision is made in these accounts.

	2006 \$	2005 \$
16 Other Current Liabilities		
Unearned Grant Revenue	<u>1,786,029</u>	<u>-</u>

17 Reconciliation of net deficit to net cash provided by/(used in) Operating activities

Net deficit from ordinary activities	(743,341)	(348,615)
Depreciation	180,940	143,730
Amortisation	586,174	543,807
Movements in provisions	2,559,549	1,064,259
Loss on disposal of non-current assets	8,417	164
Change in assets and liabilities		
Increase in receivables and inventory	(188,815)	(628,724)
Decrease in accounts payables	(359,248)	(1,011,498)
Net cash provided by/(used in) operating activities	<u>2,043,676</u>	<u>(234,877)</u>



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

18 Financial Instruments

(a) **Interest rate risk** - The exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

Financial Instruments	Floating Interest Rate		Fixed interest rate maturing in:						Non interest bearing			Total carrying amount as per Balance Sheet			Weighted average interest rates				
	2006	2005	One year or less		One to 5 years		Over 5 years		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	2006	2005	2006	2005	2006	2005	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Financial assets																			
Cash assets	1,960,982	30,747	2,320,000	1,659,000					1,700	1,700	4,282,682	1,691,447	5.29	5.11					
Receivables									777,383	371,796	777,383	371,796							
Other financial assets																			
Total financial assets	1,960,982	30,747	2,320,000	1,659,000					779,083	373,496	5,000,065	2,063,243							
Financial liabilities																			
Payables											506,754	614,178							
Interest-bearing liabilities																			
Total financial liabilities			321,687	124,288	1,477,384	573,790	2,123,350	881,489			3,922,421	1,570,067	5.88	5.57					
Total financial liabilities			321,687	124,288	1,477,384	573,790	2,123,350	881,489	506,754	614,178	4,429,175	2,193,245							

(b) **Net fair values** - The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows.

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2006	2005	2006	2005
Financial assets				
Cash assets	4,282,682	1,691,447	4,282,682	1,691,447
Receivables	777,383	371,796	777,383	371,796
Other financial assets				
Total financial assets	5,060,065	2,063,243	5,060,065	2,063,243
Financial liabilities				
Payables	506,754	614,178	506,754	614,178
Interest-bearing liabilities	3,922,421	1,570,067	3,922,421	1,570,067
Total financial liabilities	4,429,175	2,193,245	4,429,175	2,193,245

(c) **Credit Risk** - The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet. There are no concentrations of credit risk.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

2006 2005
 \$ \$

19 Segment Information

The Queensland Studies Authority's business is predominantly to provide syllabus development, and assessment services for Queensland students

20 Commitments for expenditure

(a) Non-Cancellable Operating Lease Commitments

At 30 June the Authority had the following operating lease commitments inclusive of GST:

Operating leases for property, office equipment and motor vehicles

Outstanding lease commitments are due for payment as follows:

* not later than one year	1,246,516	1,228,251
* later than one year and not later than five years	3,546,854	4,847,671
	4,793,370	6,075,922

(b) Capital Expenditure Commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

* Plant and equipment	-	291,987
Payable:		
* Not later than one year	-	291,987
	-	291,987

21 Contingent liabilities

There were no known contingent assets or liabilities of a significant nature as at 30 June 2006.

22 Superannuation

The Authority contributes in respect of its employees to the following Superannuation scheme:

QSuper	Contribution Rate	2006 \$	2005 \$
<u>Type of Scheme</u>	<u>%</u>		
Defined Benefit	12.75	873,566	874,475
Accumulation account	9 - 12.75	808,579	673,723
Total contributions to all schemes		1,682,145	1,548,198

The disclosure requirements for defined benefit schemes, detailed in AASB 1028 have not been provided as the liability is held and reported on a whole-of-Government basis.



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

23. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AIFRS) – as at July 2005

		Effect of transition to AIFRS			
		Previous GAAP 1 July 2005 \$	Opening Adjustments 1 July 2004 \$	2004-05 Adjustments \$	AIFRS 1 July 2005 \$
Current Assets					
	Cash Assets	1,691,447			1,691,447
	Receivables	371,796			371,796
	Inventories	76,581			76,581
	Other	574,207			574,207
	Total Current Assets	2,714,031			2,714,031
Non Current Assets					
23.1	Intangible Assets	2,812,951		(150,348)	2,662,603
	Property Plant & Equipment	2,473,207			2,473,207
	Total Non Current Assets	5,286,158		(150,348)	5,135,810
	Total Assets	8,000,189		(150,348)	7,849,841
Current Liabilities					
	Payables	614,178		(182,991)	431,187
	Financial Liabilities	124,288			124,288
23.2	Accrued Employee Benefits	1,290,551		182,991	1,473,542
	Total Current Liabilities	2,029,017			2,029,017
Non Current Liabilities					
	Interest bearing liabilities	1,454,779			1,454,779
	Total Liabilities	3,483,796			3,483,796
	Net Assets	4,516,393		(150,348)	4,366,045
Equity					
	Contributed Equity	5,133,248			5,133,248
23.3	Retained Surplus	(616,855)		(150,348)	(767,203)
	Total Equity	4,516,393		(150,348)	4,366,045

23.1 The adjustment to Intangible Assets is as follows

Write off of costs capitalised during the previous year, not considered directly attributable to Software developed in house.

23.2 Accrued Employee benefits previously classified as provisions.

23.3 The adjustments to Retained Surplus are as follows:

Write off of costs capitalised during the previous year, not considered directly attributable to Software developed in house.

Income Statement and Statement of Cash Flows

Adjustments were made to the Income Statement and Statement of Cash Flows as a result of the above in the transition to Australian equivalents to IFRS.

Assets written off increased by \$150,348 as a result of the above adjustments to property, plant and equipment



Queensland Studies Authority
Notes to and forming part of the Financial Statements
for the year ended 30 June 2006

24 Remuneration of Board Members

Remuneration received, or due and receivable by Board Members from the Authority in connection with the management of the Authority totalled \$ 29,178

The number of responsible persons whose remuneration from the Authority was within the following specified bands were:

				2006	2005
		\$			No.
0	-	5,000	14	12	
5,001	-	10,000	-	1	

The Authority's Board comprises the following members as at 1 July 2006:

Professor J Matlack (Chairperson)
 Dr B J. Arnison
 Professor T. Aspland
 R. Coonan
 P. Cooper
 K. Cumming
 J. Du Moutin
 L. Englert
 L. Jeffcoat
 Z. Johnston
 J. Ketchell
 C. Murison
 P. Nash
 T. Nebling
 D. Porter
 S. Ryan
 B. Stoddart
 L. Walsh
 C. Webb
 J. Wilson

25 Going Concern Basis of Accounting

An independent and comprehensive review of the financial position of the Authority will be conducted in the 2006-07 year so as to ensure the financial viability of the Authority in future years. The review will include an analysis of future cash flows projections, financial impact of policy agenda and associated key deliverables and to provide recommendations in order to achieve a balanced budget for the period 2006-07 to 2009-10.



CERTIFICATE OF QUEENSLAND STUDIES AUTHORITY

These general purpose financial statements have been prepared pursuant to section 45F(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with Section 45F(3) 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 Queensland Studies Authority for the financial year ended 30 June 2006 and of the financial position of the Authority at the end of that year.



K. Bannikoff
Director

28 July 2006



Professor J. Mattick
Chairperson

28 July 2006



INDEPENDENT AUDIT REPORT

To the Queensland Studies Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Queensland Studies Authority for the financial year ended 30 June 2006 included on the Queensland Studies Authority web site. The Directors are responsible for the integrity of the Queensland Studies Authority's web site. We have not been engaged to report on the integrity of the Queensland Studies Authority web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Queensland Studies Authority to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report

The financial report of the Queensland Studies Authority consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial report and certificates given by the Chairperson and Director of the Queensland Studies Authority for the year ended 30 June 2006.

The Authority's Responsibility

The Authority is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Authority
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

QAO-0035 0200

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

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.

Audit Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Studies Authority for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.

B MACRAE FCPA
Audit Manager
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane