

# Financial report

for the year ended 30 June 2007

## Contents

<b>Income statement</b>	34
<b>Balance sheet</b>	35
<b>Statement of changes in equity</b>	36
<b>Cash flow statement</b>	37
<b>Notes to and forming part of the financial statements</b>	38
<b>Certificate of Queensland Studies Authority</b>	67
<b>Independent auditor's report</b>	68

## GENERAL INFORMATION

This financial report covers the Queensland Studies Authority and its controlled entities.

The Queensland Studies Authority is a statutory body established under the *Education (Queensland Studies Authority) Act 2002*.

The Authority is controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the Authority is:  
295 Ann Street, Brisbane Qld 4000

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

For information in relation to the Authority's financial report please call 3864 0222 or visit the Authority's internet site: [www.qsa.qld.edu.au](http://www.qsa.qld.edu.au)

**Queensland Studies Authority**  
**INCOME STATEMENT**  
for the year ended 30 June 2007

	<i>Notes</i>	<b>2007</b> <b>\$'000</b>	<b>2006</b> <b>\$'000</b>
<b>Income</b>			
<b>Revenue</b>			
User charges	2	2,356	1,495
Grants	3	33,849	30,403
Interest		726	538
Other revenues		2	224
<b>Total Income</b>		<b>36,933</b>	<b>32,660</b>
<b>Expenses</b>			
Employee expenses	4	20,207	20,120
Supplies and services	5	11,896	10,485
Depreciation and amortisation	6	909	767
Impairment losses	7	270	-
Borrowing costs		178	86
Other expenses	8	92	149
<b>Total Expenses</b>		<b>33,552</b>	<b>31,607</b>
<b>Operating Surplus/(Deficit)</b>		<b>3,381</b>	<b>1,053</b>

*The accompanying notes form part of these statements*



# Queensland Studies Authority

## BALANCE SHEET

as at 30 June 2007

	<b>Notes</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>Current Assets</b>			
Cash assets	9,18	6,280	4,283
Receivables	10	289	777
Inventories	11	120	377
Prepayments		186	389
Non-current assets classified as held for sale	12	90	-
<b>Total Current Assets</b>		<b><u>6,965</u></b>	<b><u>5,826</u></b>
<b>Non-Current Assets</b>			
Intangible assets	13	3,895	3,073
Plant and equipment	14	2,240	2,884
<b>Total Non-Current Assets</b>		<b><u>6,135</u></b>	<b><u>5,957</u></b>
<b>Total Assets</b>		<b><u>13,100</u></b>	<b><u>11,783</u></b>
<b>Current Liabilities</b>			
Payables	15	693	507
Other financial liabilities	16	464	322
Accrued employee benefits	17	1,451	2,311
<b>Total Current Liabilities</b>		<b><u>2,608</u></b>	<b><u>3,140</u></b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	16	1,560	3,601
Accrued employee benefits	17	425	-
<b>Total Non-Current Liabilities</b>		<b><u>1,985</u></b>	<b><u>3,601</u></b>
<b>Total Liabilities</b>		<b><u>4,593</u></b>	<b><u>6,741</u></b>
<b>Net Assets</b>		<b><u>8,507</u></b>	<b><u>5,042</u></b>
<b>Equity</b>			
Contributed equity		4,840	4,756
Retained surpluses		3,667	286
<b>Total Equity</b>		<b><u>8,507</u></b>	<b><u>5,042</u></b>

*The accompanying notes form part of these statements*



**Queensland Studies Authority**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2007

	Retained Surpluses		Contributed Equity		Total Equity	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance 1 July</b>	<b>286</b>	<b>(767)</b>	<b>4,756</b>	<b>5,133</b>	<b>5,042</b>	<b>4,366</b>
Operating Surplus/(Deficit)	3,381	1,053	-	-	3,381	1,053
Non-owner changes in equity:						
- Correction of error *				(198)		(198)
Transactions with Owners as Owners:						
- Net leave liabilities transferred to/(from) other Departments		-	84	(179)	84	(179)
<b>Balance 30 June</b>	<b>3,667</b>	<b>286</b>	<b>4,840</b>	<b>4,756</b>	<b>8,507</b>	<b>5,042</b>

\* A review of the asset register in 06/07 found software assets recorded on the register that had an acquisition value less than the Treasury mandated threshold of \$100,000. These assets should have been removed from the register during the 05/06 financial year in accordance with Treasury policy.

The assets were removed from the asset register resulting in an adjustment of \$197,857 being made through Contributed Equity. The 05/06 comparative figures have been amended in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates & Errors*.

*The accompanying notes form part of these statements*



# Queensland Studies Authority

## CASH FLOW STATEMENT

for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
User charges		2,862	1,010
Grants and other contributions		33,849	30,403
Interest receipts		701	538
GST input tax credits from Australian Taxation Office		1,289	1,206
GST collected from customers		191	163
Other revenues		2	224
<i>Outflows:</i>			
Employee expenses		(20,579)	(19,341)
Supplies and services		(10,964)	(10,492)
GST remitted to Australian Taxation Office		(194)	(198)
GST paid to suppliers		(1,257)	(1,211)
Borrowing costs		(178)	(86)
Other expenses		(92)	(172)
<b>Net cash provided by (used in) operating activities</b>	<b>18</b>	<b><u>5,630</u></b>	<b><u>2,044</u></b>
<b>Cash flows from investing activities</b>			
<i>Outflows:</i>			
Payments for plant and equipment		(272)	(599)
Payments for intangibles		(1,462)	(1,196)
<b>Net cash provided by (used in) investing activities</b>		<b><u>(1,734)</u></b>	<b><u>(1,795)</u></b>
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Borrowings		-	2,466
<i>Outflows:</i>			
Borrowing redemptions		(1,899)	(124)
<b>Net cash provided by (used in) financing activities</b>		<b><u>(1,899)</u></b>	<b><u>2,342</u></b>
Net increase (decrease) in cash held		1,997	2,591
Cash at beginning of financial year		4,283	1,692
<b>Cash at end of financial year</b>	<b>9</b>	<b><u><u>6,280</u></u></b>	<b><u><u>4,283</u></u></b>

*The accompanying notes form part of these statements*



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 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 to provide a range of services and materials relating to syllabuses, testing, assessment, moderation, certification, accreditation, vocational education, tertiary entrance and research.

The authority is funded for the outputs it delivers principally by parliamentary appropriations administered by the Department of Education, Training and the Arts. 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 the Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report.

In particular, the financial statements comply with AAS 29 *Financial Reporting by Government Departments*, as well as 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 revenue, expenses, assets, liabilities and equity of the Authority, where material.

#### (c) User Charges

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.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (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.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

#### (e) Cash and Cash Equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, 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 impairment. All known bad debts have been 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 cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

Net realisable value is determined on the basis of the Authority's normal selling pattern. Expenses associated with marketing, selling and distribution are deducted to realise net realisable value.

#### (h) Non-Current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. The assets are not depreciated.

#### (i) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs 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 a Queensland Government Department, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

#### (j) Plant and Equipment

Items of plant and equipment, with a cost or other value in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.



**Queensland Studies Authority**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2007

**1. Summary of significant accounting policies (continued)**

**(k) Revaluations of Non-Current Physical and Intangible Assets**

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment is measured at cost. The carrying amounts for plant and equipment should not materially differ from their fair value.

**(l) Intangibles**

Intangible assets with a cost or other value being 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.

*Purchased Software*

The purchase cost of this software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Authority, namely 5 years.

*Internally Generated Software*

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

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 4 1/2 to 7 years.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (m) Amortisation and Depreciation of Intangibles and Plant and Equipment

Plant and equipment is 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.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery.

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 new 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 rates were used:

<b>Class</b>	<b>Depreciation/Amortisation rate</b>
Plant and equipment	
Computer equipment	20.0%
Office equipment	10.0%
Furniture	7.5%
Intangible assets	
Software purchased	20.0%
Software internally generated	14% to 22.5%



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (n) 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 at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (o) 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.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

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.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (p) 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.

#### (q) Other Financial Liabilities

Interest bearing liabilities are initially recognised at fair value inclusive of costs. The fair value is calculated as the net present value of all future payments using the effective interest rate at the date of the transaction. Subsequent measurement is based on amortised cost using the effective interest rate.

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.

#### (r) Employee Benefits

##### *Wages, salaries, recreation leave and sick leave*

Wages, salaries and recreation 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. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

For unpaid benefits 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 classified as non-current liabilities and 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 in the reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated benefits 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 2007

### 1. Summary of significant accounting policies (continued)

#### *Long service leave*

Under the Queensland Government's long service leave scheme, a levy is made on the Authority to cover this cost. 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*.

#### *Executive Remuneration*

The executive remuneration disclosures in the employee expenses note (Note 4) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the Authority or any related party in connection with the management of the affairs of the Authority or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase or decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of a salary rate increase or the like);
- performance pay received or due and receivable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, and repairs/maintenance incurred by the Authority during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing (being the market value of the rent or rental subsidy - where rent is part paid by the executive during the financial year, both paid and payable as at 30 June);
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives appointed by Governor in Council and classified as SES1 and above, with remuneration above \$100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

#### (s) 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.

#### (t) 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;
- Finance lease charges;
- Amortisation of discounts or premiums relating to borrowings; and
- Ancillary administration charges.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (u) Insurance

The Authority's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, 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.

#### (v) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

#### (w) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to 'Contributed Equity' in accordance with UIG Abstract 1038 *Contributions Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

#### (x) 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.

#### (y) Issuance of Financial Statements

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



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

#### (z) Judgements and Assumptions

The Authority has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### (aa) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000, or, where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

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

#### (ab) New and Revised Accounting Standards

Disclosure is required when initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect, except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods.

In the current year, the Authority has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for the 2006-07 reporting period.

Disclosure is required when a new Australian Accounting Standard which has been issued but is not yet effective has been applied.

The Queensland Studies Authority cannot early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Treasury. The Treasurer mandated the early adoption of AASB 7 *Financial Instruments: Disclosures* in the 2005-06 financial year. No additional standards have been early adopted in 2006-07. Consequently, the Authority has not applied the other Australian Accounting Standards and AASB and UIG Interpretations that have been issued but are not yet effective. These will be applied from their operative date.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

At the date of authorisation of the financial report, the following Standards and Interpretations had been issued/revised but were not yet effective:

Title	Operative for reporting periods beginning on/after
AASB 4 : Insurance Contracts	1 January 2007
AASB 101 : Presentation of Financial Statements	1 January 2007
AASB 117 : Leases	28 February 2007
AASB 118 : Revenue	28 February 2007
AASB 120 : Accounting for Government Grants and Disclosure of Government Assistance	28 February 2007
AASB 132 : Financial Instruments: Presentation	1 January 2007
AASB 139 : Financial Instruments: Recognition and Measurement	28 February 2007
AASB 1023 : General Insurance Contracts	1 January 2007
AASB 1048 : Interpretation and Application of Standards	31 March 2007
AASB 1049 : Financial Reporting of General Government Sectors by Governments	1 July 2008
AASB 2007-1 : Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	1 March 2007
AASB 2007-2 : Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	1 January 2008
AASB 2007-3 : Amendments to Australian Accounting Standards arising from AASB Interpretation 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	1 January 2009



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. Summary of significant accounting policies (continued)

Title	Operative for reporting periods beginning on/after
Interpretation 4: Determining whether an Arrangement contains a Lease [revised]	1 January 2008
Interpretation 10: Interim Financial Reporting and Impairment	1 November 2006
Interpretation 11: AASB 2 - Group and Treasury Share Transactions	1 March 2007
Interpretation 12: Service Concession Arrangements	1 January 2008
Interpretation 129: Disclosure - Service Concession Arrangements [revised]	1 January 2008

It is anticipated that the above Standards and Interpretations are either not applicable to the Authority or adoption of them in future periods will have no material impact on the Authority's financial statements.

	2007 \$'000	2006 \$'000
<b>2. User Charges</b>		
Visa student fees	405	422
Sale of publications, syllabuses, past papers	375	333
Workshops	862	451
Verification of Student Education Profiles	10	9
Examinations	35	43
Attainment certificate statements	62	68
Certificates	31	31
Copyright fees	445	6
Other	131	132
<b>Total</b>	<b>2,356</b>	<b>1,495</b>



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>3. Grants</b>		
Grants*	33,849	30,403

An amount of \$1,796,029 in grant income was transferred to unearned revenue in 05/06. This grant had been treated as a reciprocal transfer but it was determined in 06/07 that the grant should have been treated as a non-reciprocal transfer under *AASB 1004 Contributions*. The 05/06 figures for both unearned revenue and grant revenue have been restated in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates & Errors*.

#### 4. Employee Expenses / Number of Employees / Executive Remuneration

*Employee benefits:*

Wages, salaries and annual leave	16,986	16,349
Employer superannuation contributions *	1,780	1,682
Long service leave levy *	246	238

*Employee related expenses*

Workers compensation premium *	57	53
Payroll tax *	893	857
Other salary related expenses	245	941

<b>Total</b>	<b><u>20,207</u></b>	<b><u>20,120</u></b>
--------------	----------------------	----------------------

\* Costs of workers compensation insurance and payroll tax are a consequence of employing employees, but are not counted in an employees' total remuneration package. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### 4. Employee Expenses / Number of Employees / Executive Remuneration (continued)

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

	As at 30 June 2007	As at 30 June 2006
Number of Employees:	230.1	204.9
	<b>2007</b>	<b>2006</b>

#### *Executive remuneration*

The following is remuneration paid/payable to senior executives:

\$100 000 to 119 999	1	-
\$120 000 to 139 999	-	-
\$140 000 to 159 999	-	3
\$160 000 to 179 999	-	-
\$180 000 to 199 999	1	1
\$200 000 to 219 999	-	-
\$220 000 to 239 999	1	-

Aggregate amount of total remuneration of executives shown above (\$'000)**	512	531
---	-----	-----

Aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above (\$'000)	Nil	244
---	-----	-----

\*\* The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>5. Supplies and Services</b>		
Travel	1,069	1,304
Consultants and service providers	4,979	3,926
Telecommunication and access fees	301	326
Postage, freight and storage	669	690
Advertising, promotions, public relations	4	19
Stationery, printing, books and publications	1,106	826
Property, equipment and maintenance	3,090	2,641
Other	678	753
<b>Total supplies and services</b>	<b>11,896</b>	<b>10,485</b>

## 6. Depreciation and Amortisation

Depreciation and amortisation was incurred in respect of:

Plant and equipment	269	181
Software purchases	63	136
Software internally generated	577	450
<b>Total</b>	<b>909</b>	<b>767</b>

## 7. Impairment Losses

Plant and equipment - work in progress	270	-
<b>Total</b>	<b>270</b>	<b>-</b>

Refer to Note 14 for details of the recognised impairment loss.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>8. Other Expenses</b>		
Insurance premiums	44	51
External audit fees *	22	21
Bank and other charges	12	5
Equipment leases	14	16
Bad debt expense	-	3
Assets written off	-	53
<b>Total</b>	<b>92</b>	<b>149</b>

\* External audit fees for the Authority are estimated to be \$21,880 (2006 \$21,000). There are no non-audit services included in this amount.

### 9. Cash Assets

<i>Current</i>		
Imprest accounts	2	2
Cash at bank and on hand	1,278	1,961
Deposits at call	5,000	2,320
<b>Total</b>	<b>6,280</b>	<b>4,283</b>

Cash deposited with the Commonwealth Bank earned interest at rates between 5.25% and 6.14% (2006: 5.0% and 5.63%).



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>10. Receivables</b>		
<i>Current</i>		
Trade debtors	78	587
Less: provision for impairment	-	(3)
	<u>78</u>	<u>584</u>
GST receivable	99	101
GST payable	-	26
	<u>99</u>	<u>127</u>
Interest receivable	50	25
Long service leave reimbursements	62	41
<b>Total</b>	<u><u>289</u></u>	<u><u>777</u></u>

### Movements in the allowance of provision for impairment

Balance at beginning of the year	3	-
Amounts written off during the year	(3)	-
Amounts recovered during the year	-	-
Increase/decrease in allowance recognised in the profit or loss	-	3
	<u>-</u>	<u>3</u>
Balance at the end of the year	<u><u>-</u></u>	<u><u>3</u></u>

### 11. Inventories

Publications	120	377
<b>Total</b>	<u><u>120</u></u>	<u><u>377</u></u>

Inventories have been valued at net realisable value in accordance with AASB 102, para 28. The value of inventory held has been reduced by \$257,117 (by recognition of an expense). The reduction in value is based on both an analysis of the normal selling pattern of the Authority's inventory and the predicted impact of obsolescence of syllabus materials. No inventory held has been pledged as security for liabilities.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>12. Non-current Assets Classified as Held for Sale</b>		
Plant and equipment	90	-
<b>Total</b>	<u>90</u>	<u>-</u>

During 06/07, the ICT infrastructure for the Senior Learning Information Management System (SLIMS) software application was reconfigured and as a result three items of ICT hardware were identified as being surplus. The process to sell the surplus equipment commenced in late 06/07 with the equipment expected to be sold in early 07/08.

### 13. Intangible Assets

Software purchased *		
At cost:	314	314
Less: Accumulated amortisation	<u>(165)</u>	<u>(102)</u>
	149	212
Software internally generated		
At cost:	5,710	2,000
Less: Accumulated amortisation	<u>(1,964)</u>	<u>(1,387)</u>
	3,746	613
Software under development (Work in progress)	-	2,248
	<u>3,895</u>	<u>3,073</u>

\* Purchased software with a cost of \$367,510 (previously reported in 05/06) that did not meet Treasury guidelines for asset reporting was adjusted against Contributed Equity and comparative figures have been restated accordingly.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### 13. Intangible Assets (continued)

##### Intangibles Reconciliation

	Software Purchased	Software Internally Generated	Software Development- Work in Progress
	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2006</b>	212	613	2,248
Acquisitions	-	224	1,238
Transfers between classes	-	3,486	(3,486)
Amortisation	(63)	(577)	-
<b>Carrying amount at 30 June 2007</b>	<b>149</b>	<b>3,746</b>	<b>-</b>

#### 14. Plant and Equipment

	2007 \$'000	2006 \$'000
Plant and equipment:		
At cost	3,188	1,442
Less: Accumulated depreciation	(948)	(679)
	<u>2,240</u>	<u>763</u>
Plant and equipment - work in progress:		
At cost	-	2,121
<b>Total</b>	<b><u>2,240</u></b>	<b><u>2,884</u></b>

The Queensland Studies Authority has fully depreciated plant and equipment with a cost of \$0.329M still being used in the provision of services.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### 14. Plant and Equipment (continued)

Plant and equipment is valued at cost in accordance with Queensland Treasury's *Non-current Asset Policies for the Queensland Public Sector*.

#### Plant and equipment reconciliation

	Plant & Equipment	Plant & Equipment - Work in Progress
	\$'000	\$'000
<b>Carrying amount at 1 July 2006</b>	762	2,121
Acquisitions	76	196
Assets reclassified as held for sale	-	(90)
Transfers between classes	1,671	(1,671)
Incorrect classification of expense as asset	-	(286)
Impairment losses recognised in Operating Surplus *	-	(270)
Depreciation	(269)	-
<b>Carrying amount at 30 June 2007</b>	<b>2,240</b>	<b>-</b>

\*A review was undertaken in 06/07 of the ICT infrastructure needed to support the Senior Learning Information Management system (SLIMS). Three hardware items were determined to be surplus to requirements and a process to sell the surplus equipment commenced in late 06/07, with the equipment expected to be sold in early 07/08. As a result the assets were impaired to their fair value. An impairment loss of \$270,134 has been recognised in the Income Statement.

	2007 \$'000	2006 \$'000
<b>15. Payables</b>		
<i>Current</i>		
Trade creditors	662	478
Taxes, fees and fines payable	31	29
<b>Total</b>	<b>693</b>	<b>507</b>



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>16. Other Financial Liabilities</b>		
<i>Current</i>		
Queensland Treasury Corporation borrowings	464	322
<b>Total</b>	<b>464</b>	<b>322</b>
<i>Non-current</i>		
Queensland Treasury Corporation borrowings	1,560	3,601
<b>Total</b>	<b>1,560</b>	<b>3,601</b>

No assets have been pledged as security for any liabilities.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment date is 13 May 2011. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears at 5.86%.

The fair value of the Authority's borrowings at 30 June, as notified by the Queensland Treasury Corporation, was \$1.96 million (2006: \$3.90 million). The fair value is calculated using discounted cash flow analysis and the effective interest rate.

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

### 17. Accrued Employee Benefits

<i>Current</i>		
Salaries payable	318	754
Recreation leave	1,133	1,555
LSL Levy payable	-	2
<b>Total</b>	<b>1,451</b>	<b>2,311</b>
<i>Non-current</i>		
Recreation leave	425	-
<b>Total</b>	<b>425</b>	<b>-</b>

The discount rate used to calculate the present value of non-current annual leave is 6% (2006:nil).



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
<b>18. Reconciliation of net operating result to net cash provided by (used in) operating activities</b>		
Operating Surplus/(Deficit)	3,381	1,053
Depreciation & Amortisation	909	767
Incorrect classification of expense as asset	286	-
Impairment losses	270	-
Loss on disposal of non-current assets	-	8
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade receivables	506	(485)
(Increase)/decrease in GST input tax credits receivable	2	(5)
(Increase)/decrease in LSL reimbursement receivable	(21)	121
(Increase)/decrease in other receivables	(25)	-
(Increase)/decrease in inventory	257	(301)
(Increase)/decrease in prepayments/other	203	185
Increase/(decrease) in accounts payable	185	101
Increase/(decrease) in accrued employee benefits	(435)	837
Increase/(decrease) in GST payable	26	(35)
Increase/(decrease) in other payables	2	(23)
Net transfer of leave liabilities	84	(179)
<b>Net cash provided by (used in) operating activities</b>	<b><u>5,630</u></b>	<b><u>2,044</u></b>

## 19. Commitments for Expenditure

### (a) Non-cancellable operating leases

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	1,558	1,450
Later than one year and not later than five years	2,362	3,766
<b>Total</b>	<b><u>3,920</u></b>	<b><u>5,216</u></b>

Operating leases are entered into as a means of acquiring access to office accommodation and motor vehicles. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

<b>19. Commitments for Expenditure (continued)</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>

### (b) Other Expenditure Commitments

Commitments under purchase orders are inclusive of GST and are payable as follows:

Payable		
Not later than one year	2,802	-
<b>Total</b>	<b><u>2,802</u></b>	<b><u>-</u></b>

### (c) 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:

<b>2007</b>	Intangibles	Plant and Equip
Payable		
Not later than one year	2,394	103
<b>Total</b>	<b><u>2,394</u></b>	<b><u>103</u></b>

## 20. Financial Instruments

### *Categorisation of Financial instruments*

The Authority has categorised the financial assets and financial liabilities held as:

<b>Financial Assets</b>	<b>Category</b>
Cash	
Receivables	Receivables (at nominal value)
<b>Financial Liabilities</b>	
Payables	Financial liability not at fair value through the Profit and Loss (at nominal value)
Borrowings	Financial liability not at fair value through the Profit and Loss (at nominal value)

### *Credit Risk Exposure*

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

#### 20. Financial Instruments (continued)

There are no amounts offset as per AASB 132. There is no recognised impairment loss for the current year.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

The Authority manages credit risk through the use of the Credit Management Strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Authority invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is also monitored on a regular basis. The method for calculating any provisional impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings.

The following table represents the Authority's maximum exposure to credit risk based on contractual amounts net of any allowances as per AASB 139:

	Maximum Exposure to Credit Risk	
Financial Assets	2007	2006
Cash	6,280	4,283
Receivables	289	777
	<u>6,569</u>	<u>5,060</u>

#### ***Past due or impaired***

No collateral is held as security relating to the financial assets held by the Authority. No credit enhancements relate to the financial assets held by the Authority.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. Aging of past due or impaired financial instruments are disclosed in the Credit, Liquidity and Interest Risk table at the end of this note.

#### ***Liquidity risk***

The Authority is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for software development. The borrowings are based on the Queensland Government gazetted floating rate.

The Authority manages liquidity risk through the use of the Liquidity Management Strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Authority has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring the minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.



# Queensland Studies Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

### 20. Financial Instruments (continued)

#### **Market Risk**

The Authority does not trade in foreign currency. The Authority is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and cash deposited in interest bearing accounts. Details have been disclosed in the liquidity and interest risk tables. The Authority does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 50 basis point movement in interest rates. It assumes that the rate would be held constant over the financial year, with the change occurring at the beginning of the financial year.

At reporting date, if the interest rates had been 50 basis points lower, the Authority would have had a net profit decrease of \$40,106. This is mainly attributable to a calculated reduction in interest earned on "cash" asset holdings with the Commonwealth Bank, offset by the Authority's exposure to variable interest rates for its borrowings from Queensland Treasury Corporation.

If the interest rates had been 50 basis points higher, the Authority would have had a net profit increase of \$40,106. This is mainly attributable to a calculated increase in interest earned on "cash" asset holdings with the Commonwealth Bank, offset by the Authority's exposure to variable interest rates for its borrowings from Queensland Treasury Corporation.

The Authority's sensitivity to interest has decreased in the current period due to significant reduction in borrowings for software development projects.

#### **Fair Value**

The fair value of financial assets and liabilities is determined as follows:

- the fair value of financial assets and liabilities, cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately below.
- the fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.
- the fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation, therefore they are not disclosed separately below.

The Authority has not offset any assets and liabilities.

The carrying amounts of all financial assets and most financial liabilities are representative of their fair value. The fair value of borrowings is disclosed below.



## Queensland Studies Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2007

### 20. Financial Instruments (continued)

#### Financial Instruments

	2007		2006	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial liabilities at amortised cost				
Borrowings	<u>2,024</u>	<u>1,961</u>	<u>3,923</u>	<u>3,900</u>
<b>Total</b>	<b><u>2,024</u></b>	<b><u>1,961</u></b>	<b><u>3,923</u></b>	<b><u>3,900</u></b>

The following table sets out the credit, liquidity and interest risks of financial instruments held by the Queensland Studies Authority in a format as it might be provided to management. The maturity amounts relate to the actual contractual payments before net present value calculation with the associated adjustment back to book value disclosed.



2007

Credit, Liquidity and Interest Risk Tables  
Maturity date:

	Less than 1 month	1 - 3 months	3 months to 1 year	1 to 5 years	Greater than 5 years	Adjustment \$'000	Carrying amount \$'000	Weighted Average Rate %
<b>Financial Assets</b>								
Non-interest bearing	291	-	-	-	-	-	291	N/A
Variable interest rate	6,278	-	-	-	-	-	6,278	5.97%
<b>Total</b>	<b>6,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,569</b>	
<b>Financial Liabilities</b>								
Non-interest bearing	693	-	-	-	-	-	693	N/A
Variable interest rate	-	116	348	1560	-	-	2,024	5.86%
<b>Total</b>	<b>693</b>	<b>116</b>	<b>348</b>	<b>1560</b>	<b>-</b>	<b>-</b>	<b>2,717</b>	

2006

Credit, Liquidity and Interest Risk Tables  
Maturity date:

	Less than 1 month	1 - 3 months	3 months to 1 year	1 to 5 years	Greater than 5 years	Adjustment \$'000	Carrying amount \$'000	Weighted Average Rate %
<b>Financial Assets</b>								
Non-interest bearing	779	-	-	-	-	-	779	N/A
Variable interest rate	4,281	-	-	-	-	-	4,281	5.29%
<b>Total</b>	<b>5,060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,060</b>	
<b>Financial Liabilities</b>								
Non-interest bearing	507	-	241	-	-	-	507	N/A
Variable interest rate	-	80	241	1,477	2,125	-	3,923	5.88%
<b>Total</b>	<b>507</b>	<b>80</b>	<b>241</b>	<b>1,477</b>	<b>2,125</b>	<b>-</b>	<b>4,430</b>	



## Queensland Studies Authority

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### 21. Contingencies

##### (a) Guarantees and undertakings

The Queensland Studies Authority was not committed to any guarantees or undertakings at 30 June 2007.

##### (b) Litigations in progress

There was one case filed naming the Queensland Studies Authority as defendant as at 30 June 2007.

At reporting date it is not possible to make an estimate of any probable outcome of this claim, or any financial effect.

#### 22. 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 \$ 32,925.

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

	2007 No.	2006 No.
\$ 0 to 5,000	12	14

The Authority's Board comprises the following members as at 1 July 2007:

Professor J. Mattick (Chairperson)  
Dr B. J. Arnison  
Professor T. Aspland  
R. Cloonan  
P. Cooper  
K. Cumming  
J. Du Moulin  
L. Englert  
L. Jeffcoat  
Z. Johnston  
C. Murison  
T. Nash  
T. Niebling  
S. Ollerenshaw  
D. Porter  
S. Ryan  
L. Walsh  
C. Webb  
J. Wilson



## CERTIFICATE OF QUEENSLAND STUDIES AUTHORITY

These general purpose financial statements have been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with section 46F(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for the establishing and keeping of 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 2007 and of the financial position of the Authority at the end of that year.



**K. Bannikoff**  
Director

22 19 07



**L. Jeffcoat**  
Acting Chairperson

29 19 07



## INDEPENDENT AUDITOR'S REPORT

To the Authority of the Queensland Study Authority

### **Matters Relating to the Electronic Presentation of the Audited Financial Report**

The audit report relates to the financial report of Queensland Studies Authority for the financial year ended 30 June 2007 included on Queensland Studies Authority web site. The Authority is 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's 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 Queensland Studies Authority to confirm the information included in the audited financial report presented on this web site.

### **Report on the Financial Report**

I have audited the accompanying financial report of Queensland Studies Authority which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Director and the Acting Chairperson

#### *The Authority's Responsibility for the Financial Report*

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Independence*

The *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 Queensland 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.

#### *Auditor's 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 2006 to 30 June 2007 and of the financial position as at the end of that year.



J WELSH FCPA  
as Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

