FINANCIAL REPORT

for the year ended 30 June 2008

Contents

GENERAL INFORMATION

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

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

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

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

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

For information in relation to the QSA's financial report, please call 3864 0222 or visit the QSA website: www.qsa.qld.edu.au

Queensland Studies Authority
INCOME STATEMENT
for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Income			
Revenue			
User charges	*2*	2,824	2,356
Grants		40,184	33,849
Interest		918	726
Other revenues		3	2
Total Income		**43,929**	**36,933**
Expenses			
Employee expenses	*3*	22,724	20,207
Supplies and services	*4*	16,883	11,896
Depreciation and amortisation	*5*	1,447	909
Impairment losses	*6*	90	270
Borrowing costs		97	178
Other expenses	*7*	105	92
Total Expenses		**41,346**	**33,552**
Operating Surplus		**2,583**	**3,381**

The accompanying notes form part of these statements

QAO CERTIFIED STATEMENTS

Queensland Studies Authority

BALANCE SHEET
as at 30 June 2008

	Notes	2008 $'000	2007 $'000
Current Assets			
Cash and cash equivalents	*8*	8,684	6,280
Receivables	*9*	379	289
Inventories	*10*	105	120
Prepayments		440	186
		9,608	6,875
Non-current assets classified as held for sale	*11*	-	90
Total Current Assets		**9,608**	**6,965**
Non-Current Assets			
Intangible assets	*12*	7,033	3,895
Plant and equipment	*13*	2,147	2,240
Total Non-Current Assets		**9,180**	**6,135**
Total Assets		**18,788**	**13,100**
Current Liabilities			
Payables	*14*	4,773	693
Other financial liabilities	*15*	531	464
Accrued employee benefits	*16*	1,663	1,451
Other current liabilities	*17*	23	-
Total Current Liabilities		**6,990**	**2,608**
Non-Current Liabilities			
Other financial liabilities	*15*	716	1,560
Accrued employee benefits	*16*	-	425
Total Non-Current Liabilities		**716**	**1,985**
Total Liabilities		**7,706**	**4,593**
Net Assets		**11,082**	**8,507**
Equity			
Contributed equity		4,832	4,840
Retained surpluses		6,250	3,667
Total Equity		**11,082**	**8,507**

The accompanying notes form part of these statements

QAO CERTIFIED STATEMENTS

Queensland Studies Authority
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2008

	Retained Surpluses		Contributed Equity		Total Equity	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Balance 1 July	3,667	286	4,840	4,756	8,507	5,042
Operating Surplus/(Deficit)	2,583	3,381	-	-	2,583	3,381
Transactions with Owners as Owners:						
- Net leave liabilities transferred to/(from) other departments	-	-	(8)	84	(8)	84
Balance 30 June	**6,250**	**3,667**	**4,832**	**4,840**	**11,082**	**8,507**

The accompanying notes form part of these statements

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Queensland Studies Authority
CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	2008 $'000	2007 $'000
Cash flows from operating activities			
Inflows:			
User charges		2,863	2,862
Grants and other contributions		40,184	33,849
Interest receipts		899	701
GST input tax credits from Australian Taxation Office		1,571	1,289
GST collected from customers		288	191
Other revenues		1	2
Outflows:			
Employee expenses		(22,934)	(20,579)
Supplies and services		(13,020)	(10,964)
GST remitted to Australian Taxation Office		(289)	(194)
GST paid to suppliers		(1,688)	(1,257)
Borrowing costs		(97)	(178)
Other expenses		(104)	(92)
Net cash provided by (used in) operating activities	*18*	**7,674**	**5,630**
Cash flows from investing activities			
Inflows:			
Sales of plant and equipment		3	-
Outflows:			
Payments for plant and equipment		(473)	(272)
Payments for intangibles		(4,023)	(1,462)
Net cash provided by (used in) investing activities		**(4,493)**	**(1,734)**
Cash flows from financing activities			
Outflows:			
Borrowing redemptions		(777)	(1,899)
Net cash provided by (used in) financing activities		**(777)**	**(1,899)**
Net increase (decrease) in cash held		2,404	1,997
Cash at beginning of financial year		6,280	4,283
Cash at end of financial year	*8*	**8,684**	**6,280**

The accompanying notes form part of these statements

QAO CERTIFIED STATEMENTS

Queensland Studies Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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 2008, 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.

(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.

QAO CERTIFIED STATEMENTS

1 Summary of significant accounting policies (continued)

(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.

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 another Queensland Government entity, 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.

(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 at cost 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.

QAO CERTIFIED STATEMENTS

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 capacity.

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.

The depreciable amount of leasehold Improvements is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of leases includes any option period where exercise of the option is probable.

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

For each class of depreciable asset the following rates were used:

Class	Depreciation/Amortisation rate
Plant and equipment	
Computer equipment	20.0%
Office equipment	10% to 20%
Furniture	7.5%
Leasehold Improvements	41.7%
Intangible assets	
Software purchased	20.0%
Software internally generated	14% to 22.5%

(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.

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.

(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.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

QAO CERTIFIED STATEMENTS

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) Financial Instruments

Recognition
Financial assets and financial liabilities are recognised in the Balance Sheet when the Authority becomes party to the contractual provisions of the financial instrument.

Classification
- Cash and Cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Held to maturity investment - held at amortised cost
- Payables - held at amortised cost
- Borrowings - are held at amortised cost.

Borrowings are held at amortised cost. Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

The Authority does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Authority holds no financial assets classified at fair value through profit and loss.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by the Authority are included in Note 20.

(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 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 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.

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 Treasurer on the advice of 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.*

QAO CERTIFIED STATEMENTS

1 Summary of significant accounting policies (continued)

Executive Remuneration
The executive remuneration disclosures in the employee expenses note (Note 3) 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, 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 paid or due and payable 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);

- 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 the Authority 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 Authority.

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.

No borrowing costs are capitalised into qualifying assets.

(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.

QAO CERTIFIED STATEMENTS

1 Summary of significant accounting policies (continued)

(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 Interpretation 1038 *Contributions by Owners 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 Chair at the date of signing the Management Certificate.

(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. Sub-totals and totals may not add due to rounding, but the overall discrepancy is no greater than two.

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

(ab) New and Revised Accounting Standards

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the Authority. Also, the Authority has not voluntarily changed any of its accounting policies.

The Authority is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Authority has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Authority will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, a number of new or amended Australian accounting standards with future commencement dates will have a significant impact on the Authority. Details of such impacts are set out below.

AASB 1004 *Contributions* has been revised, and will affect the Authority as from 2008-09. One implication arising from this revised standard will be that - to the extent that no cash consideration is provided/received - transfers of accrued employee benefits between the Authority and other Queensland Government agencies will need to be recognised as either income or expense in the Authority's Income Statement, instead of being adjusted directly against Contributed Equity (refer to the Statement of Changes in Equity). If the revised AASB 1004 applied to the Authority during 2007-08, the 2007-08 operating surplus would have decreased by approximately $8,461, comprising an additional $34,568 income due to accrued employee benefits for employees leaving the Authority, offset by an additional $43,030 in expenses due to accrued employee benefits for employees transferred into the Authority.

AASB 101 *Presentation of Financial Statements* has been revised, but such revisions will not impact on the Authority until 2009-10. This revised standard does not have measurement or recognition implications. Instead, there will be significant changes to the presentation of the Authority's overall financial performance and position, particularly the content of the Statement of Changes in Equity, and preparation of a new Statement of Comprehensive Income (which will include certain items currently disclosed in the Statement of Changes in Equity, in line with the definition of 'comprehensive income' in the revised AASB 101).

A revised version of AASB 123 *Borrowing Costs* has been released, but such revisions will not impact on the Authority until 2009-10. The main effect will be that all borrowing costs directly attributable to the acquisition, construction or production of 'qualifying assets' (as defined in AASB 123) with commencement dates for capitalisation on or after 1 July 2009 will be capitalised into the acquisition cost of such assets. All other borrowing costs will be expensed. If the revised AASB 123 applied to the Authority during 2007-08, $96,535 of interest costs would have instead been capitalised to the Authority's intangible assets (refer to Note 12). Ignoring a slight consequential increase in amortisation expense, and ignoring other potential impacts on the operating result, this change would have not materially increased the 2007-08 operating surplus from approximately $2,583,000 to $2,679,535 and it would not have had a material impact on the Authority's net asset position.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Authority, or have no material impact on the Authority.

QAO CERTIFIED STATEMENTS

	2008 $'000	2007 $'000
2 User Charges		
Visa student fees	425	405
Sale of publications, syllabuses, past papers	512	375
Workshops	1,467	862
Verification of Student Education Profiles	8	10
Examinations	31	35
Attainment certificate statements	69	62
Certificates	29	31
Copyright fees	86	445
Other	197	131
Total	**2,824**	**2,356**

3 Employee Expenses / Number of Employees / Executive Remuneration

	2008 $'000	2007 $'000
Employee benefits:		
Wages, salaries and annual leave	18,917	16,986
Employer superannuation contributions *	2,046	1,780
Long service leave levy *	278	246
Employee related expenses		
Workers compensation premium *	57	57
Payroll tax *	1,004	893
Other salary related expenses	422	245
Total	**22,724**	**20,207**

* 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.

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

	2008	2007
Number of Employees:	231.9	230.1

Executive remuneration

The following is remuneration paid/payable to senior executives:

	2008	2007
$100 000 to 119 999	-	1
$120 000 to 139 999	-	-
$140 000 to 159 999	-	-
$160 000 to 179 999	1	-
$180 000 to 199 999	1	1
$200 000 to 219 999	-	-
$220 000 to 239 999	1	1
	3	**3**

	2008 $'000	**2007 $'000**
Aggregate amount of total remuneration of executives shown above ($'000)**	**594**	**512**
Aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above ($'000)	-	-

** 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.

4 Supplies and Services

	2008 $'000	2007 $'000
Travel	1,365	1,069
Consultants and service providers	9,989	4,979
Telecommunication and access fees	281	301
Postage, freight and storage	645	669
Advertising, promotions, public relations	23	4
Stationery, printing, books and publications	865	1,106
Property, equipment and maintenance	2,879	3,090
Other	836	678
Total supplies and services	**16,883**	**11,896**

5 Depreciation and Amortisation

	2008 $'000	2007 $'000
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	562	269
Software purchased	63	63
Software internally generated	822	577
Total	**1,447**	**909**

6 Impairment Losses

	2008 $'000	2007 $'000
Plant and equipment - work in progress	-	270
Plant and equipment - Held For Sale	90	-
Total	**90**	**270**

For details of the recognised impairment loss refer to Note 11

7 Other Expenses

	2008 $'000	2007 $'000
Insurance premiums	40	44
External audit fees *	26	22
Internal audit fees **	24	-
Bank and other charges	12	12
Equipment leases	-	14
Bad debt expense	-	-
Assets written off	3	-
Total	**105**	**92**

* External audit fees for the Authority are estimated to be $25,800 (2007 $21,880). There are no non-audit services included in this amount.

** The Authority engaged the services of Internal Audit from the Department of Education, Training and the Arts during 07/08 to perform audits of financial compliance and performance audits of project management and resource allocation processses.

8 Cash and Cash Equivalents

	2008 $'000	2007 $'000
Imprest accounts	2	2
Cash at bank and on hand	3,682	1,278
Deposits at call	5,000	5,000
Total	**8,684**	**6,280**

Interest earned on cash held with the Commonwealth Bank earned between 5.75% to 7.58% in 2008 (2007: 5.25% to 6.14%).

QAO CERTIFIED STATEMENTS

	2008 $'000	2007 $'000
9 Receivables		
Trade debtors	62	78
Less: provision for impairment	-	-
	62	78
GST receivable	216	99
GST payable	-	-
	216	99
Interest receivable	69	50
Long service leave reimbursements	32	62
Total	**379**	**289**
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	-	-
Balance at the end of the year	**-**	**-**
10 Inventories		
Publications	105	120
Total	**105**	**120**

Inventories have been valued at net realisable value in accordance with AASB 102 *Inventories* . The value of inventory held has been reduced by $15,411 (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.

	2008 $'000	2007 $'000
11 Non-current Assets Classified as Held for Sale		
Plant and equipment	-	90
Total	**-**	**90**

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. The equipment was impaired to nil value in 07/08 after numerous attempts to sell the equipment failed.

	2008 $'000	2007 $'000
12 Intangible Assets		
Software purchased		
At cost:	314	314
Less: Accumulated amortisation	(228)	(165)
	86	149
Software internally generated		
At cost:	7,956	5,710
Less: Accumulated amortisation	(2,786)	(1,964)
	5,170	3,746
Software under development (Work in progress)	1,777	-
	7,033	**3,895**

QAO CERTIFIED STATEMENTS

Queensland Studies Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

12 Intangible Assets (continued)

Intangibles Reconciliation

	Software Developed - WIP		Software Internally Generated		Software Purchased		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening Balance	-	2,248	3,746	613	149	212	3,895	3,073
Acquisitions -internally developed	1,777	1,238	2,246	224	-	-	4,023	1,462
Transfer between classes	-	(3,486)	-	3,486	-	-	-	-
Amortisation	-	-	(822)	(577)	(63)	(63)	(885)	(640)
Carrying amount at 30 June	**1,777**	**-**	**5,170**	**3,746**	**86**	**149**	**7,033**	**3,895**

Amortisation of intangibles is included in the line item 'Depreciation and Amortisation' in the Income Statement.

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis. Refer to Note 1(m).

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

The Authority has a software program with an original cost of $2,000,000 and a written down value of zero still being used in the provision of services. It is to be further upgraded or replaced in the 2009-10 financial year depending upon the outcome of funding submissions.

13 Plant and Equipment

	2008 $'000	2007 $'000
Plant and equipment:		
At cost	3,387	3,188
Less: Accumulated depreciation	(1,240)	(948)
Total	**2,147**	**2,240**

The Queensland Studies Authority has fully depreciated plant and equipment with a cost of $0.214M still being used in the provision of services.

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		Work in Progress		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	
Opening Balance	2,240	762	-	2,121	2,240	2,883
Acquisitions	473	76	-	196	473	272
Disposals	(4)	-	-	-	(4)	-
Assets re-classified as held for sale	-	-	-	(90)	-	(90)
Transfer between Classes	-	1,671	-	(1,671)	-	-
Impairment losses recognised in operating surplus/(deficit)	-	-	-	(270)	-	(270)
Incorrect classification of expense as asset	-	-	-	(286)	-	(286)
Depreciation	(562)	(269)	-	-	(562)	(269)
Carrying amount at 30 June	**2,147**	**2,240**	**-**	**-**	**2,147**	**2,240**

14 Payables

	2008 $'000	2007 $'000
Trade creditors	4,762	662
Taxes, fees and fines payable	11	31
Total	**4,773**	**693**

QAO CERTIFIED STATEMENTS

15 Other Financial Liabilities

	2008 $'000	2007 $'000
Current		
Queensland Treasury Corporation borrowings	531	464
Total	**531**	**464**
Non-current		
Queensland Treasury Corporation borrowings	716	1,560
Total	**716**	**1,560**

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 29 September 2010. 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 $1.198 million (2007: $1.961 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.

16 Accrued Employee Benefits

	2008 $'000	2007 $'000
Current		
Salaries payable	-	318
Recreation leave	1,663	1,133
LSL Levy payable	-	-
Total	**1,663**	**1,451**
Non-current		
Recreation leave	-	425
Total	**-**	**425**

During 2007/08, the Authority implemented a new Recreation Leave Management Policy. The policy requires a formal Recreation Leave Management Plan (RLMP) to be in place for each employee with a balance greater than 40 days recreation leave. The RLMP ensures the employee's balance will be under 40 days within twelve months. Accordingly, the Authority is recognising all leave as current for 2007/08. The discount rate used to calculate the present value of non-current recreation leave in 2007 was 6%.

17 Other current liabilities

	2008 $'000	2007 $'000
Unearned revenue - professional development workshops	23	-
Total	**23**	**-**

18 Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2008 $'000	2007 $'000
Operating Surplus/(Deficit)	2,583	3,381
Depreciation & Amortisation	1,447	909
Incorrect classification of expense as asset	-	286
Gain on sale of non-current assets	(2)	-
Impairment losses	90	270
Loss on disposal of non-current assets	3	-
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	16	506
(Increase)/decrease in GST input tax credits receivable	(117)	2
(Increase)/decrease in LSL reimbursement receivable	30	(21)
(Increase)/decrease in other receivables	(19)	(25)
(Increase)/decrease in inventory	15	257
(Increase)/decrease in prepayments/other	(254)	203
Increase/(decrease) in accounts payable	4,100	185
Increase/(decrease) in accrued employee benefits	(213)	(435)
Increase/(decrease) in GST payable	-	26
Increase/(decrease) in unearned revenue	23	-
Increase/(decrease) in other payables	(20)	2
Net transfer of leave liabilities	(8)	84
Net cash provided by (used in) operating activities	**7,674**	**5,630**

QAO CERTIFIED STATEMENTS

Queensland Studies Authority
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

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:

	2008 $'000	2007 $'000
Not later than one year	1,802	1,558
Later than one year and not later than five years	1,831	2,362
Total	**3,633**	**3,920**

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.

(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:

2008	Intangibles	Plant and Equip
Payable		
Not later than one year	764	243
Total	**764**	**243**

2007	Intangibles	Plant & Equip
Payable		
Not later than one year	2,394	103
Total	**2,394**	**103**

20 Financial Instruments

Categorisation of Financial instruments

(a) The Authority has the following categories of financial assets and financial liabilities:

Category	Note	2008 $'000	2007 $'000
Financial Assets			
Cash and cash equivalents	8	8,684	6,280
Receivables	9	379	289
Total		**9,063**	**6,569**
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	14	4,773	693
Other financial liabilities - QTC Borrowings	15	1,247	2,024
Total		**6,020**	**2,717**

(b) ***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.

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

Category	Note		
Financial Assets			
Cash and cash equivalents	8	8,684	6,280
Receivables	9	379	289
Total		**9,063**	**6,569**

QAO CERTIFIED STATEMENTS

20 Financial Instruments (continued)

(b) ***Credit Risk Exposure (cont'd)***

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

The Authority manages credit risk through the use of a 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.

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the Authority's documented risk analysis assessment in conjunction with historic experience and associated industry data.

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 but not impaired as well as impaired financial assets are disclosed in the following tables:

2008 Financial Assets Past Due But Not Impaired
Contractual Repricing/Maturity Date:

Financial Assets	Not Overdue $'000	Less than 30 days $'000	31-90 days $'000	Greater than 90 days $'000	Total $'000	Total Financial Assets $'000
Receivables	317	55	7	-	**379**	**379**
Total	**317**	**55**	**7**	**-**	**379**	**379**

2007 Financial Assets Past Due But Not Impaired
Contractual Repricing/Maturity Date:

Financial Assets	Not Overdue $'000	Less than 30 days $'000	31-90 days $'000	Greater than 90 days $'000	Total $'000	Total Financial Assets $'000
Receivables	211	52	24	2	**289**	**289**
Total	**211**	**52**	**24**	**2**	**289**	**289**

(c) ***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 as they fall due. 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.

The following table sets out the liquidity risk of financial liabilities held by the Authority. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

		2008 Payable in			
	Note	**<1 year $'000**	**1 - 5 year $'000**	**> 5 year $'000**	**Total $'000**
Financial Liabilities					
Payables	14	4,773	-	-	4,773
QTC borrowing	15	531	716	-	1,247
Total		**5,304**	**716**	**-**	**6,020**

		2007 Payable in			
	Note	**<1 year $'000**	**1 - 5 year $'000**	**> 5 year $'000**	**Total $'000**
Financial Liabilities					
Payables	14	693	-	-	693
QTC borrowing	15	464	1,560	-	2,024
Total		**1,157**	**1,560**	**-**	**2,717**

QAO CERTIFIED STATEMENTS

20 Financial Instruments (continued)

(d) ***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.

Interest Rate Sensitivity Analysis

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 if interest rates would change by +/- 1% from the year-end rates applicable to the authority's financial assets and liabilities. With all other variables held constant, the Authority would have a surplus and equity increase/(decrease) of $87,000 (2007: $63,000). This is attributable to the Authority's exposure to variable interest rates on its cash invested in fixed term deposits.

Financial Instruments	Carrying Amount	2008 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	8,684	(87)	(87)	87	87
Overall effect on profit and equity		**(87)**	**(87)**	**87**	**87**

The Authority's sensitivity to interest has increased in the current period due to a significant increase in cash holdings.

Financial Instruments	Carrying Amount	2007 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	6,280	(63)	(63)	63	63
Overall effect on profit and equity		**(63)**	**(63)**	**63**	**63**

Fair Value

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

- The carrying amount of cash, cash equivalents, receivables and payables approximate their fair value and are not disclosed separately below.

- Held-to-maturity financial assets are measured at cost, as fair value cannot be reliably measured, therefore no fair value is disclosed.

The carrying amounts of all financial assets and financial liabilities, except the borrowings from the Queensland Treasury Corporation are representative of their fair value. The fair value of borrowings is calculated using discounted cash flow analysis and the effective interest rate (refer Note 15) and is disclosed below:

	2008		2007	
Financial Liabilities	**Carrying Amount $'000**	**Fair Value $'000**	**Carrying Amount $'000**	**Fair Value $'000**
Financial liabilities at amortised cost				
Borrowings	1,247	1,198	2,024	1,961
Total	**1,247**	**1,198**	**2,024**	**1,961**

21 Contingencies

(a) Guarantees and undertakings

The Queensland Studies Authority was not committed to any guarantees or undertakings at 30 June 2008.

QAO CERTIFIED STATEMENTS

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 $34,817

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

$	2008 No.	2007 No.
0 to 5,000	12	14

The Authority's Board comprises the following members as at 30 June 2008:

L. Jeffcoat (Acting Chair)
B. Arnison
T. Aspland
R. Cloonan
K. Cumming
C. Murison
T. Nash
T Niebling
D. Porter
S. Ryan
J. Du Moulin
Z. Johnston
L. Walsh
C. Webb
K. Wenban
J. Wilson

FINANCIAL REPORT

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 2008 and of the financial position of the Authority at the end of that year.

K. Bannikoff Director	L. Jeffcoat Acting Chair
27/8/08	27/8/08

QAO CERTIFIED STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Authority of 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 2008 included on the Queensland Studies Authority's 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 the Queensland Studies Authority to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Studies Authority which comprises the balance sheet as at 30 June 2008, 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 Chair.

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 2007 to 30 June 2008 and of the financial position as at the end of that year.

J Welsh

DIRECTOR OF AUDIT
31 AUG 2008
QUEENSLAND AUDIT OFFICE

J F Welsh FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane