Financial report 2008–09

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 (07) 3864 0222 or visit the QSA website: ‹www.qsa.qld.edu.au›

Queensland Studies Authority
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Income			
Revenue			
User charges	*2*	2,865	2,824
Grants and other contributions	*3*	37,425	40,184
Interest		839	918
Other revenues		3	3
Total Income		**41,132**	**43,929**
Expenses			
Employee expenses	*4*	24,786	22,724
Supplies and services	*5*	12,831	16,883
Depreciation and amortisation	*6*	1,922	1,447
Impairment losses	*7*	52	90
Borrowing costs		42	97
Other expenses	*8*	156	105
Total Expenses		**39,789**	**41,346**
Operating Surplus		**1,343**	**2,583**

The accompanying notes form part of these statements

Queensland Studies Authority
BALANCE SHEET
as at 30 June 2009

	Notes	2009 $'000	2008 $'000
Current Assets			
Cash and cash equivalents	*9*	7,173	8,684
Receivables	*10*	575	379
Inventories	*11*	138	105
Prepayments		466	440
		8,352	9,608
Total Current Assets		**8,352**	**9,608**
Non-Current Assets			
Intangible assets	*12*	7,980	7,033
Plant and equipment	*13*	1,883	2,147
Total Non-Current Assets		**9,863**	**9,180**
Total Assets		**18,215**	**18,788**
Current Liabilities			
Payables	*14*	3,258	4,773
Other financial liabilities	*15*	536	531
Accrued employee benefits	*16*	1,788	1,663
Other current liabilities	*17*	28	23
Total Current Liabilities		**5,610**	**6,990**
Non-Current Liabilities			
Other financial liabilities	*15*	180	716
Total Non-Current Liabilities		**180**	**716**
Total Liabilities		**5,790**	**7,706**
Net Assets		**12,425**	**11,082**
Equity			
Contributed equity		4,832	4,832
Retained surpluses		7,593	6,250
Total Equity		**12,425**	**11,082**

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 2009

	Retained Surpluses		Contributed Equity		Total Equity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Balance 1 July	6,250	3,667	4,832	4,840	11,082	8,507
Operating Surplus/(Deficit)	1,343	2,583	-	-	1,343	2,583
Transactions with Owners as Owners:						
- Net leave liabilities transferred to/(from) other departments	-	-	-	(8)	-	(8)
Balance 30 June	**7,593**	**6,250**	**4,832**	**4,832**	**12,425**	**11,082**

The accompanying notes form part of these statements

Queensland Studies Authority
CASH FLOW STATEMENT
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Inflows:			
User charges		2,607	2,863
Grants and other contributions		37,425	40,184
Interest receipts		875	899
GST input tax credits from Australian Taxation Office		1,786	1,571
GST collected from customers		280	288
Other revenues		1	1
Outflows:			
Employee expenses		(24,692)	(22,934)
Supplies and services		(14,406)	(13,020)
GST remitted to Australian Taxation Office		(279)	(289)
GST paid to suppliers		(1,721)	(1,688)
Borrowing costs		(42)	(97)
Other expenses		(114)	(104)
Net cash provided by (used in) operating activities	18	**1,720**	**7,674**
Cash flows from investing activities			
Inflows:			
Sales of plant and equipment		2	3
Outflows:			
Payments for plant and equipment		(475)	(473)
Payments for intangibles		(2,227)	(4,023)
Net cash provided by (used in) investing activities		**(2,700)**	**(4,493)**
Cash flows from financing activities			
Outflows:			
Borrowing redemptions		(531)	(777)
Net cash provided by (used in) financing activities		**(531)**	**(777)**
Net increase (decrease) in cash held		(1,511)	2,404
Cash at beginning of financial year		8,684	6,280
Cash at end of financial year	9	**7,173**	**8,684**

The accompanying notes form part of these statements

QAO CERTIFIED STATEMENTS

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. It also provides the following on a fee for service basis:

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

1 Summary of significant accounting policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, and other authoritative pronouncements.

These financial statements constitute a general purpose financial report.

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.

(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.

(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. There are no known bad debts 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.

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) 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.*

(i) 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.

(j) 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.

(k) 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 7.5 to 10 years.

1 Summary of significant accounting policies (continued)

(l) 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.

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.

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.

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

Class	**Depreciation/Amortisation rate**
Plant and equipment	
Computer equipment	0.71% to 63.26%
Office equipment	1.54% to 20%
Furniture	7.5%
Leasehold Improvements	41.67% to 50%
Intangible assets	
Software purchased	20.0%
Software internally generated	10% to 22.5%

(m) 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 significantly 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Summary of significant accounting policies (continued)

(n) Payables

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

(o) 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
Financial instruments are classified and measured as follows:
- Cash and Cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

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. Borrowings are classified as non-current liabilities to the extent that the Authority has an unconditional right to defer settlement until at least 12 months after balance sheet date.

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.

(p) 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 nominal 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, after projecting the remuneration rates expected to apply at the time of likely settlement.

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 entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the Authority to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Authority's's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting .*

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.

1 Summary of significant accounting policies (continued)

Therefore, no liability is recognised for accruing superannuation benefits in the Authority's's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to *AASB 1049* Whole of Government and General Government Sector Financial Reporting.

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 paid or payable, directly or indirectly, by 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 under the *Public Service Act 2008* 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.

(q) Provisions

Provisions are recorded when the Authority has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(r) 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.

(s) 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.

(t) 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.

1 Summary of significant accounting policies (continued)

(u) 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.

(v) 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 (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Queensland Studies Authority. GST credits receivable from, and GST payable to the ATO, are recognised (refer to note 10).

(w) Issuance of Financial Statements

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

(x) Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

(y) 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.

(z) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2008-09. The significance of those new and amended Australian accounting standards that were applicable for the first time in the 2008-09 financial year and have had a significant impact on the Authority's financial statements is as follows.

A review has been undertaken of revised accounting standard AASB 1004 *Contributions*, and it is considered the financial statements adequately reflect the matters required to be disclosed, given the Authority's present operating circumstances.

The Authority is not permitted to early adopt a new or amended 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 these impacts are set out below.

The Authority will need to comply with a revised version of AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB 101, there will be significant changes to the presentation of the Authority's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. In addition, where there have been retrospective accounting policy changes, retrospective re-statement of items in the financial statements or re-classifications of financial statement items during the current reporting period, the revised AASB 101 will require a statement of financial position to be presented as at the beginning of the earliest comparative period included in the financial statements.

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.

		2009 $'000	2008 $'000
2	**User Charges**		
	Visa student fees	468	425
	Sale of publications, syllabuses, past papers	730	512
	Workshops	1,350	1,467
	Verification of Student Education Profiles	19	8
	Examinations	48	31
	Attainment certificate statements	76	69
	Certificates	32	29
	Copyright fees	37	86
	Other	105	197
	Total	**2,865**	**2,824**
3	**Grants and other Contributions**		
	Grants	37,395	40,184
	Donations - assets	30	-
	Total	**37,425**	**40,184**
4	**Employee Expenses**		
	Employee benefits:		
	Wages and salaries	19,432	17,620
	Annual leave	1,446	1,297
	Employer superannuation contributions *	2,214	2,046
	Long service leave levy *	283	278
	Employee related expenses		
	Workers compensation premium **	60	57
	Payroll tax *	1,101	1,004
	Other salary related expenses	250	422
	Total	**24,786**	**22,724**

* Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

** Costs of workers compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

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

	2009	2008
Number of Employees:	235.5	231.9

Executive remuneration

The following is remuneration paid/payable to senior executives:

	2009	2008
$160 000 to 179 999	1	1
$180 000 to 199 999	1	1
$200 000 to 219 999	1	-
$220 000 to 239 999	-	1
$240 000 to 259 999	1	
Total	**4**	**3**

	2009 $'000	2008 $'000
Total remuneration of executives shown above ($'000)**	**815**	**594**

** 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.

QAO CERTIFIED STATEMENTS

		2009 $'000	2008 $'000
5	**Supplies and Services**		
	Travel	1,393	1,365
	Consultants and service providers	5,218	9,989
	Telecommunication and access fees	323	281
	Postage, freight and storage	644	645
	Advertising, promotions, public relations	31	23
	Stationery, printing, books and publications	1,155	865
	Property, equipment and maintenance	3,239	2,879
	Other	828	836
	Total supplies and services	**12,831**	**16,883**
6	**Depreciation and Amortisation**		
	Depreciation and amortisation were incurred in respect of:		
	Plant and equipment	674	562
	Software purchased	41	63
	Software internally generated	1,207	822
	Total	**1,922**	**1,447**
7	**Impairment Losses**		
	Plant and equipment	52	-
	Plant and equipment - Held For Sale	-	90
	Total	**52**	**90**

For details of the recognised impairment loss refer to Note 13

		2009 $'000	2008 $'000
8	**Other Expenses**		
	Insurance premiums	40	40
	External audit fees *	26	26
	Internal audit fees **	29	24
	Bank and other charges	15	12
	Equipment leases	-	-
	Bad debt expense	-	-
	Assets written off	46	3
	Other	-	-
	Total	**156**	**105**

* External audit fees for the Authority are estimated to be $26,500 (2007 $25,800). There are no non-audit services included in this amount.

** The Authority engaged the services of Internal Audit from the Department of Education & Training during 08/09 to perform financial compliance audits and performance audits of human resources and workforce capability.

		2009 $'000	2008 $'000
9	**Cash and Cash Equivalents**		
	Imprest accounts	2	2
	Cash at bank and on hand	671	3,682
	Deposits at call	6,500	5,000
	Total	**7,173**	**8,684**

Interest earned on cash held with the Commonwealth Bank earned between 2.25% to 6.75% in 2009 (2008: 5.25% to 7.58%).

	2009 $'000	2008 $'000
10 Receivables		
Trade debtors and accruals	326	62
Less: provision for impairment	-	-
	326	62
GST receivable	151	216
GST payable	(1)	-
	150	216
Interest receivable	33	69
Long service leave reimbursements	66	32
Total	**575**	**379**

11 Inventories

	2009 $'000	2008 $'000
Publications	138	105
Total	**138**	**105**

Inventories have been valued at net realisable value in accordance with AASB 102 *Inventories*. The value of inventory held has been increased by $33,467 (by a reduction in expense). The increase 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.

12 Intangible Assets

	2009 $'000	2008 $'000
Software purchased		
At cost:	161	314
Less: Accumulated amortisation	(148)	(228)
	13	86
Software internally generated		
At cost:	11,920	7,956
Less: Accumulated amortisation	(3,993)	(2,786)
	7,927	5,170
Software under development (Work in progress)	40	1,777
	7,980	**7,033**

QAO CERTIFIED STATEMENTS

12 Intangible Assets (continued)

Intangibles Reconciliation

	Software Developed - WIP		Software Internally Generated		Software Purchased		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening Balance	1,777	-	5,170	3,746	86	149	7,033	3,895
Acquisitions through internal development	250	1,777	1,977	2,246	-	-	2,227	4,023
Disposals	-	-	-	-	(33)	-	(33)	-
Transfer between classes	(1,987)	-	1,987	-	-	-	-	-
Amortisation	-	-	(1,207)	(822)	(40)	(63)	(1,247)	(885)
Carrying amount at 30 June	**40**	**1,777**	**7,927**	**5,170**	**13**	**86**	**7,980**	**7,033**

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(l).

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

	2009 $'000	**2008 $'000**
Plant and equipment:		
At cost	3,722	3,387
Less: Accumulated depreciation	(1,839)	(1,240)
Total	**1,883**	**2,147**

The Queensland Studies Authority has fully depreciated plant and equipment with a cost of $0.347M 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	
	2009 $'000	**2008 $'000**
Opening Balance	2,147	2,240
Acquisitions	445	473
Donations received	30	-
Disposals	(13)	(4)
Impairment losses recognised in operating surplus/(deficit)	(52)	-
Depreciation	(674)	(562)
Carrying amount at 30 June	**1,883**	**2,147**

During a tender process for new photocopiers, trade-in values were sought for two existing photocopiers from the manufacturer. The manufacturer advised that the recoverable amounts of the photocopiers were well below the carrying amounts recorded in the asset register. As a result, both photocopiers were determined to be impaired, and written down to their fair value less cost to sell. An impairment loss of $51,919.02 has been recognised in the Income Statement.

14 Payables

	2009 $'000	**2008 $'000**
Trade creditors and accruals	3,243	4,762
Taxes, fees and fines payable	15	11
Total	**3,258**	**4,773**

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	2009 $'000	2008 $'000
15 Other Financial Liabilities		
Current		
Queensland Treasury Corporation borrowings	536	531
Total	**536**	**531**
Non-current		
Queensland Treasury Corporation borrowings	180	716
Total	**180**	**716**

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 7 October 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 7.34%.

The fair value of the Authority's borrowings at 30 June, as notified by the Queensland Treasury Corporation, was $730 thousand (2008: $1.198 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.

	2009 $'000	2008 $'000
16 Accrued Employee Benefits		
Current		
Salaries payable	68	-
Annual leave	1,720	1,663
Total	**1,788**	**1,663**

The Authority has implemented a 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 annual leave. The RLMP ensures the employee's balance will be under 40 days within twelve months. Accordingly, the Authority recognises all annual leave as current.

	2009 $'000	2008 $'000
17 Other current liabilities		
Unearned revenue - professional development workshops	28	23
Total	**28**	**23**

	2009 $'000	2008 $'000
18 Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating Surplus/(Deficit)	1,343	2,583
Depreciation & Amortisation	1,922	1,447
Gain on sale of non-current assets	-	(2)
Impairment losses	52	90
Loss on disposal of non-current assets	46	3
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(264)	16
(Increase)/decrease in GST input tax credits receivable	66	(117)
(Increase)/decrease in LSL reimbursement receivable	(34)	30
(Increase)/decrease in other receivables	36	(19)
(Increase)/decrease in inventory	(33)	15
(Increase)/decrease in prepayments	(26)	(254)
Increase/(decrease) in accounts payable	(1,519)	4,100
Increase/(decrease) in accrued employee benefits	123	(213)
Increase/(decrease) in GST payable	(1)	-
Increase/(decrease) in unearned revenue	4	23
Increase/(decrease) in other payables	5	(20)
Net transfer of leave liabilities	-	(8)
Net cash provided by (used in) operating activities	**1,720**	**7,674**

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:

	2009 $'000	2008 $'000
Not later than one year	1,920	1,802
Later than one year and not later than five years	265	1,831
Total	**2,185**	**3,633**

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

No 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:

2009	Intangibles	Plant and Equip
Payable		
Not later than one year	126	-
Total	**126**	**-**

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

20 Financial Instruments

Categorisation of Financial instruments

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

Category	Note	2009 $'000	2008 $'000
Financial Assets			
Cash and cash equivalents	9	7,173	8,684
Receivables	10	575	379
Total		**7,748**	**9,063**
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Payables	14	3,258	4,773
Other financial liabilities - QTC Borrowings	15	716	1,247
Total		**3,974**	**6,020**

(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	9	7,173	8,684
Receivables	10	575	379
Total		**7,748**	**9,063**

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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:

2009 Financial Assets Past Due But Not Impaired
Contractual Repricing/Maturity Date:

	Not Overdue	Less than 30 days	31-90 days	Greater than 90 days	Total	Total Financial Assets
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	249	318	7	-	**575**	**575**
Total	**249**	**318**	**7**	**-**	**575**	**575**

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

	Not Overdue	Less than 30 days	31-90 days	Greater than 90 days	Total	Total Financial Assets
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	317	55	7	-	**379**	**379**
Total	**317**	**55**	**7**	**0**	**379**	**379**

(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.

		2009 Payable in			
	Note	**<1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities					
Payables	14	3,258	-	-	3,258
QTC borrowing	15	536	180	-	716
Total		**3,794**	**180**	**-**	**3,974**

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

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 $52,000 (2008: $87,000). This is attributable to the Authority's exposure to variable interest rates on its cash invested in fixed term deposits.

Financial Instruments	Carrying Amount	2009 Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	7,173	(52)	(52)	52	52
Overall effect on profit and equity		**(52)**	**52**	**52**	**-**

The Authority's sensitivity to interest has decreased in the current period due to a decline in cash holdings.

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**	**-**

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:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities at amortised cost				
Borrowings	716	730	1,247	1,198
Total	**716**	**730**	**1,247**	**1,198**

21 Contingencies

(a) Guarantees and undertakings

The Queensland Studies Authority was not committed to any guarantees or undertakings at 30 June 2009.

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 $23,898

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

$	2009 No.	2008 No.
0 to 5,000	10	12

The Authority's Board comprises the following members as at 30 June 2009:

Ms Leesa Jeffcoat (Acting Chair)
Dr Barry Arnison
Professor Tania Aspland
Mr Ray Cloonan
Ms Yvana Jones
Mrs Kim Cumming
Ms Jenny Du Moulin
Ms Patricia Nash
Mr Terry Niebling
Mr Steve Ryan
Mrs Kathleen Wenban
Ms Jenny 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 2009 and of the financial position of the Authority at the end of that year.

Peter Luxton	**Bob McHugh**
Acting Director	**Chair**
26/08/09	26/08/09

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INDEPENDENT AUDITOR'S REPORT

To the Authority of the Queensland Studies Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Queensland Studies Authority for the financial year ended 30 June 2009 included on the Queensland Studies Authority website. The Accountable Officer is responsible for the integrity of the Queensland Studies Authority website. I have not been engaged to report on the integrity of the Queensland Studies Authority website. The auditor's 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 website.

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 2009, 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 Acting Director and the 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 to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *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 *Auditor-General Act 2009* 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.40 of the *Auditor-General Act 2009* –

(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 2008 to 30 June 2009 and of the financial position as at the end of that year.

AUDIT MANAGER
27 AUG 2009
QUEENSLAND AUDIT OFFICE

A L Geise CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane