Financial report 2009–10

Contents

General information

This financial report covers the Queensland Studies Authority (QSA).

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:
154 Melbourne Street
South Brisbane QLD 4101

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, email finance@qsa.qld.edu.au or visit the QSA website: ‹www.qsa.qld.edu.au›.

Amounts shown in this financial report may not add to the correct subtotals or totals due to rounding.

Queensland Studies Authority

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Income from Continuing Operations			
Revenue			
User charges	*2*	3,001	2,865
Grants and other contributions	*3*	38,276	37,425
Interest		644	839
Other revenues		7	3
Gains			
Gains on sale of property, plant and equipment		1	-
Total Income from Continuing Operations		**41,929**	**41,132**
Expenses from Continuing Operations			
Employee expenses	*4*	26,636	24,786
Supplies and services	*5*	13,605	12,831
Depreciation and amortisation	*6*	1,778	1,922
Impairment losses	*7*	7	52
Finance/borrowing costs	*8*	22	42
Other expenses	*9*	770	156
Total Expenses from Continuing Operations		**42,818**	**39,789**
Operating Result from Continuing Operations		**(889)**	**1,343**
Other Comprehensive Income		-	-
Total Comprehensive Income		**(889)**	**1,343**

The accompanying notes form part of these statements

Queensland Studies Authority

STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current Assets			
Cash and cash equivalents	10	7,948	7,173
Receivables	11	386	575
Inventories	12	38	138
Prepayments		429	466
Total Current Assets		**8,801**	**8,352**
Non-Current Assets			
Intangible assets	13	7,707	7,980
Plant and equipment	14	1,315	1,883
Total Non-Current Assets		**9,022**	**9,863**
Total Assets		**17,823**	**18,215**
Current Liabilities			
Payables	15	4,202	3,258
Other financial liabilities	16	-	536
Accrued employee benefits	17	2,004	1,788
Other	18	81	28
Total Current Liabilities		**6,287**	**5,610**
Non-Current Liabilities			
Other financial liabilities	16	-	180
Total Non-Current Liabilities		**-**	**180**
Total Liabilities		**6,287**	**5,790**
Net Assets		**11,536**	**12,425**
Equity			
Contributed equity		4,832	4,832
Accumulated surplus		6,704	7,593
Total Equity		**11,536**	**12,425**

The accompanying notes form part of these statements

Queensland Studies Authority

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Accumulated Surplus		Contributed Equity		Total	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July	7,593	6,250	4,832	4,832	12,425	11,082
Total Comprehensive Income for the Year	(889)	1,343	-	-	(889)	1,343
Balance as at 30 June	**6,704**	**7,593**	**4,832**	**4,832**	**11,536**	**12,425**

The accompanying notes form part of these statements

Queensland Studies Authority
STATEMENT OF CASH FLOWS
for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Inflows:			
User charges		3,314	2,607
Grants and other contributions		38,276	37,425
Interest receipts		638	875
GST input tax credits from Australian Taxation Office		1,311	1,786
GST collected from customers		359	280
Other		-	1
Outflows:			
Employee expenses		(26,414)	(24,692)
Supplies and services		(12,547)	(14,406)
GST remitted to Australian Taxation Office		(367)	(279)
GST paid to suppliers		(1,342)	(1,721)
Borrowing costs		(22)	(42)
Other		(674)	(114)
Net cash provided by (used in) operating activities	19	**2,532**	**1,720**
Cash flows from investing activities			
Inflows:			
Sales of plant and equipment		9	2
Outflows:			
Payments for plant and equipment		(211)	(475)
Payments for intangibles		(839)	(2,227)
Net cash provided by (used in) investing activities		**(1,041)**	**(2,700)**
Cash flows from financing activities			
Outflows:			
Borrowing redemptions		(716)	(531)
Net cash provided by (used in) financing activities		**(716)**	**(531)**
Net increase (decrease) in cash and cash equivalents		775	(1,511)
Cash and cash equivalents at beginning of financial year		7,173	8,684
Cash and cash equivalents at end of financial year	10	**7,948**	**7,173**

The accompanying notes form part of these statements

Queensland Studies Authority

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

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 services 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) Statement of Compliance

The Queensland Studies Authority has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009* .

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Queensland Studies Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit entity. 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 the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. 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 recognised 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 Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

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

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

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 in accordance with Treasury's *Non-Current Asset Policies* . The carrying amounts for plant and equipment at cost do 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.

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

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 8.5 to 10 years.

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

All intangible assets of the Authority have finite useful lives and are amortised on a straight line basis.

Plant and equipment is depreciated on a straight-line basis so as to allocate the net cost, less its estimated residual value, progressively over its estimated useful life to the Authority.

1 Summary of significant accounting policies (continued)

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with plant and equipment.

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.

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	0.26% to 20%
Office equipment	2.47% to 20%
Print equipment	1.54% to 20%
Leasehold improvements	9.23% to 20%
Intangible assets	
Software purchased	20.0%
Software internally generated	10.31% 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 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 Statement of Comprehensive Income.

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

(o) Leases

A distinction is made 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. The Authority has no finance leases.

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.

(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 Statement of Financial Position when the Authority becomes party to the contractual provisions of the financial instrument.

1 Summary of significant accounting policies (continued)

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 the reporting date.

The Authority does not enter into 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 21.

(r) Employee Benefits

Employer superannuation contributions, annual leave and long service leave levies are regarded as employee benefits.

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.

Wages, salaries, annual leave and sick leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rate.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months 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 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.

Therefore, no liability is recognised for accruing superannuation benefits in the Authority'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* .

1 Summary of significant accounting policies (continued)

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.

(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 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.

(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.

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 (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 11).

(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

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.

(aa) Rounding and Comparatives

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

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

(ab) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2009-10. The significance of those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and have had a significant impact on the Authority's financial statements is as follows:

The Authority complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity. As a consequence, the Authority had to change the presentation of its financial statements. Comparative information has been represented so that it is also in conformity with the revised standards.

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, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

	2010 $'000	2009 $'000
2 User Charges		
Visa student fees	417	468
Sale of publications, syllabuses, past papers	475	730
Workshops/conferences	1,792	1,350
Verification of Student Education Profiles	16	19
Examinations	20	48
Attainment certificate statements	92	76
Certificates	39	32
Copyright fees	21	37
Other	129	105
Total	**3,001**	**2,865**
3 Grants and other Contributions		
Grants	38,276	37,395
Donations - assets	-	30
Total	**38,276**	**37,425**
4 Employee Expenses		
Employee benefits:		
Wages and salaries	20,831	19,432
Annual leave	1,638	1,446
Employer superannuation contributions *	2,376	2,214
Long service leave levy *	311	283
Employee related expenses		
Workers compensation premium **	57	60
Payroll tax **	1,182	1,101
Other employee related expenses	241	250
Total	**26,636**	**24,786**

* 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:

	2010	2009
Number of Employees:	233.5	235.5
Executive remuneration		
The following is remuneration paid/payable to senior executives:		
$160 000 to 179 999	-	1
$180 000 to 199 999	2	1
$200 000 to 219 999	-	1
$220 000 to 239 999	-	-
$240 000 to 259 999	1	1
$260 000 to 279 999*	1	-
Total	**4**	**4**

	2010 $'000	2009 $'000
Total remuneration of executives shown above #	**893**	**815**

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.

* The payment to this executive includes redundancy/termination benefits.

The total separation and redundancy/termination benefit payments to executives shown above.	**73**	-

	2010 $'000	2009 $'000
5 Supplies and Services		
Travel	1,285	1,393
Consultants and service providers	5,599	5,218
Telecommunication and access fees	199	323
Postage, freight and storage	649	644
Advertising, promotions, public relations	45	31
Stationery, printing, books and publications	918	1,155
Property, equipment and maintenance	4,009	3,239
Other	901	828
Total	**13,605**	**12,831**
6 Depreciation and Amortisation		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	665	674
Software purchased	13	41
Software internally generated	1,100	1,207
Total	**1,778**	**1,922**
7 Impairment Losses		
Plant and equipment	7	52
Total	**7**	**52**

For details of the recognised impairment loss refer to Note 14.

	2010 $'000	2009 $'000
8 Finance/Borrowing Costs		
Interest	13	42
Borrowings - market realisation charge	9	
Total	**22**	**42**
9 Other Expenses		
Insurance premiums	45	40
External audit fees*	24	26
Internal audit fees**	29	29
Bank and other charges	17	15
Assets written off	106	46
Refund - prior year grant funding	549	-
Total	**770**	**156**

* There are no non-audit services included in this amount.

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

	2010 $'000	2009 $'000
10 Cash and Cash Equivalents		
Imprest accounts	1	2
Cash at bank and on hand	4	671
Deposits at call	7,943	6,500
Total	**7,948**	**7,173**

Interest earned on cash held with Financial Institutions earned between 2.5% to 5.75% in 2010 (2009: 2.25% to 6.75%).

	2010 $'000	2009 $'000
11 Receivables		
Trade debtors and accruals	75	326
Less: provision for impairment	-	-
	75	326
GST receivable	189	151
GST payable	-	(1)
	189	150
Interest receivable	39	33
Long service leave reimbursements	83	66
Total	**386**	**575**

	2010 $'000	2009 $'000
12 Inventories		
Publications	38	138
Total	**38**	**138**

Inventories have been valued at net realisable value in accordance with AASB 102 *Inventories*. The value of inventory held has been decreased by $100,374 (by an increase in expense). The decrease 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.

Non-current Assets Classified as Held for Sale		
Plant and equipment	-	-
Total	**-**	**-**

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.

13 Intangible Assets		
Software purchased		
At cost:	-	161
Less: Accumulated amortisation	-	(148)
	-	13
Software internally generated		
At cost:	12,572	11,920
Less: Accumulated amortisation	(5,093)	(3,993)
	7,479	7,927
Software under development (Work in progress)	228	40
	7,707	**7,980**

Intangibles Reconciliation

	Software Developed - WIP		Software Internally Generated		Software Purchased		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening Balance	40	1,777	7,927	5,170	13	86	7,980	7,033
Acquisitions through internal development	188	250	652	1,977	-	-	840	2,227
Disposals	-	-	-	-	-	(33)	-	(33)
Transfer between classes	-	(1,987)	-	1,987	-	-	-	-
Amortisation	-	-	(1,100)	(1,207)	(13)	(40)	(1,113)	(1,247)
Carrying amount at 30 June	**228**	**40**	**7,479**	**7,927**	**-**	**13**	**7,707**	**7,980**

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

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. There is no known date for replacing this software program.

14 Plant and Equipment

	2010	2009
Plant and equipment:	$'000	$'000
At cost	3,064	3,722
Less: Accumulated depreciation	(1,742)	(1,787)
Less: Accumulated impairment losses	(7)	(52)
Total	**1,315**	**1,883**

The Queensland Studies Authority has fully depreciated plant and equipment with a cost of $214,952 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

Opening Balance	1,883	2,147
Acquisitions	211	445
Donations received	-	30
Disposals	(107)	(13)
Impairment losses recognised in operating surplus/(deficit)*	(7)	(52)
Depreciation	(665)	(674)
Carrying amount at 30 June	**1,315**	**1,883**

* Impairment losses and reversals of impairment losses are shown as separate line items in the Statement of Comprehensive Income.

A trade-in value for a photocopier was sought from the manufacturer during March 2010. The manufacturer advised that the photocopier had a nil recoverable amount. As a result, the photocopier was written down to its fair value less costs to sell. An impairment loss of $6,599 has been recognised in the Statement of Comprehensive Income.

15 Payables

Trade creditors	3,997	3,243
Other	205	15
Total	**4,202**	**3,258**

16 Other Financial Liabilities

Current		
Queensland Treasury Corporation borrowings	-	536
Total	**-**	**536**
Non-current		
Queensland Treasury Corporation borrowings	-	180
Total	**-**	**180**

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 was capitalised during the comparative reporting period. Final repayment date was 5 November 2009. There were no defaults or breaches of the loan agreement during the period.

Principal and interest repayments were made quarterly in arrears at 7.59%.

17 Accrued Employee Benefits

Current		
Salaries Payable	101	68
Annual leave	1,816	1,720
Long service leave	87	-
Total	**2,004**	**1,788**

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.

18 Other current liabilities

Unearned revenue - user charges	81	28
Total	**81**	**28**

19 Reconciliation of Operating Surplus to Net Cash from Operating Activities

	2010 $'000	2009 $'000
Operating surplus/(deficit)	(889)	1,343
Depreciation & amortisation expense	1,778	1,922
Gain on sale of non-current assets	(8)	-
Impairment losses	7	52
Loss on disposal of non-current assets	106	46
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	251	(264)
(Increase)/decrease in GST input tax credits receivable	(38)	66
(Increase)/decrease in LSL reimbursement receivable	(17)	(34)
(Increase)/decrease in other receivables	(6)	36
(Increase)/decrease in inventory	100	(33)
(Increase)/decrease in prepayments	37	(26)
Increase/(decrease) in accounts payable	754	(1,519)
Increase/(decrease) in accrued employee benefits	215	123
Increase/(decrease) in GST payable	(1)	(1)
Increase/(decrease) in unearned revenue	190	4
Increase/(decrease) in other payables	53	5
Net cash provided by (used in) operating activities	**2,532**	**1,720**

20 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:

	2010 $'000	2009 $'000
Not later than one year	2,609	1,920
Later than one year and not later than five years	9,955	265
Total	**12,564**	**2,185**

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:

2010	Intangibles	Plant and Equip
Payable:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	**-**	**-**

2009	Intangibles	Plant & Equip
Payable:		
Not later than one year	126	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	**126**	**-**

21 Financial Instruments

(a) Categorisation of Financial instruments

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

Category	Note	2010 $'000	2009 $'000
Financial Assets			
Cash and cash equivalents	10	7,948	7,173
Receivables	11	386	575
Total		**8,334**	**7,748**

21 Financial Instruments (continued)

Financial Liabilities

	Note	2010 $'000	2009 $'000
Financial liabilities measured at amortised cost:			
Payables	15	4,202	3,258
Other financial liabilities - QTC Borrowings	16	-	716
Total		**4,202**	**3,974**

(b) Financial Risk Exposure

The Authority's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Queensland Studies Authority policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Authority.

All financial risk is managed by the Director under policies approved by the Authority. The Authority provides written principles for overall risk management, as well as policies covering specific areas.

Queensland Studies Authority measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement Method
Credit Risk	Ageing analysis
Liquidity Risk	Cashflow analysis
Market Risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Authority may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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	10	7,948	7,173
Receivables	11	386	575
Total		**8,334**	**7,748**

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 Statement of Financial Position.

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.

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:

2010 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30-60 Days	61-90 days	More than 90 Days	Total
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	-	13	-	-	**13**
Total	**-**	**13**	**-**	**-**	**13**

21 Financial Instruments (continued)

2009 Financial Assets Past Due But Not Impaired

	Overdue				
	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Total
Financial Assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	567	5	2	-	**575**
Total	**567**	**5**	**2**	**0**	**575**

(d) Liquidity risk

Liquidity risk refers to the situation where the Authority may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Authority is exposed to liquidity risk through its trading in the normal course of business.

The Authority manages liquidity risk through the use of a 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 undiscounted cash flows relating to the liabilities at reporting date.

		2010 Payable in			
	Note	**<1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities					
Payables	15	4,202	-	-	4,202
Total		**4,202**	**-**	**-**	**4,202**

		2009 Payable in			
	Note	**<1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities					
Payables	15	3,258	-	-	3,258
QTC borrowing	16	536	180	-	716
Total		**3,794**	**180**	**-**	**3,974**

(e) Market Risk

The Authority does not trade in foreign currency and is not materially exposed to commodity price changes. The Authority is exposed to interest rate risk through its cash deposited in interest bearing accounts. The Authority does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) 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 $79,000 (2009: $52,000). This is attributable to the Authority's exposure to variable interest rates on its cash invested.

Financial Instruments	**Carrying Amount**	**2010 Interest Rate Risk**			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	7,948	(79)	(79)	79	79
Potential Impact		**(79)**	**(79)**	**79**	**79**

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

Financial Instruments	**Carrying Amount**	**2009 Interest Rate Risk**			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	7,173	(52)	(52)	52	52
Potential Impact		**(52)**	**(52)**	**52**	**52**

21 Financial Instruments (continued)

The Authority does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

The fair value of borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer note 16) and is disclosed below:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities at amortised cost:				
QTC Borrowings	0	0	716	730
Total	**0**	**0**	**716**	**730**

22 Contingencies

(a) Guarantees and undertakings

The Queensland Studies Authority was not committed to any guarantees or undertakings at 30 June 2010.

23 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 $37,404.

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

$	2010 No.	2009 No.
0 to 5,000	15	10

The Authority's Board comprises the following members as at 30 June 2010:

Mr Robert McHugh (Chair)
Ms Yvana Jones
Dr Barry Arnison
Ms Leesa Jeffcoat
Professor Robert Lingard
Mr Alan Finch
Mrs Margaret Leary
Ms Patricia Nash
Mrs Patricia Neate
Dr Bronwyn Dolling
Ms Gail Young
Mr Terry Niebling
Mr Steve Ryan
Mr Ray Cloonan
Mr Tim Maloney
Mr David Rogers
Ms Leslea Taylor
Mr Alan Waldron
Professor Claire Wyatt-Smith

CERTIFICATE OF QUEENSLAND STUDIES AUTHORITY

These general purpose financial statements have been prepared pursuant to section 62(1) of the Financial Accountability Act 2009 (the Act), relevant sections of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Studies Authority for the financial year ended 30 June 2010 and of the financial position of the Authority at the end of that year.

Peter Luxton	**Bob McHugh**
Acting Director	**Chair**
27/08/2010	27/08/10

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 Queensland Studies Authority for the financial year ended 30 June 2010 included on the Queensland Studies Authority's website. The Accountable Officer is responsible for the integrity of the Queensland Studies Authority's website. I have not been engaged to report on the integrity of the Queensland Studies Authority's 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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with 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 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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all 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 2009 to 30 June 2010 and of the financial position as at the end of that year.

PAUL HORNE CA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

31 August 2010