Financial report 2010–11

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General information

This financial report covers the 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 QSA's central office and principal place of business 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 2011

	Notes	2011 $'000	2010 $'000
Income from Continuing Operations			
Revenue			
User charges	2	3,057	3,001
Grants and other contributions	3	41,423	38,276
Interest		898	644
Other revenues		8	7
Total Revenue		**45,386**	**41,928**
Gains			
Gains on sale of property, plant and equipment		-	1
Total Income from Continuing Operations		**45,386**	**41,929**
Expenses from Continuing Operations			
Employee expenses	4	28,804	26,636
Supplies and services	5	14,877	13,605
Depreciation and amortisation	6	1,520	1,778
Impairment losses	7	49	7
Finance/borrowing costs	8	-	22
Other expenses	9	133	770
Total Expenses from Continuing Operations		**45,383**	**42,818**
Operating Result from Continuing Operations		**3**	**(889)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**3**	**(889)**

The accompanying notes form part of these statements

Queensland Studies Authority

STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Notes	2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents	*10*	8,419	7,948
Receivables	*11*	500	386
Inventories	*12*	33	38
Prepayments	*13*	370	429
Total Current Assets		**9,322**	**8,801**
Non-Current Assets			
Intangible assets	*14*	6,564	7,707
Plant and equipment	*15*	1,182	1,315
Total Non-Current Assets		**7,746**	**9,022**
Total Assets		**17,068**	**17,823**
Current Liabilities			
Payables	*16*	3,310	4,202
Accrued employee benefits	*17*	2,102	2,004
Other	*18*	117	81
Total Current Liabilities		**5,529**	**6,287**
Total Liabilities		**5,529**	**6,287**
Net Assets		**11,539**	**11,536**
Equity			
Contributed equity		4,832	4,832
Accumulated surplus		6,707	6,704
Total Equity		**11,539**	**11,536**

The accompanying notes form part of these statements

Queensland Studies Authority
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2011

	Accumulated Surplus		Contributed Equity		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 July	6,704	7,593	4,832	4,832	11,536	12,425
Total Comprehensive Income for the Year	3	(889)	-	-	3	(889)
Balance as at 30 June	**6,707**	**6,704**	**4,832**	**4,832**	**11,539**	**11,536**

The accompanying notes form part of these statements

Queensland Studies Authority
STATEMENT OF CASH FLOWS
for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Inflows:			
User charges		2,993	3,314
Grants and other contributions		41,423	38,276
Interest receipts		861	638
GST input tax credits from Australian Taxation Office		1,567	1,311
GST collected from customers		292	359
Other		8	-
Outflows:			
Employee expenses		(28,828)	(26,414)
Supplies and services		(15,589)	(12,547)
GST remitted to Australian Taxation Office		(281)	(367)
GST paid to suppliers		(1,558)	(1,342)
Borrowing costs		-	(22)
Other		(120)	(674)
Net cash provided by (used in) operating activities	*19*	**768**	**2,532**
Cash flows from investing activities			
Inflows:			
Sales of plant and equipment		-	9
Outflows:			
Payments for plant and equipment		(297)	(211)
Payments for intangibles		-	(839)
Net cash provided by (used in) investing activities		**(297)**	**(1,041)**
Cash flows from financing activities			
Outflows:			
Borrowing redemptions		-	(716)
Net cash provided by (used in) financing activities		**-**	**(716)**
Net increase (decrease) in cash and cash equivalents		471	775
Cash and cash equivalents at beginning of financial year		7,948	7,173
Cash and cash equivalents at end of financial year	*10*	**8,419**	**7,948**

The accompanying notes form part of these statements

Objectives and principal activities of the Queensland Studies Authority

Note: 1 Summary of significant accounting policies

Note: 2 User Charges

Note: 3 Grants and other Contributions

Note: 4 Employee Expenses

Note: 5 Supplies and Services

Note: 6 Depreciation and Amortisation

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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 2011, 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 revenues 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. There were no 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 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 determine net realisable value.

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

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which 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 change 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 equal to or 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 equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the agency. 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 7.5 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 depreciation and amortisation rates are used:

Class	Depreciation/Amortisation rate
Plant and equipment	
Computer equipment	0.26% to 23.03%
Office equipment	0.52% to 20%
Print equipment	0.38% to 20%
Leasehold improvements	9.23% to 20.01%
Intangible assets	
Software purchased	20.0%
Software internally generated	10.35% 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 in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits. 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 nominal amount i.e. 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 each 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.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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)

Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 24 for the disclosures on key executive management personnel and remuneration.

(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.

(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.

1 Summary of significant accounting policies (continued)

(ab) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2010-11.

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 applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* becomes effective from reporting periods beginning on or after 1 January 2011. Queensland Studies Authority will then need to make changes to its disclosures about credit risk on financial instruments in note 21(c). No longer will the Authority need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the Authority holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the Authority.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) *[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on Queensland Studies Authority 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.

On initial application of AASB 9, the Queensland Studies Authority will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of transactions the Queensland Studies Authority enters into, it is not expected that any of the Authority's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from 2013-14 financial statements, all of the Authority's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in notes 1(q) and 21). The same classification will be use for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Authority's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]* apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "tier 2").

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Queensland Studies Authority may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Queensland Studies Authority, the Treasury Department is the regulator. Treasury Department has advised that it's policy decision is to require all statutory bodies captured for whole-of-Government reporting purposes, to adopt Tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Queensland Studies Authority has not early adopted AASB 1053.

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.

	2011 $'000	2010 $'000
2 User Charges		
Visa student fees	491	417
Sale of publications, syllabuses, past papers	313	475
Workshops/conferences	1,579	1,792
Advertising	62	-
Verification of Student Education Profiles	11	16
Examinations	59	20
Attainment certificate statements	100	92
Certificates, Overseas & Interstate Equivalency	43	39
Copyright fees	375	21
Other	24	129
Total	**3,057**	**3,001**
3 Grants and other Contributions		
Grants	41,423	38,276
Total	**41,423**	**38,276**
4 Employee Expenses		
Employee benefits:		
Wages and salaries	22,457	20,831
Annual leave	1,800	1,638
Employer superannuation contributions *	2,573	2,376
Long service leave levy *	380	311
Employee related expenses		
Workers compensation premium **	46	57
Payroll tax **	1,279	1,182
Other employee related expenses	269	241
Total	**28,804**	**26,636**

* 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.

Refer to note 24 for disclosures on key executive management personnel and remuneration.

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

	2011	2010
Number of Employees:	248.6	233.5

	2011 $'000	2010 $'000
5 Supplies and Services		
Travel	1,444	1,285
Consultants and service providers	6,439	5,599
Telecommunication and access fees	181	199
Postage, freight and storage	616	649
Advertising, promotions, public relations	91	45
Stationery, printing, books and publications	841	918
Property, equipment and maintenance	4,305	4,009
Other	960	901
Total	**14,877**	**13,605**
6 Depreciation and Amortisation		
Depreciation and amortisation were incurred in respect of:		
Plant and equipment	377	665
Software purchased	-	13
Software internally generated	1,143	1,100
Total	**1,520**	**1,778**

	2011 $'000	2010 $'000
7 Impairment Losses		
Plant and equipment	49	7
Total	**49**	**7**

For details of the recognised impairment loss refer to Note 15.

8 Finance/Borrowing Costs

	2011 $'000	2010 $'000
Interest	-	13
Borrowings - market realisation charge	-	9
Total	**-**	**22**

9 Other Expenses

	2011 $'000	2010 $'000
Insurance premiums	51	45
External audit fees*	28	24
Internal audit fees**	34	29
Bank and other charges	15	17
Assets written off	5	106
Refund - prior year grant funding	-	549
Total	**133**	**770**

* 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.

10 Cash and Cash Equivalents

	2011 $'000	2010 $'000
Imprest accounts	1	1
Cash at bank and on hand	8	4
Deposits at call	8,410	7,943
Total	**8,419**	**7,948**

Interest earned on cash held with Financial Institutions earned between 4.00% to 6.32% in 2011 (2010: 2.5% to 5.75%).

11 Receivables

	2011 $'000	2010 $'000
Trade debtors and accruals	166	75
GST receivable	174	189
GST payable	(4)	-
Interest receivable	76	39
Long service leave reimbursements	88	83
Total	**500**	**386**

12 Inventories

	2011 $'000	2010 $'000
Publications	33	38
Total	**33**	**38**

Inventories have been valued at net realisable value in accordance with AASB 102 *Inventories*. The value of inventory held has been decreased by $4,941 (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.

13 Prepayments

	2011 $'000	2010 $'000
Prepayments Salaries & Wages	87	158
Prepayments - Other	283	271
Total	**370**	**429**

14 Intangible Assets

	2011 $'000	2010 $'000
Software internally generated		
At cost:	12,800	12,572
Less: Accumulated amortisation	(6,236)	(5,093)
	6,564	7,479
Software under development (Work in progress)	-	228
Total	**6,564**	**7,707**

Intangibles Reconciliation

	Software Developed - WIP		Software Internally Generated		Software Purchased		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Opening Balance	228	40	7,479	7,927	-	13	7,707	7,980
Acquisitions through internal development	-	188	-	652	-	-	-	840
Disposals	-	-	-	-	-	-	-	-
Transfer between classes	(228)	-	228	-	-	-	-	-
Amortisation	-	-	(1,143)	(1,100)	-	(13)	(1,143)	(1,113)
Carrying amount at 30 June	**-**	**228**	**6,564**	**7,479**	**-**	**-**	**6,564**	**7,707**

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.

15 Plant and Equipment

	2011 $'000	2010 $'000
Plant and equipment:		
At cost	3,030	3,064
Less: Accumulated depreciation	(1,799)	(1,742)
Less: Accumulated impairment losses	(49)	(7)
Total	**1,182**	**1,315**

The Queensland Studies Authority has fully depreciated plant and equipment with a cost of $55,549 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	1,315	1,883
Acquisitions	297	211
Disposals	(5)	(107)
Impairment losses recognised in operating surplus/(deficit)*	(49)	(7)
Depreciation	(377)	(665)
Carrying amount at 30 June	**1,182**	**1,315**

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

Trade-in values for various multi function devices were sought from the manufacturer during May & June 2011. The manufacturer advised that the multi function devices have a nil recoverable amount. As a result, the multi function devices were written down to their fair values less costs to sell. An impairment loss of $48,688 has been recognised in the Statement of Comprehensive Income.

16 Payables

Trade creditors	3,301	3,997
Other	9	205
Total	**3,310**	**4,202**

17 Accrued Employee Benefits

	2011 $'000	2010 $'000
Current		
Salaries Payable	64	101
Annual leave	2,039	1,816
Long service leave	(1)	87
Total	**2,102**	**2,004**

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	117	81
Total	**117**	**81**

19 Reconciliation of Operating Surplus to Net Cash from Operating Activities

Operating surplus/(deficit)	3	(889)
Depreciation & amortisation expense	1,520	1,778
Gain on sale of non-current assets	-	(8)
Impairment losses	49	7
Loss on disposal of non-current assets	5	106
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(91)	251
(Increase)/decrease in GST input tax credits receivable	15	(38)
(Increase)/decrease in LSL reimbursement receivable	(5)	(17)
(Increase)/decrease in other receivables	(37)	(6)
(Increase)/decrease in inventory	5	100
(Increase)/decrease in prepayments	59	37
Increase/(decrease) in accounts payable	(696)	754
Increase/(decrease) in accrued employee benefits	97	215
Increase/(decrease) in GST payable	4	(1)
Increase/(decrease) in unearned revenue	(196)	190
Increase/(decrease) in other payables	36	53
Net cash provided by (used in) operating activities	**768**	**2,532**

20 Commitments for Expenditure

Non-cancellable operating leases

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

Not later than one year	2,574	2,609
Later than one year and not later than five years	8,120	9,955
Total	**10,694**	**12,564**

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.

21 Financial Instruments

(a) Categorisation of Financial instruments

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

Category	Note	**2011 $'000**	**2010 $'000**
Financial Assets			
Cash and cash equivalents	10	8,419	7,948
Receivables	11	500	386
Total		**8,919**	**8,334**

21 Financial Instruments (continued)

Financial Liabilities

Category	Note	2011 $'000	2010 $'000
Financial liabilities measured at amortised cost:			
Payables	16	3,310	4,202
Total		**3,310**	**4,202**

(b) Financial Risk Management

The Authority's activities expose it to a variety of financial risks - 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, earnings at risk
Liquidity Risk	Sensitivity 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:

Maximum Exposure to Credit Risk

Category	Note	2011 $'000	2010 $'000
Financial Assets			
Cash and cash equivalents	10	8,419	7,948
Receivables	11	500	386
Total		**8,919**	**8,334**

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 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:

2011 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	31	6	4	-	**41**
Total	**31**	**6**	**4**	**-**	**41**

21 Financial Instruments (continued)

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**

(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.

		2011 Payable in			
	Note	**<1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities					
Payables	16	3,310	-	-	3,310
Total		**3,310**	**-**	**-**	**3,310**

		2010 Payable in			
	Note	**<1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Financial Liabilities					
Payables	16	4,202	-	-	4,202
Total		**4,202**	**-**	**-**	**4,202**

(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 provided to management, depicting the outcome on net income 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 $84,000 (2010: $79,000). This is mainly attributable to the Authority's exposure to variable interest rates on its cash invested.

Financial Instruments	**Carrying Amount**	**2011 Interest Rate Risk**			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	8,419	(84)	(84)	84	84
Potential Impact		**(84)**	**(84)**	**84**	**84**

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

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 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 allowance for impairment.

22 Contingencies

Guarantees and undertakings

The Queensland Studies Authority was not committed to any guarantees or undertakings at 30 June 2011.

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 $48,570.

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

$	2011 No.	2010 No.
0 to 5,000	18	15

The Authority's Board comprises the following members as at 30 June 2011:

Mr Bob McHugh (Chair)
Ms Yvana Jones
Mr David Robertson
Ms Leesa Jeffcoat
Professor Robert Lingard
Mr Alan Finch
Mrs Margaret Leary
Mrs Patricia Neate
Mr Daryl Hanly
Ms Gail Young
Mrs Tsae Wong
Mr Steve Ryan
Dr Paul Giles
Mr Tim Maloney
Mr David Rogers
Ms Leslea (Penny) Taylor
Mr Alan Waldron
Professor Claire Wyatt-Smith

24 Key executive management personnel and remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Queensland Studies Authority during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	**Date appointed to position (Date resigned from position)**
Director	The Director is responsible for providing advice to the Minister on strategic educational issues and manages the staff, functions and resources of the Office of the QSA in accordance with relevant legislation.	Position is substantively vacant following resignation of the Director in 2010. The Acting Director is at classification level SES 3 (High) under s 68 of the Education (Queensland Studies Authority) Act 2002.	Director resigned effective 05/03/2010 Acting, Director commenced 27/04/2009.
Deputy Director, Curriculum Services Division	The Deputy Director, Curriculum Services leads the development, implementation and promotion of QSA's policy approach to curriculum, learning, assessment and reporting. The position also leads the review of syllabuses and curriculum development with a particular focus on implementation of the Australian Curriculum.	Classification level SES 2 (High) under sections 110 and 113 of the Public Service Act 2008.	Contract start date 18/02/2009, contract completion date 17/02/2012.
Deputy Director, Assessment and Reporting Division	The Deputy Director, Assessment and Reporting is responsible for the development and implementation of strategies to support QSA's assessment capability and to manage the quality assurance processes for QSA's testing, certification and assessment functions. The position is also responsible for the release of accurate student achievement data.	Substantive classification level SES 2 (High) under sections 110 and 113 of the Public Service Act 2008. Acting, Deputy Director classification level SES 2 (High) under section 112 of the Public Service Act 2008.	Deputy Director start date 12/07/2004, contract completion date 10/10/2012. Acting Deputy Director start date 27/04/2009.

24 Key executive management personnel and remuneration (continued)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Deputy Director, Corporate and Information Services Division	The Deputy Director, Corporate and Information Services is accountable for the delivery of strategic corporate outcomes and the development, implementation and evaluation of QSA's corporate and information technology governance arrangements.	Classification level SES 2 (Low) under sections 110 and 113 of the Public Service Act 2008.	Start date 04/02/2008, contract completion date 03/02/2013.
Assistant Director, Policy Coordination Branch	The Assistant Director, Policy Coordination provides high-level advice on government relationship management and coordinates policy development and communication of QSA policy and information to stakeholders.	Senior Officer classification level under sections 116 and 119 of the Public Service Act 2008	Appointment date 15/10/2007.

(b) Remuneration

Remuneration policy for the agency's key executive management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:-

- Short term employee benefits which include:
  - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2010 - 30 June 2011

Position (date resigned if applicable)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Acting, Director	188	43	4	22	-	257
Deputy Director, Curriculum Services Division	147	44	3	17	-	211
Acting, Deputy Director, Assessment and Reporting Division	172	-	3	17	-	192
Deputy Director, Corporate and Information Services Division	140	44	3	16	-	203
Assistant Director, Policy Coordination Branch	119	-	3	14	-	136
Total Remuneration	**766**	**131**	**16**	**86**	**-**	**999**

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 2011 and of the financial position of the Authority at the end of that year.

Peter Luxton

Acting Director

26 / 08 / 2011

Bob McHugh

Chair

Bob. McHugh

26 / 8 / 11

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of Queensland Studies Authority (QSA) for the financial year ended 30 June 2011 included on QSA's web site. The QSA is responsible for the integrity of the QSA's web site. We have not been engaged to report on the integrity of the QSA web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from QSA, to confirm the information included in the audited financial report presented on this website.

INDEPENDENT AUDITOR'S REPORT

To the Authority of the Queensland Studies Authority

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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Director and Chair.

The Authority's Responsibility for the Financial Report

The Authority is responsible for the preparation of the financial report that gives a true and fair view 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. The Authority's responsibility also includes such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used 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 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.

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.

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 relation to the establishment and keeping of accounts have been complied with in all material respects; and

 (ii) the financial report presents 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 2010 to 30 June 2011 and of the financial position as at the end of that year.

Paul Horne

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

Queensland Audit Office
Brisbane

29 August 2011