

# → FINANCIAL STATEMENTS

## PROSTITUTION LICENSING AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE //

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
User charges and fees	1	205,425	177,361
Government contributions		755,000	871,000
Other	2	40,275	44,845
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>		<b>1,000,700</b>	<b>1,093,206</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee expenses	3	491,288	378,585
Supplies and services	4	333,397	269,439
Depreciation and amortisation	5	42,667	45,605
Other	6	147,833	189,523
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>1,015,185</b>	<b>883,152</b>
<b>NET SURPLUS (DEFICIT)</b>		<b>(14,486)</b>	<b>210,054</b>

The above statement should be read in conjunction with the accompanying notes.

# PROSTITUTION LICENSING AUTHORITY STATEMENT OF FINANCIAL POSITION //

AT 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	7	650,800	548,535
Receivables	8	16,362	22,575
Other	9	2,970	49,762
<b>Total current assets</b>		<b>670,132</b>	<b>620,872</b>
<b>Non-current assets</b>			
Intangibles	10	11,825	15,355
Property, plant and equipment	11	288,859	236,078
<b>Total non-current assets</b>		<b>300,684</b>	<b>251,433</b>
<b>TOTAL ASSETS</b>		<b>970,816</b>	<b>872,305</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	251,482	141,564
Provisions	13	53,604	50,524
<b>Total current liabilities</b>		<b>305,085</b>	<b>192,088</b>
<b>TOTAL LIABILITIES</b>		<b>305,085</b>	<b>192,088</b>
<b>NET ASSETS</b>		<b>665,731</b>	<b>680,217</b>
<b>EQUITY</b>			
Retained surpluses	14	665,731	680,217
<b>TOTAL EQUITY</b>		<b>665,731</b>	<b>680,217</b>

The above statement should be read in conjunction with the accompanying notes.

# PROSTITUTION LICENSING AUTHORITY STATEMENT OF CASH FLOWS //

FOR YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>Cash flows from operating activities</b>			
Inflows:			
Government contributions		755,000	871,000
User charges and fees		325,500	196,496
GST collected on sales		3,630	1,050
GST input tax credits received		53,394	47,172
Interest received		34,930	47,427
Outflows:			
Employee costs		484,608	380,960
Supplies and services		280,105	338,721
Insurance premiums		2,566	2,132
GST paid on purchases		-	59,422
GST remitted to ATO		50,286	-
Other		165,546	143,920
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>15</b>	<b>189,343</b>	<b>237,990</b>
<b>Cash flows from investing activities</b>			
Inflows:			
Sale of property, plant and equipment		36,108	10,500
Outflows:			
Payments for property, plant and equipment		123,187	184,917
Payments for computer software		-	8,114
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(87,079)</b>	<b>(182,531)</b>
Net increase (decrease) in cash held		102,264	55,459
Cash at beginning of financial year		548,535	493,076
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>7</b>	<b>650,800</b>	<b>548,535</b>

The above statement should be read in conjunction with the accompanying notes.

# PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

## Objectives of the Authority

→ The Prostitution Licensing Authority was established as a statutory body from 1 July 2000 under the *Prostitution Act 1999*. Under the Act, the objectives of the Authority are to establish an efficient and effective brothel licensing regime, to ensure that licensed brothels operate in accordance with the legislation and that the objectives of the legislation are achieved.

→ During 2002-03, the Authority continued to be substantially funded through non-reciprocal government contributions. In future years, it is expected that the Authority will become increasingly self funding from revenues generated from licence fees and certificate fees.

## Summary of significant accounting policies

### (a) Basis of accounting

→ These financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997*, applicable Australian Accounting Standards, Urgent Issues Group Abstracts and Statements of Accounting Concepts.

→ The financial report has been prepared on an accrual and going concern basis.

→ The financial report has also been prepared under the historical cost convention except where specifically stated.

### (b) The reporting entity

→ The financial statements include all revenues, expenses, assets, liabilities and equities of the Authority. The Authority controls no other entities.

### (c) User charges and fees

→ Application fees for licences and certificates and fees for licences and certificates granted are recognised as revenues of the Authority. Other user charges are recognised as revenues when invoices for the related services are issued.

### (d) Cash assets

→ For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets includes all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

### (e) Receivables

→ Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 30 days from invoice date.

→ The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts have been written off as at 30 June.

### (f) Acquisitions of assets

→ Actual cost is used for the initial recording of all 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 architect's fees and engineering design fees.

→ Assets acquired at no cost or for nominal consideration, are recognised at their fair value at the date of acquisition in accordance with AAS 21 *Acquisitions of Assets*.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### (g) Intangibles, property, plant and equipment

- All intangible assets and all items of property, plant and equipment with a cost or other value in excess of \$1,000 are recognised for financial reporting purposes in the year of acquisition.
- Items with a lesser value are expensed in the year of acquisition.

### (h) Amortisation and depreciation of intangibles, property, plant and equipment

- Amortisation and depreciation of intangibles, property, plant and equipment is calculated on a straight line basis so as to allocate the net cost of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Authority.
- The depreciable amount of leasehold improvements is allocated progressively over the estimated useful life of the improvements to the Authority or the unexpired period of the lease on the premises, whichever is the shorter. The unexpired period of the lease includes option periods where exercise of the option is probable.
- Work-in-progress is not depreciated until it reaches service delivery capacity.
- For each class of depreciable asset the following amortisation/depreciation rates are listed below and are consistent with the prior year unless otherwise stated.

Class	Amortisation/ depreciation rate %
Intangibles (internal use software)	20.0
Computer equipment (hardware)	20.0-50.0
Office equipment (photocopier)	20.0
Office equipment (telephone, facsimile, shredders, e/whiteboards)	10.0-14.3
Office equipment (safes)	2.5
Plant and equipment	10.0-14.3
Leasehold improvements	10.0-12.5
Motor vehicles	16.7

### (i) Revaluations of non-current physical assets

- Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 1041 *Revaluation of Non-Current Assets*, and *Queensland Treasury's Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. All other non-current assets are measured at cost.
- All non-current physical assets of the Authority are valued at cost in accordance with these standards and as such no revaluations are required.

### (j) Leases

- A distinction is made in the financial statements between finance leases, that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all the risks and benefits.
- The Authority held no finance leases at 30 June.
- 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. Operating leases are used by the Authority.
- Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### (k) Payables

→ Trade creditors are recognised upon receipt of the goods and 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.

### (l) Employee benefits

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 remuneration rates expected to apply at the time of settlement and include related on-costs such as employer superannuation contributions, long service leave levies and WorkCover premiums.

Long service leave

→ Under the Queensland Government's long service leave scheme, a levy is made on the Authority to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

→ No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

→ Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary.

→ No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported pursuant to AAS 31 *Financial Reporting by Government*.

### (m) Insurance

→ With the exception of motor vehicles, 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.

### (n) Taxation

→ The Authority is a State body as defined under the *Income Tax Assessment Act 1936* and its activities are exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.

### (o) Rounding and comparatives

→ Amounts included in the financial statements have been rounded to the nearest whole dollar, or where that amount is less than \$0.50, to zero.

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

### (p) 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 as an expense.

### (q) Changes in accounting policy

→ Following a review of Statements of Accounting Concepts 4 (SAC 4), it was decided to recognise in the Statement of Financial Position, the monies held by the Authority relating to licence and certificate applications. Previously these amounts were disclosed in the notes to the accounts. The financial affect for 30 June 2003 is to increase both the cash assets and payables balances by \$225,315 with no impact on the total equity position or the Statement of Financial Performance. The 2001-02 statements have also been amended to ensure valid comparatives.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<b>1 USER CHARGES AND FEES</b>		
Fee for licences granted	150,740	135,000
Fees for licence applications	37,500	28,500
Fees for certificates granted	465	285
Fees for certificate applications	16,500	13,500
Other fees	220	76
	<b>205,425</b>	<b>177,361</b>
<b>2 OTHER REVENUE</b>		
Interest	35,436	30,303
Refund of payroll tax	-	14,542
Gain on sale of property, plant and equipment	4,839	-
	<b>40,275</b>	<b>44,845</b>
<b>3 EMPLOYEE EXPENSES</b>		
Wages and salaries	422,437	337,112
Employer superannuation contributions	51,648	31,825
Long service leave levy	6,151	3,991
Other related expenses	11,052	5,657
	<b>491,288</b>	<b>378,585</b>
Number of employees at 30 June	8	6
The number of employees includes full-time employees only. The Authority has no part-time employees.		
<b>4 SUPPLIES AND SERVICES</b>		
Consultants and contractors	163,167	68,314
Materials	65,191	64,070
Travel	9,878	18,986
Repairs and maintenance	14,656	24,062
Communications	10,737	15,057
Queensland Police Service corporate service charges	20,000	20,000
Public utilities	10,831	14,155
Professional development	11,493	24,288
Other	27,444	20,507
	<b>333,397</b>	<b>269,439</b>

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
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<b>5 DEPRECIATION AND AMORTISATION EXPENSE</b>		
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Computer equipment	13,782	15,198
Leasehold improvements	7,623	15,454
Motor vehicles	4,607	5,527
Office equipment	8,800	4,684
Plant and equipment	2,717	1,454
Furniture and fittings	1,608	1,152
Intangibles - own use software	3,530	2,136
	<b>42,667</b>	<b>45,605</b>
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<b>6 OTHER EXPENSES</b>		
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Insurance	2,566	2,132
External audit fees	8,700	6,400
Rental of premises	85,983	93,732
Prostitution Licensing Authority - chair and members' fees	50,508	49,271
Prostitution Advisory Council - chair and members' fees	-	30,446
Losses from disposal of non-current assets	-	6,189
Non-current assets written off	-	1,334
Other	76	19
	<b>147,833</b>	<b>189,523</b>
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<b>7 CASH ASSETS</b>		
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Imprest account	300	300
Cash at bank	650,500	548,235
	<b>650,800</b>	<b>548,535</b>
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The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Statement of Cash Flows.		
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<b>8 RECEIVABLES</b>		
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Current		
GST receivable	8,429	15,148
Interest receivable	7,933	7,427
	<b>16,362</b>	<b>22,575</b>
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## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
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<b>9 OTHER ASSETS</b>		
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Current		
Prepayments	2,970	1,499
Unexpended advances	-	48,263
	<b>2,970</b>	<b>49,762</b>
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<b>10 INTANGIBLES</b>		
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Internal use software		
At cost	17,649	17,649
Less: Accumulated amortisation	(5,824)	(2,295)
<b>Carrying amount at 30 June</b>	<b>11,825</b>	<b>15,355</b>
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<b>11 PROPERTY, PLANT AND EQUIPMENT</b>		
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Leasehold improvements		
At cost	149,936	71,425
Less: Accumulated amortisation	(30,856)	(23,233)
Carrying amount at 30 June	119,080	48,192
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Office equipment		
At cost	54,943	54,943
Less: Accumulated depreciation	(15,565)	(6,765)
Carrying amount at 30 June	39,378	48,178
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Plant and equipment		
At cost	21,717	21,717
Less: Accumulated depreciation	(4,246)	(1,529)
Carrying amount at 30 June	17,471	20,188
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Motor vehicles		
At cost	75,136	67,144
Less: Accumulated depreciation	(2,081)	(8,800)
Carrying amount at 30 June	73,055	58,343
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Computer equipment		
At cost	52,558	51,144
Less: Accumulated depreciation	(22,605)	(8,822)
Carrying amount at 30 June	29,953	42,321
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Fixtures and fittings		
At cost	13,445	13,445
Less: Accumulated depreciation	(3,523)	(1,915)
Carrying amount at 30 June	9,922	11,530
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## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
Capital works in progress		
Leasehold improvements at cost	-	7,326
Carrying amount at 30 June	-	7,326
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>288,859</b>	<b>236,078</b>

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period.

	Leasehold improvement 2003	Computer equipment 2003	Motor vehicles 2003	Office equipment 2003	Plant & equipment 2003	Fixtures & fittings 2003	Works in progress 2003	Total 2003
Carrying amount at 1 July 2002	48,192	42,321	58,343	48,178	20,188	11,530	7,326	236,078
Acquisitions	71,185	1,414	50,589					123,188
Transfer between classes	7,326						(7,326)	-
Disposals			(42,596)					(42,596)
Depreciation/amortisation	(7,623)	(13,782)	6,719	(8,800)	(2,717)	(1,608)		(27,811)
Carrying amount at 30 June 2003	119,080	29,953	73,055	39,378	17,471	9,922	-	288,859

### 12 PAYABLES

Current		
Trade Creditors	-	14,955
Fees for licences received in advance (a)	225,000	105,000
Fees for certificates received in advance (a)	315	240
Other	26,167	21,369
	<b>251,482</b>	<b>141,564</b>

(a) Fees for licences and certificates received in advance are monies held by the Authority pending a decision whether or not to approve the application.

### 13 PROVISIONS

Current		
Annual leave	53,604	50,524
	<b>53,604</b>	<b>50,524</b>

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<b>14 CHANGES IN EQUITY</b>		
Retained Surpluses		
Balance 1 July	680,217	470,163
Net surplus/(deficit)	(14,486)	210,054
<b>BALANCE 30 JUNE</b>	<b>665,731</b>	<b>680,217</b>
<b>15 RECONCILIATION OF NET SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net surplus/(deficit)	(14,486)	210,054
Depreciation and amortisation expense	42,667	45,605
Loss on sale of property, plant and equipment	-	6,189
Gain on sale of property, plant and equipment	(4,839)	-
Property, plant and equipment written off	-	1,334
Change in assets and liabilities:		
(Increase)/decrease in GST receivable	6,738	(12,250)
(Increase)/decrease in other receivables	46,742	(31,139)
(Increase)/decrease in prepayments	(1,472)	(1,499)
Increase/(decrease) in fees paid in advance	120,075	19,135
Increase/(decrease) in other payables	(13,959)	(37,232)
Increase/(decrease) in other LSL payable	-	-
Increase/(decrease) in GST payable	-	1,050
Increase/(decrease) in accruals	4,877	9,249
Increase/(decrease) in employee provisions	3,000	27,494
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>189,343</b>	<b>237,990</b>

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

	2003	2002
	\$	\$
<b>16 COMMITMENTS FOR EXPENDITURE</b>		
<b>(a) Non-cancellable operating lease commitments</b>		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	148,167	127,403
Later than one year and not later than five years	139,642	247,477
<b>TOTAL COMMITMENTS</b>	<b>287,809</b>	<b>374,880</b>

Operating leases are entered into as a means of acquiring access to office accommodation. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities.

### (b) Capital expenditure commitments

The Authority had no capital expenditure commitments at 30 June

### (c) Expenditure commitments

A material expenditure commitment for industry monitoring inclusive of GST contracted for but not recognised is payable as follows:

Not later than one year	38,250	-
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## 17 REMUNERATION OF BOARD MEMBERS

Remuneration received, or due and receivable by Members of the Authority in connection with the management of the Authority. Remuneration includes, fees received by Members. There were no payments made to the Members for salaries, commissions and contributions to Member's superannuation and other benefits.

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

	2003	2002
Nil	2	2
\$1 - \$10,000	3	3
\$30,001 - \$40,000	1	1

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### 18 CONTINGENCY

#### (a) Guarantees and undertakings

The Prostitution Licensing Authority had provided no guarantees or undertakings at 30 June.

#### (b) Litigation in progress

Litigation is currently in process for an appeal lodged against the Authority by a brothel licence applicant. The law firm representing the Authority is unable to estimate costs at this early stage.

#### (c) Unresolved rental expense

There is an unresolved matter in relation to rental expenditure for the extended office premises. This matter is currently being negotiated with the lessor and due to uncertainty, the Authority is unable to estimate costs.

### 19 FINANCIAL INSTRUMENTS

#### (a) Interest rate risk exposure

The Authority's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table.

	Maturity Date		Total	Weighted average rate
	1 year or less	Non-interest bearing		
	\$	\$	\$	%
<b>Financial Assets</b>				
Cash assets	650,500	300	650,800	3.89
Receivables	-	16,362	16,362	
<b>TOTAL</b>	<b>650,500</b>	<b>16,662</b>	<b>667,162</b>	
<b>Financial liabilities</b>				
Payables	-	251,482	251,482	
<b>TOTAL</b>	<b>-</b>	<b>251,482</b>	<b>251,482</b>	

#### (b) Credit risk exposures

Credit risk exposure represents the extent of credit related losses that the Authority may be subject to on amounts to be exchanged under accounts receivable from financial assets.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for doubtful debts as indicated in the Statement of Financial Position.

No significant credit risks have been identified.

#### (c) Net fair values

The net fair value of cash assets, receivables and payables approximates their carrying value.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### CERTIFICATE OF THE PROSTITUTION LICENSING AUTHORITY

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

(a) the prescribed requirements for the establishment and keeping of 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 Prostitution Licensing Authority for the financial year ended 30 June 2003 and of the financial position of the Authority at the end of that year.

Margaret W Isaac  
**Registrar**

23 September 2003

William J Carter QC  
**Chairperson**

23 September 2003

# PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

## INDEPENDENT AUDIT REPORT

To the Board of the Prostitution Licensing Authority

### Matters relating to the electronic presentation of the audited financial statements

→ The audit report relates to the financial statements of Prostitution Licensing Authority for the financial year ended 30 June 2003 included on Prostitution Licensing Authority's web site. The Authority is responsible for the integrity of the Prostitution Licensing Authority's web site. The audit report refers only to the financial statements identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements, available from Prostitution Licensing Authority to confirm the information included in the audited financial statements presented on this web site.

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

### Scope

The financial statements

→ The financial statements of Prostitution Licensing Authority consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the board Chairperson and officer responsible for the financial administration of Prostitution Licensing Authority for the year ended 30 June 2003.

The Authority's responsibility

→ The Authority is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the

accounting policies and accounting estimates inherent in the financial statements.

Audit approach

→ As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Authority,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

### Independence

→ The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

→ The Auditor-General is the auditor of all 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 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.

## PROSTITUTION LICENSING AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2003 //

### Audit Opinion

→ In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

(a) I have received all the information and explanations which I have required; and

(b) in my opinion -

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

(i) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Prostitution Licensing Authority for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.



EA Muir, FCPA  
**Assistant Auditor-General**

Queensland Audit Office  
Brisbane

(Delegate of the Auditor-General of Queensland)