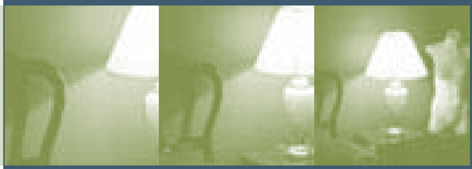
PLA Prostitution Licensing Authority Annual Report 2004/5

Changing Your **Perspective**



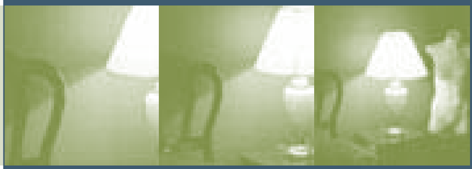
Financial Statements Index

Prostitution Licensing Authority Statement of Financial Performance

For the year ended 30 June 2005

	Notes	2005 $	2004 $
Revenue from ordinary activities			
User charges and fees	2	341,171	281,272
Grants and other contributions	3	806,000	653,000
Other	4	29,969	45,001
Total revenue from ordinary activities		**1,177,140**	**979,273**
Expenses from ordinary activities			
Employee expenses	5	555,671	597,823
Supplies and services	6	196,791	228,837
Depreciation and amortisation	7	45,090	44,473
Other	8	211,907	203,577
Total expenses from ordinary activities excluding borrowing costs		**1,009,459**	**1,074,710**
Net operating result		**167,681**	**(95,437)**

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



Prostitution Licensing Authority Statement of Financial Position

As at 30 June 2005

	Notes	2005	2004
		$	$
Assets			
Current assets			
Cash assets	9	833,369	618,979
Receivables	10	12,142	21,037
Other	11	1,560	–
Total current assets		**847,071**	**640,016**
Non-current assets			
Intangibles	12	4,765	8,295
Property, plant and equipment	13	196,699	234,560
Total non-current assets		**201,464**	**242,855**
Total assets		**1,048,535**	**882,871**
Liabilities			
Current liabilities			
Payables	14	248,179	260,009
Provisions	15	37,163	14,159
Total current liabilities		**285,342**	**274,168**
Non-current liabilities			
Provisions	15	25,218	38,409
Total non-current liabilities		**25,218**	**38,409**
Total liabilities		**310,560**	**312,577**
Net assets		**737,975**	**570,294**
Equity			
Retained surpluses/(deficits)	16	737,975	570,294
Total equity		**737,975**	**570,294**

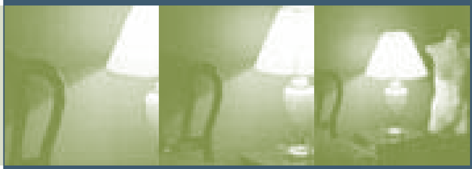
The above statement should be read in conjunction with the accompanying notes.

Prostitution Licensing Authority
Statement of Cash Flows

For the year ended 30 June 2005

	Notes	2005 $	2004 $
Cash flows from operating activities			
Inflows:			
User charges and fees		268,036	284,996
Grants and other contributions		806,000	653,000
GST input tax credits from ATO		47,975	36,093
GST collected from customers		5,045	7,955
Interest receipts		30,517	37,208
Outflows:			
Employee expenses		(503,225)	(597,358)
Supplies and services		(390,588)	(425,979)
GST remitted to ATO		(7,691)	(5,318)
GST paid to suppliers		(37,333)	(42,265)
Net cash provided by (used in) operating activities	17	**218,736**	**(51,668)**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		50,455	79,545
Outflows:			
Payments for property, plant and equipment		(54,801)	(59,698)
Net cash provided by (used in) investing activities		**(4,346)**	**19,847**
Net increase (decrease) in cash held		214,390	(31,821)
Cash at beginning of financial year		618,979	650,800
Cash at end of financial year	9	**833,369**	**618,979**

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



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

Objectives of the Prostitution Licensing Authority

The Prostitution Licensing Authority (PLA) was established as a statutory body from 1 July 2000 under the *Prostitution Act 1999* (the Act). Under the Act, the objectives of the PLA 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 2004-05, the PLA continued to be substantially funded through non-reciprocal Government contributions.

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

General

This financial report is a general purpose financial report that has been prepared in accordance with the *Financial Administration and Audit Act 1977*, applicable Australian Accounting Standards, Urgent Issues Group Abstracts, Statements of Accounting Concepts and the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2005.

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

Except where stated, the historical cost convention is used.

The accounting policies adopted by the PLA are materially consistent with those for the previous year.

Classification between Current and Non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the PLA's operational cycle.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the PLA. The PLA 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 PLA. Other user charges are recognised as revenues when invoices for the related services are issued.

(d) Government Grants and Other Contributions

Government grants, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the PLA obtains control over them.

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) Sale of Assets

The profit or loss on sale of an asset is determined when control has passed to the buyer. The profit or loss for the sale of non-current assets, is accounted for on a net basis.

(f) Cash Assets

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

Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

(g) Receivables

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

The collectability of receivables is assessed periodically with provision being made for doubtful debts. The PLA did not have any bad debts at 30 June 2005.

(h) Acquisition 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 architects' fees and engineering design fees.

Where assets are received free of charge from another 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 department are recognised at their fair value at date of acquisition in accordance with AAS 21 – *Acquisitions of Assets*.

(i) Property, Plant and Equipment

All items of property, plant and equipment, including intangibles, 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.

(j) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the PLA.

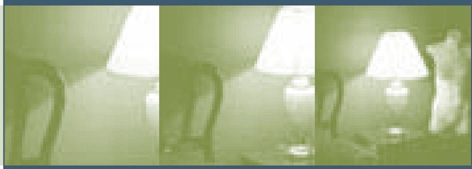
Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the PLA.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful life of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of the lease includes option periods where exercise of the option is probable.

It is the intention of the PLA to sell motor vehicles on an annual basis therefore no depreciation is applied.

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

Class	Periods
Intangibles (internal use software)	5 years
Computer equipment (hardware)	3-5 years
Office equipment (photocopier)	5 years
Office equipment (telephone, facsimile, shredders, e/whiteboards)	7-10 years
Office equipment (safes)	40 years
Plant and equipment	7-10 years
Leasehold improvements	8-10 years
Fixtures and fittings	10 years



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

(k) 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, principally plant and equipment and intangibles, are measured at cost.

All PLA non-current assets are valued at cost, in accord with Guidelines and as such no revaluations are required.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(l) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

The PLA held no finance leases at 30 June 2005.

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.

(m) Intangibles

Intangible assets with a cost or value greater than $1,000 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.

(n) Payables

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

(o) 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 WorkCover premiums, long service leave levies and employer superannuation contributions.

Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur 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 State Government's long service leave scheme, a levy is made on the PLA 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 in the financial report pursuant to AAS 31 – *Financial Reporting by Governments*.

(p) Insurance

With the exception of motor vehicles, which are insured through Suncorp, the PLA's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the PLA pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(q) Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest $1 or, where that amount is $0.50 or less, to zero.

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

(r) Services Received Free of Charge or for Nominal Value

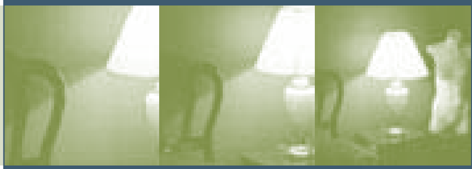
Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

(s) 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 UIG Abstract 38 – *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(t) Taxation

The PLA is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australia Taxation Office (ATO) are recognised and accrued.



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

(u) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRSs) for reporting periods beginning on or after 1 January 2005.

To assist in the implementation of the new reporting requirements the PLA receives advice from the Queensland Police Service (QPS). All AEIFRSs have been reviewed for implications on policies, procedures, systems and financial impacts arising from such changes.

To date, the PLA has identified the following likely impacts arising from the adoption of AEIFRSs:

- The introduction of AASB 136 – *Impairment of Assets* requires an entity to assess at each reporting date whether there is any indication that an asset is impaired and if such indication exists, the entity must estimate the recoverable amount. As the material assets of the PLA comprise plant and equipment and leasehold improvements, valued at written-down cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector* (May 2001), the effect of AASB 136 is expected to be minimal. However, as an impairment test has not previously applied to the public sector, an assessment of the effect is still ongoing and cannot be quantified at this time.
- Intangible assets held by the PLA are valued at cost and have no external market. There will therefore be no change in the value disclosed in the financial statements under AASB 138 – *Intangible Assets*.
- AASB 119 – *Employee Benefits* requires employers to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively. As the PLA contributes to a whole-of-Government superannuation scheme, and the Government assumes the responsibility for the funding of the scheme, the PLA will recognise as a liability only that portion of superannuation contributions owing to QSuper at the end of the reporting period. There will therefore be no effect on the PLA accounts.
- AASB 119 also requires that where there are instances of annual leave not expected to be paid within 12 months, the liability is to be measured at the present value of the future cash flows. Currently, all annual leave is measured at the nominal amount. This may result in a decrease in the non-current annual leave provision but it is anticipated that it will not have a material impact on the liability.

(v) Mandated Changes to Policy on Transition to AEIFRSs

In addition to the amendments required on adoption of AEIFRSs, a number of mandated policies will be introduced, the commencement date of which will coincide with the implementation of the new Standards. The major impacts of these new policies are outlined below:

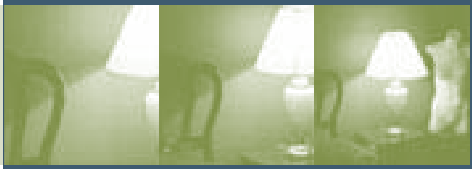
The impact of mandated revised asset recognition thresholds is expected to result in $50,625 being posted as a reduction to the balance of Retained Surpluses on 1 July 2004, with a corresponding reduction to the relevant asset class and accumulated depreciation.

All assets purchased during 2004-05 were above the revised asset recognition thresholds and as such no adjustment will be required in the Income Statement for these purchases.

There will be an adjustment of $15,590 to write back depreciation charged in 2004-05 for assets written off as a result of the new thresholds at 1 July 2004.

Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

		2005	2004
		$	$
2.	**User charges and fees**		
	Fees for licences granted	268,791	213,000
	Fees for licence applications	37,744	41,513
	Fees for certificates granted	1,333	913
	Fees for certificate applications	31,397	24,202
	Other fees	1,906	1,644
	Total	**341,171**	**281,272**
3.	**Grants and Other Contributions**		
	Government operating grant	806,000	653,000
	Total	**806,000**	**653,000**
4.	**Other Revenues**		
	Interest	29,969	38,510
	Net gain on sale of property, plant and equipment	–	6,491
	Total	**29,969**	**45,001**
5.	**Employee Expenses/Number of Employees/ Registrar's Remuneration**		
	Employee Expenses:		
	Wages and salaries	476,873	512,381
	Employer superannuation contributions	57,964	64,388
	Long service leave levy	6,998	7,701
	Other	13,835	13,353
	Total	**555,671**	**597,823**



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

	2005	2004
	$	$
5. Employee Expenses/Number of Employees/ Registrar's Remuneration (continued)		
The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:		
Number of Employees	8.5	8.5
Registrar's Remuneration:		
S02	Min. 97,668 Max. 101,795	

The superannuable salary does not include industry and like allowances, leave loading and fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

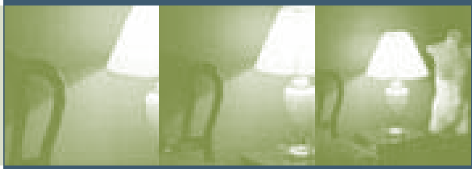
	2005	2004
6. Supplies and Services		
Consultants and contractors[(a)]	32,107	50,393
Materials	48,738	62,461
Travel	7,311	6,506
Repairs and maintenance	14,490	21,234
Communications	14,622	13,890
Queensland Police Service corporate service charges	20,000	20,000
Public utilities	10,246	12,957
Professional development	1,800	16,880
Other	47,478	24,516
Total	**196,791**	**228,837**

[(a)] The PLA did not hire any consultants during 2004-05.

Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

		2005	2004
		$	$
7.	**Depreciation and Amortisation**		
	Depreciation and amortisation incurred in respect of:		
	Leasehold improvements	17,297	17,264
	Computer equipment	10,663	10,815
	Office equipment	9,602	8,867
	Plant and equipment	2,717	2,716
	Fixtures and fittings	1,281	1,281
	Intangibles – own use software	3,530	3,530
	Total	**45,090**	**44,473**
8.	**Other Expenses**		
	Insurance premiums – QGIF	1,420	1,280
	Insurance premiums – Other	2,018	1,820
	Auditor's remuneration – external audit services[b]	9,500	9,100
	Rental expense – operating lease	137,624	133,597
	PLA – Chairman and Members' fees	60,665	50,791
	Loss on sale of property, plant and equipment	647	–
	Other	33	6,989
	Total	**211,907**	**203,577**

[b] Total external audit fees relating to the 2004-05 financial year are estimated to be $9,500 (2004: $9,100).



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

		2005 $	2004 $
9.	**Cash Assets**		
	Imprest account	300	300
	Cash at bank	833,069	618,679
	Total	**833,369**	**618,979**

The total for cash assets reconciles to cash at the end of the financial year as disclosed in the Statement of Cash Flows.

Cash deposited in the Queensland Treasury Cash Management Incentive Regime earned interest at rates between 4.42% and 4.85% (2004: 3.7% to 4.5%).

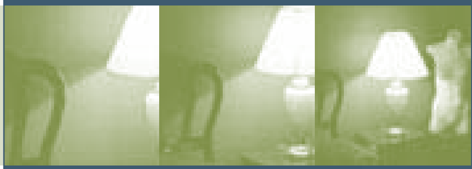
		2005 $	2004 $
10.	**Receivables**		
	Current		
	GST receivable	3,025	14,437
	GST payable	–	(2,636)
	Interest receivable	8,689	9,236
	Other debtors	428	–
	Total	**12,142**	**21,037**
11.	**Other Current Assets**		
	Prepayments	1,560	–
	Total	**1,560**	**–**
12.	**Intangibles**		
	Internal use software		
	At cost	17,649	17,649
	Less: Accumulated amortisation	(12,884)	(9,354)
	Total	**4,765**	**8,295**

Prostitution Licensing Authority
Notes to and Forming Part of the Financial Statements 2005

	2005 $	2004 $
13. Property, Plant and Equipment		
Leasehold improvements		
At cost	151,615	151,615
Less: Accumulated amortisation	(65,417)	(48,120)
	86,198	**103,495**
Office equipment		
At cost	60,561	60,561
Less: Accumulated depreciation	(34,033)	(24,431)
	26,528	**36,130**
Plant and equipment		
At cost	21,717	21,717
Less: Accumulated depreciation	(9,679)	(6,962)
	12,038	**14,755**
Motor vehicles		
At cost	54,801	51,102
Less: Accumulated depreciation[c]	–	–
	54,801	**51,102**
Computer equipment		
At cost	50,510	53,857
Less: Accumulated depreciation	(40,736)	(33,420)
	9,774	**20,437**
Fixtures and fittings		
At cost	13,445	13,445
Less: Accumulated depreciation	(6,085)	(4,804)
	7,360	**8,641**
Total	**196,699**	**234,560**

Plant and equipment and leasehold improvements are valued at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector* (May 2001).

[c] It is the intention of the PLA to sell motor vehicles on an annual basis therefore no depreciation is applied.



Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

13. Property, Plant and Equipment (continued)

Asset Reconciliation

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

	Leasehold Improvements 2005	Office Equipment 2005	Plant & Equipment 2005	Motor Vehicles 2005	Computer Equipment 2005	Fixtures & Fittings 2005	Total 2005
Carrying amount at 1 July	103,495	36,130	14,755	51,102	20,437	8,641	234,560
Acquisitions	–	–	–	54,801	–	–	54,801
Disposals	–	–	–	(51,102)	–	–	(51,102)
Depreciation/ Amortisation	(17,297)	(9,602)	(2,717)	–	(10,663)	(1,281)	(41,560)
Carrying amount at 30 June	**86,198**	**26,528**	**12,038**	**54,801**	**9,774**	**7,360**	**196,699**

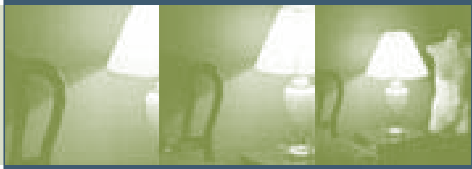
The PLA has plant and equipment with an original cost of $20,388 and a written down value of zero still being used in the provision of services. These assets may be replaced during the next one to two years following a review of operational requirements.

	2005 $	2004 $
14. Payables		
Current		
Fees for licences received in advance[d]	155,689	228,750
Fees for certificates received in advance[d]	215	290
Trade creditors and accruals	42,965	24,292
Other	49,310	6,677
Total	**248,179**	**260,009**

[d] Fees for licences and certificates received in advance are monies held by the PLA pending a decision whether or not to approve the application.

Prostitution Licensing Authority
Notes to and Forming Part of the Financial Statements 2005

		2005 $	2004 $
15.	**Provisions**		
	Current		
	Employee benefits: Annual leave	37,163	14,159
	Total	**37,163**	**14,159**
	Non-current		
	Employee benefits: Annual leave	25,218	38,409
	Total	**25,218**	**38,409**
16.	**Retained Surpluses**		
	Balance at beginning of reporting period	570,294	665,731
	Net surplus/(deficit) for year	167,681	(95,437)
	Balance at end of reporting period	**737,975**	**570,294**
17.	**Reconciliation of Net Surplus/Deficit to Net Cash Provided by (Used in) Operating Activities**		
	Net surplus/deficit from ordinary activities	167,681	(95,437)
	Depreciation and amortisation	45,090	44,473
	Loss on sale of property, plant and equipment	647	–
	Gain on sale of property, plant and equipment	–	(6,491)
	Change in operating assets and liabilities:		
	(Increase)/decrease in net GST receivable	8,776	(3,372)
	(Increase)/decrease in other receivables	119	(1,303)
	(Increase)/decrease in prepayments	(1,560)	2,971
	Increase/(decrease) in fees paid in advance	(73,136)	3,725
	Increase/(decrease) in other payables and accruals	61,306	4,802
	Increase/(decrease) in employee provisions	9,813	(1,036)
	Net cash provided by (used in) operating activities	**218,736**	**(51,668)**



Prostitution Licensing Authority
Notes to and Forming Part of the Financial Statements 2005

	2005	2004
	$	$
18. Commitments for Expenditure		
(a) Finance Lease Liabilities		
The PLA had no finance lease liabilities at 30 June 2005.		
(b) Non-Cancellable Operating Lease		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	157,089	143,494
Later than one year and not later than five years [e]	314,178	–
Later than five years	–	–
Total commitments	**471,268**	**143,494**

(e) The operating leases expired during the 2004-05 financial year. The PLA has exercised the option to continue the tenancy for a further three years.

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.

(c) Capital Expenditure Commitments

The PLA had no capital expenditure commitments at 30 June 2005.

19. Contingencies

(a) Guarantees and Undertakings

The PLA had provided no guarantees or undertakings at 30 June 2005

(b) Litigation in Progress

There are no known contingent assets or liabilities of a significant nature at 30 June 2005.

20 Events Occurring after Balance Date

There are no events occurring after balance date that materially affect the Financial Statements at 30 June 2005.

Prostitution Licensing Authority Notes to and Forming Part of the Financial Statements 2005

21 Financial Instruments

Interest Rate Risk Exposure

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

Contractual Repricing Date

	1 year or Less $	Non-Interest Bearing $	TOTAL $	Weighted Average Rate %
Financial assets				
Cash Assets	833,069	300	833,369	4.54
Receivables	–	12,142	12,142	N/A
	833,069	12,442	845,511	
Financial Liabilities				
Payables	–	248,179	248,179	N/A
	–	248,179	248,179	

The fixed rate represents the weighted average market interest rate.

Credit Risk Exposure

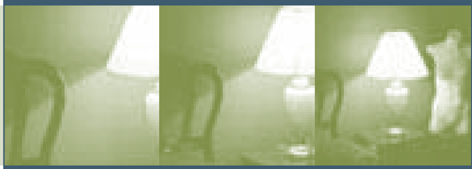
Credit risk exposure represents the extent of credit related losses that the PLA may be subject to on amounts to be exchanged under accounts receivable from financial assets.

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.

Net Fair Value

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 2005

22 Remuneration of Board Members

Remuneration received, or due and receivable by Board Members from the PLA in connection with the management of the PLA. 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 PLA was within the following specified bands were:

	2005	2004
Nil	3	2
$1–$10,000	6	5
$30,001–$40,000	1	1

The total remuneration paid to each Board Member of the PLA is as follows:

Manus Boyce – Chairman (appointed May 2005)	6,100
W J Carter QC (retired Chairman – May 2005)	33,550
Dr I Wilkey (retired PLA Member – May 2005)	3,710
Mr L Pollard	5,097
Ms A Bennison	2,584
Ms L Palmen AM	4,598
Ms A Murphy	5,026
Dr D Rowling (appointed May 2005)	–
Assistant Commissioner G J McDonnell (QPS)	–
Mr J Callanan (Crime and Misconduct Commission)	–
Total remuneration	**60,665**

Certificate of the Prostitution Licensing Authority

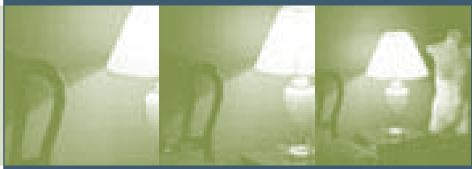
The general purpose financial report has been prepared pursuant to section 46F(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with Section 46F(3) of the Act we certify that in our opinion:

(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 2005 and of the financial position of the Authority at the end of that year.

Margaret W Isaac
Registrar
27 September 2005

Manus Boyce
Chairman
27 September 2005



Independent Audit Report

To the Board of the Prostitution Licensing Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Prostitution Licensing Authority for the financial year ended 30 June 2005 included on the Prostitution Licensing Authority's web site. The Authority is responsible for the integrity of the Prostitution Licensing Authority's web site. We have not been engaged to report on the integrity of the Prostitution Licensing Authority's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Prostitution Licensing Authority, to confirm the information included in the audited financial report presented on this web site.

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

Scope

The Financial Report

The financial report of the Prostitution Licensing Authority consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report and certificates given by the Chairperson and Registrar of the Prostitution Licensing Authority for the year ended 30 June 2005.

The Authority's Responsibility

The Authority is responsible for the preparation and true and fair presentation of the financial report, 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 report.

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 report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Independent Audit Report (continued)

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- 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 report.

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.

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

(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 Prostitution Licensing Authority for the financial year 1 July 2004 to 30 June 2005 and of the financial position as at the end of that year.

ASSISTANT AUDITOR-GENERAL
28 SEP 2005
QUEENSLAND AUDIT OFFICE

M. J. Booth

M T Booth, CPA
As delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane