

Report by Council

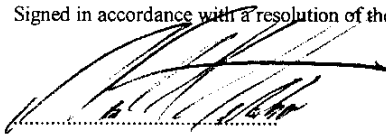
During the financial year, no officer of the Association, or any firm of which an officer is a member, or any body corporate in which an officer has a substantial interest, has received or become entitled to receive a benefit as a result of a contract between an officer, firm or body corporate and the Association, other than;

- benefits arising from the provision of certain minor goods or services in the normal course of the Association's activities.

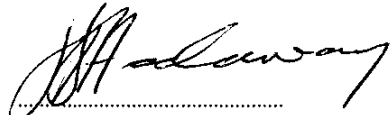
During the financial year, no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, other than in the case of officers employed by the Association, approved salaries which have been determined in accordance with general market conditions.

Dated at Adelaide this *FIRST* day of August 2006.

Signed in accordance with a resolution of the Council.



NEVILLE KITCHIN



JEFFREY HADAWAY

Public Service Association of South Australia Incorporated

Income Statement
For the year ended 30 June 2006

	Note	2006	2005
		\$	\$
Revenue	2	6,119,542	5,816,154
Other income	2	39,494	49,224
		<u>6,159,036</u>	<u>5,865,378</u>
Employee expenses	3	3,021,478	2,833,579
Affiliation expenses		304,308	291,733
Depreciation expenses		198,259	211,442
Insurance & Legal expenses		317,181	444,260
Legal Service Scheme		-13,148	148,947
Office expenses		536,817	582,314
Ambassador card expenses		142,500	135,000
Repairs & maintenance expenses		176,602	151,893
Post, telephone, review expenses		239,215	281,636
Services expenses		685,814	519,300
Loss on sale of non-current assets		-	7,965
Profit before financing income		<u>550,010</u>	<u>257,309</u>
Financial income		725,989	639,269
Net financing income	5	<u>725,989</u>	<u>639,269</u>
Profit for the period		<u>1,275,999</u>	<u>896,578</u>

The above Income Statement should be read in conjunction with the accompanying notes set out on pages 14 to 27.

Public Service Association of South Australia Incorporated
Statement of Recognised Income and Expense
For the year ended 30 June 2006

	2006	2005
	\$	\$
Change in fair value of equity securities available-for-sale	(16,245)	11,340
Net income recognised directly in equity	(16,245)	11,340
Profit for the period	1,275,999	896,578
Total recognised income and expense for the period	1,259,754	907,918
Attributable to:		
Equity holder		
Total recognised income and expense for the period	1,259,754	907,918

Other movements in equity arising from transactions with owners as owners are set out in Note 12.

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes set out on pages 14 to 27.

Public Service Association of South Australia Incorporated
Balance Sheet
As at 30 June 2006

	Note	2006 \$	2005 \$
Current Assets			
Cash and cash equivalents	6	10,704,086	9,639,028
Trade and other receivables	7	93,527	98,435
Prepayments		166,714	107,248
Total current assets		<u>10,964,327</u>	<u>9,844,711</u>
Non Current Assets			
Available-for-sale investments	8	1,524,692	1,540,937
Property, plant and equipment	9	4,711,322	4,672,372
Total non-current assets		<u>6,236,014</u>	<u>6,213,309</u>
Total assets		<u>17,200,341</u>	<u>16,058,020</u>
Current Liabilities			
Trade and other payables	10	329,995	358,324
Legal Services Scheme		47,944	208,606
Employee benefits	11	1,126,851	1,055,293
Total current liabilities		<u>1,504,790</u>	<u>1,622,223</u>
Non Current Liabilities			
Employee benefits	11	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>1,504,790</u>	<u>1,622,223</u>
Net Assets		<u>15,695,551</u>	<u>14,435,797</u>
Equity			
Reserves	12	2,356,945	2,134,273
Retained earnings	12	13,338,606	12,301,524
Total equity attributable to equity holder	12	<u>15,695,551</u>	<u>14,435,797</u>

The above Balance Sheet should be read in conjunction with the accompanying notes set out on pages 14 to 27.

Public Service Association of South Australia Incorporated
Statement of Cash Flows
For the year ended 30 June 2006

	Note	2006 \$	2005 \$
Cash flows from operating activities			
Receipts from members		6,127,980	5,779,472
Receipts from holiday homes		131,895	131,671
Payments to suppliers		(5,965,815)	(5,506,171)
Other cash income received		289,833	289,033
Net cash from operating activities	18	583,893	694,005
Cash flows from investing activities			
Proceeds on disposal of fixed assets		-	82,273
Payment for investments		(1,114,514)	(1,033,732)
Payment for property, plant & equipment		(237,208)	(224,394)
Investment income received		718,375	629,981
Net cash from investing activities		(633,347)	(545,872)
Net increase / (decrease) in cash and cash equivalents		(49,455)	148,133
Cash and cash equivalents at 1 July 2005		1,415,423	1,267,290
Cash and cash equivalents at 30 June 2006		1,365,968	1,415,423

The above Statements of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 27.

Public Service Association of South Australia Incorporated
Notes to the Financial statements
For the year ended 30 June 2006

Note 1 Significant accounting policies

The Association is domiciled in Australia.

This financial report was authorised for issue by the Council on 1st August 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB"), Urgent Issues Group Interpretations ("UIG's") adopted by the Australian Accounting Standards Board ("AASB") and the Associations Incorporations Act. International Financial Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS").

This is the Association's first financial report prepared in accordance with AIFRS and AASB 1 First Time Adoption of AIFRS has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Association is provided in note 20.

(b) Basis of Preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that available for sale investments are stated at their fair value. Other non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Association.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRS.

(c) Taxation

The Association is exempt from paying income tax due to being a trade union in terms of Section 50 (15) of the Income Tax Assessment Act 1997.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

(d) Property, Plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(h)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in Note 1(n).

(iii) Subsequent costs

The Association recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- * buildings 40 years
- * plant and equipment 3 - 5 years

(e) Intangible assets

(i) Computer Software

Significant items of computer software are stated at cost less accumulated amortisation and impairment losses. Minor expenditure on computer software is expensed as incurred.

(ii) Amortisation

Amortisation is charged to the statement on a straight line basis over the estimated useful lives of each item of computer software from the date it is acquired and is ready for use. Estimated useful lives are deemed to be 2-3 years. Remaining useful lives are reassessed annually. No residual value is assumed.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see note 1(h)).

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash, at call and term deposits.

(h) Impairment

The carrying amounts of the Association's assets other than inventories (see note 1(g)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated (see note 1 h (i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

When a decline in the fair value of an available-for-sale financial asset, being the investment assets, has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Association's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current asset of a not-for-profit entity, "value in use" means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

(ii) Reversal of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in the profit or loss for an investment in an equity instrument classified as available-for-sale, shall not be reversed through the profit or loss.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

(i) Investments

Investments in equity securities are held directly, classified as being available-for-sale, and stated at fair value. Any resultant gain or loss is recognised directly in equity, except for impairment losses.

The fair value of investments held as available-for-sale is their quoted bid price at the balance sheet date.

If the cumulative loss recognised directly in equity in relation to any investment is considered to be due to impairment, that cumulative loss is recognised in the income statement. When investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Investments are recognised/derecognised by the Association on the date it commits to purchase/sell the investments.

(j) Employee benefits

(i) Long-term service benefits

The Association's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating the terms of the Association's obligations.

(ii) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of reporting date, represent present obligations resulting from employees' services provided to reporting date and are measured as the undiscounted amounts based on wages and salary rates that the Association expects to pay as at reporting date including related on-costs.

(iii) Termination Payment

Redundancy entitlements for all eligible employees are as prescribed in Clause 22 of the PSA Staff Enterprise Agreement. Further, those eligible employees who commenced employment prior to 1993 are also entitled to a termination payment of 6% and 9% of current annual salary for each year of service for Administrative and Industrial staff respectively.

(iv) Sick Leave

Provision for sick leave is made for members seconded by the PSA, as, in accordance with the arrangements made with the Office of Public Employment, sick leave does not accrue in the "parent" agency for those secondees that the PSA has provided for.

(k) Provisions

A provision is recognised in the balance sheet when the Association has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

(l) Trade and other payables

Trade and other payables are stated at cost

(m) Revenue

(i) Members' Subscriptions

Members' subscriptions are accounted for on a cash receipts basis, net of goods and services tax (GST).

(ii) Rental Revenue

Rental revenue is recognised as it comes due, net of GST.

(iii) Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(n) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flow.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

	2006	2005
	\$	\$
Note 2 Revenue		
Members Subscriptions	5,751,349	5,456,609
Rental Revenue	368,193	359,545
Revenue	6,119,542	5,816,154
Other Income		
Industrial Contract Services Fees	39,494	49,224
	39,494	49,224
Note 3 Employee expenses		
Wages and salaries	2,884,738	2,655,416
Increase in liability for employee benefits	136,740	178,163
	3,021,478	2,833,579
Note 4 Auditors' remuneration		
Audit services		
Auditing the financial reports	24,000	20,750
Other Services		
Taxation and accounting services	11,072	8,688
	35,072	29,438
Note 5 Net financing income		
Interest income	725,989	639,269
Financial Income	725,989	639,269
Interest expense	-	-
Financial Expense	-	-
Net financing income	725,989	639,269
Note 6 Cash and cash equivalents		
Bank balances	1,365,968	1,415,423
Term deposits	9,338,118	8,223,605
Balance as per statement of cash flows	10,704,086	9,639,028
Note 7 Trade and other receivables		
Trade receivables	12,688	25,210
Interest receivable	80,839	73,225
	93,527	98,435
Note 8 Available-for-sale investments		
Capital Notes (15,000 Capital Notes)	1,524,690	1,540,935
Shares in Savings and Loans Credit Union (S.A.) Limited	2	2
	1,524,692	1,540,937

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

Note 9 Property, plant and equipment

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Cost				
Balance at 1 July 2004	2,025,257	3,269,567	3,026,256	8,321,080
Acquisitions	-	-	224,394	224,394
Disposals	-	-	(295,701)	(295,701)
Balance at 30 June 2005	<u>2,025,257</u>	<u>3,269,567</u>	<u>2,954,949</u>	<u>8,249,773</u>
Balance at 1 July 2005	2,025,257	3,269,567	2,954,949	8,249,773
Acquisitions	76,500	110,878	49,830	237,208
Disposals	-	-	(5,358)	(5,358)
Balance at 30 June 2006	<u>2,101,757</u>	<u>3,380,445</u>	<u>2,999,421</u>	<u>8,481,623</u>
Depreciation and impairment losses				
Balance at 1 July 2004	-	963,079	2,608,344	3,571,423
Depreciation charge for the year	-	81,805	129,637	211,442
Disposals	-	-	(205,464)	-205,464
Balance at 30 June 2005	<u>-</u>	<u>1,044,884</u>	<u>2,532,517</u>	<u>3,577,401</u>
Balance at 1 July 2005	-	1,044,884	2,532,517	3,577,401
Depreciation charge for the year	-	83,121	115,137	198,258
Disposals	-	-	(5,358)	(5,358)
Balance at 30 June 2006	<u>-</u>	<u>1,128,005</u>	<u>2,642,296</u>	<u>3,770,301</u>
Carrying amounts				
At 1 July 2004	<u>2,025,257</u>	<u>2,306,488</u>	<u>417,912</u>	<u>4,749,657</u>
At 30 June 2005	<u>2,025,257</u>	<u>2,224,683</u>	<u>422,432</u>	<u>4,672,372</u>
At 30 June 2005	<u>2,025,257</u>	<u>2,224,683</u>	<u>422,432</u>	<u>4,672,372</u>
At 30 June 2006	<u>2,101,757</u>	<u>2,252,440</u>	<u>357,125</u>	<u>4,711,322</u>

Note 10 Trade and other payables

Trade payables and accruals	259,215	297,491
Unearned Subscriptions	70,780	60,833
	<u>329,995</u>	<u>358,324</u>

Note 11 Employee benefits

Current

Liability for annual leave	249,356	205,106
Liability for long service leave	441,721	390,638
Liability for sick leave	-	71,097
Liability for termination payment	435,774	388,452
	<u>1,126,851</u>	<u>1,055,293</u>

Non-Current

Liability for long service leave	-	-
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Total employee benefits

1,126,851	1,055,293
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Public Service Association of South Australia Incorporated
Statement by Council to the Members
For the year ended 30 June 2006

Note 12 Reserves

(i) Reconciliation of movement in reserves

	Fair Value Reserve	Legal Services Scheme Reserve	Campaign Fund Reserve	Computer Installation Reserve	Jim Otte Scholarship Fund	Asset Repla- -cement Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at July 2004	29,595	717,899	482,515	400,000	322,488	100,000	11,475,382	13,527,879
Total recognised income and expense	11,340						896,578	907,918
Transfer(to)/from reserve							(70,436)	(70,436)
Transfer(to)/from retained earnings		50,700			19,736			70,436
Balance at 30 June 2005	40,935	768,599	482,515	400,000	342,224	100,000	12,301,524	14,435,797
Balance at 1 July 2005	40,935	768,599	482,515	400,000	342,224	100,000	12,301,524	14,435,797
Total recognised income and expense	(16,245)						1,275,999	1,259,754
Transfer(to)/from reserve							(238,917)	(238,917)
Transfer(to)/from retained earnings		217,049			21,868			238,917
Balance at 30 June 2006	24,690	985,648	482,515	400,000	364,092	100,000	13,338,606	15,695,551

Nature and purpose of reserves

Fair Value Reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised through sale. Impairment losses are transferred to the income statement.

Legal Services Scheme Reserve

The Legal Services Scheme Reserve represents the accumulated contributions of members, and interest accrued thereto, net of legal expenses incurred for which the scheme has no current obligation. The current obligation is recognised in the Provision for the Legal Services Scheme. This reserve is to be utilized solely for the purpose of meeting the legal expenses of members in accordance with the terms and conditions of the Legal Services Scheme.

Computer Installation Reserve

The objective of the Computer Installation Reserve is to ensure that there are sufficient funds for future capital replacement for computer hardware and software.

Campaign Fund Reserve

The Campaign Reserve relates to funds set aside for future campaigns.

Asset Replacement Reserve

The objective of the Asset Replacement Reserve is to ensure that there are sufficient funds for future capital replacement of property, plant and equipment.

Jim Otte Scholarship Fund

The Jim Otte Scholarship Fund was established in 1988. The fund assists members to undertake union related study and or research.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

Note 13 Financial instruments

(a) Interest rate risk exposure

The Association's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

Exposure arises predominantly from assets and liabilities bearing variable interest rates.

	2005	Fixed Interest maturing in:			Non-Interest Bearing	Total
		1 year or less \$	1 to 5 years \$	Over 5 years \$		
Financial assets						
Cash and cash equivalents	Notes 6	9,639,028	1,540,937	-	-	11,179,965
Trade and other receivables	7	-	-	-	98,435	98,435
		<u>9,639,028</u>	<u>1,540,937</u>	<u>-</u>	<u>98,435</u>	<u>11,278,400</u>
Weighted average interest rate		6.27%				
Financial liability						
Trade & other payables	10	-	-	-	358,324	358,324
Employee benefits		-	-	-	1,055,293	1,055,293
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413,617</u>	<u>1,413,617</u>
Net financial assets/(liabilities)		<u>9,639,028</u>	<u>1,540,937</u>	<u>-</u>	<u>(1,315,182)</u>	<u>9,864,783</u>
	2006					
		1 year or less	1 to 5 years	Over 5 years	Non-Interest Bearing	Total
Financial assets						
Cash and cash equivalents	Notes 6	10,704,086	1,524,692	-	-	12,228,778
Trade and other receivables	7	-	-	-	93,527	93,527
		<u>10,704,086</u>	<u>1,524,692</u>	<u>-</u>	<u>93,527</u>	<u>12,322,305</u>
Weighted average interest rate		6.39%				
Financial liability						
Trade & other payables	10	-	-	-	329,995	329,995
Employee benefits		-	-	-	1,126,851	1,126,851
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,456,846</u>	<u>1,456,846</u>
Net financial assets/(liabilities)		<u>10,704,086</u>	<u>1,524,692</u>	<u>-</u>	<u>(1,363,319)</u>	<u>10,865,459</u>

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

2006 **2005**
\$ **\$**

Note 14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

No later than one-year	51,216	51,216
Later than one year but not later than two years	51,216	51,216
Later than two years but not later than five years	17,072	68,288
	119,504	170,720

The Association leases photocopiers under non-cancellable operating leases expiring from one to three years. Lease payments comprise a minimum base amount.

Note 15 Capital commitments

- -

2006 **2005**
\$ **\$**

Note 16 Payments to Related Organisations

Affiliation fees	304,308	291,733
Other Services	16,611	57,521
	320,919	349,254

Note 17 Donations

APS Table Tennis Association	-	300
BMC Childrens Christmas	410	450
Cancer Council	-	100
Meat Workers Union	500	
Lindsay Bassani	-	250
Lions Hearing Dogs Incorporated	350	650
Public Service Golf Day	350	350
Australian Prison Officers Assoc	-	350
UTLC-Youth Project	-	500
	1,610	2,950

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

	2006	2005
	\$	\$
Note 18 Reconciliation of cash flows from operating activities		
Profit for the period	1,275,999	896,578
<i>Adjustments for:</i>		
Non cash items		
Depreciation	198,259	211,442
Loss on Sale of assets	-	7,965
Items treated as Investing:		
Investment income	(718,375)	(629,981)
Operating profit before changes in working capital and provisions	755,883	486,004
(increase)/decrease in prepayments	-59,466	644
(increase)/decrease in other debtors	4,908	(1,321)
(decrease)/increase in creditors & accruals	-38,275	44,409
(decrease)/increase in unearned revenue	9,947	(19,480)
(decrease)/increase in provision for Legal Services Scheme	-160,662	5,586
(decrease)/increase in provisions for employee entitlements	71,558	178,163
Net cash from operating activities	583,893	694,005

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

Note 19 Related party disclosures

(a) Councillors

The names of each person holding the position of councillor during the financial year are listed below. The persons listed held the position for the whole year unless otherwise stated.

Beck	Andrew	
Bell-Corkin	Patricia	
Boland	Marie	from 07/06/06
Bryant	Lynn	
Callaghan	Stephen	
Di Pardo	Sonia	
Gale	Jeanette	from 01/07/05 - 06/06/06
Griffiths	Michael	
Hall	Christopher	
Hadaway	Jeffrey	
Henderson	Sharon	from 01/07/05 - 23/04/06
Hewish	Peter	
Hindmarch	Janice	from 01/07/05 - 23/04/06
Howell	Bernadette	
Hughes	Lesley	
Kitchin	Neville	
Kirkham	John	from 07/06/06
Lee	Jenny	from 01/07/05 - 06/06/06
Martin	Bev	
Martin	Jo-anne	
McKay	Mike	from 24/04/06
McComb	James	from 07/06/06
McMahon	Jan	
Millison	Linda	from 24/04/06
Naumov	Dianne	from 24/04/06
Owen	John	from 24/04/06
Oxlad	Lindsay	
Rankine	Di	
Reilly	Peter	from 01/07/05 - 06/06/06
Rust	Stephen	from 01/07/05 - 23/04/06
Stitt	Robyn	from 24/04/06
Townsend	Malcolm	
Warner	Margaret	
Warren	Graham	from 07/06/06
Weber	Linda	
Williams	Wendy	
Wilkinson	Marissa	from 01/07/05 - 06/06/06
Wilson	Rosanne	

(b) Councillors' remuneration

Amounts totalling \$38,177 (note : that the first quarter 2006/2007 honorariums for \$4,205 and July 2006 Council allowances for \$780 were included in June 2006 due to early July meeting) were paid to councillors during the period, being for honorariums and meeting attendance fees.

Note 20 Explanation of transition to AIFRS

As stated in note 1 (a), these are the Association's first financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Associations date of transition)

In preparing its opening AIFRS balance sheet, the Association has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (" the previous GAAP ") An explanation of how the transition from the previous GAAP to AIFRS has affected the Association's financial position and financial performance is set out in the following tables and the notes that accompany the tables. There were no changes to the Association's cash flow as a result of transition to AIFRS.

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

Note 20 Explanation of transition to AIFRS (continued)

	Previous GAAP 2004 \$	Effect of Transition to AIFRS 2004 \$	AIFRS 2004 \$	Previous GAAP 2005 \$	Effect of Transition to AIFRS 2005 \$	AIFRS 2005 \$
Reconciliation of Equity						
Current Assets						
Cash and cash equivalents	1,267,290	7,189,876(2)	8,457,166	1,415,423	8,223,605(2)	9,639,028
Other financial assets	7,189,878	-7,189,878(2)	-	8,223,607	-8,223,607(2)	-
Trade and other receivables	97,112	-	97,112	98,435	-	98,435
Prepayments	107,890	-	107,890	107,248	-	107,248
Total current assets	8,662,170	-2	8,662,168	9,844,713	-2	9,844,711
Non Current Assets						
Other financial assets	1,500,000	-1,500,000(1)	-	1,500,000	-1,500,000(1)	-
Available-for-sale investments	-	1,529,597(1)	1,529,597	-	1,540,937(1)	1,540,937
Property, plant and equipment	4,749,657	-	4,749,657	4,672,372	-	4,672,372
Total non-current assets	6,249,657	29,597	6,279,254	6,172,372	40,937	6,213,309
Total assets	14,911,827	29,595	14,941,422	16,017,085	40,935	16,058,020
Current Liabilities						
Trade and other payables	333,394	-	333,394	358,324	-	358,324
Legal Services Scheme	203,019	-	203,019	208,606	-	208,606
Employee benefits	877,130	-	877,130	1,055,293	-	1,055,293
Total current liabilities	1,413,543	-	1,413,543	1,622,223	-	1,622,223
Non Current Liabilities						
Employee benefits	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-
Total Liabilities	1,413,543	-	1,413,543	1,622,223	-	1,622,223
Net Assets	13,498,284	29,595	13,527,879	14,394,862	40,935	14,435,797
Equity						
Reserves	2,022,902	29,595(1)	2,022,902	2,093,338	40,935(1)	2,093,338
Retained earnings	11,475,382	-	11,475,382	12,301,524	-	12,301,524
Total Equity	13,498,284	29,595	13,527,879	14,394,862	40,935	14,435,797

(1) Represents the reclassification of Capital Notes from "Other Financial Assets" to "Available-for-sale investments" and the accompanying effect of fair value adjustment of the Capital Notes at transition date and for the comparative period.

(2) Represents the reclassification of term deposits from "Other Financial Assets" to "Cash and cash equivalents" and the reclassification of shares in Savings and Loans Credit Union (S.A.) Limited to "Available-for-sale investments".

Public Service Association of South Australia Incorporated
Notes to the financial statements
For the year ended 30 June 2006

Note 20 Explanation of transition to AIFRS (continued)

Reconciliation of profit for 2005

	Note	Previous GAAP \$	Effect of Transition to AIFRS	AIFRS \$
Revenue		5,816,154		5,816,154
Other income		49,224		49,224
		5,865,378		5,865,378
Employee expenses		2,833,579		2,833,579
Affiliation expenses		291,733		291,733
Depreciation expense		211,442		211,442
Insurance & Legal expenses		444,260		444,260
Legal Service Scheme		148,947		148,947
Office expenses		582,314		582,314
Ambassador card expenses		135,000		135,000
Repairs & maintenance expense		151,893		151,893
Postage, telephone, review expense		281,636		281,636
Service expenses		519,300		519,300
Loss on sale of non-current assets		7,965		7,965
Profit before financing income		257,309		257,309
Financial income		639,269		639,269
Net financing income		639,269		639,269
Profit for the period		896,578		896,578

Note 21 Subsequent events

There have been no events subsequent to balance date.

Public Service Association of South Australia Incorporated
Statement by Council to the Members
For the year ended 30 June 2006

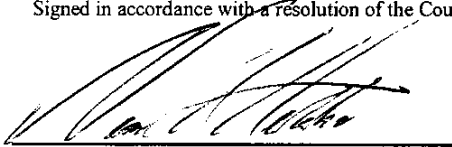
1 In the opinion of the Council of Public Service Association of South Australia Incorporated:

- (a) the financial statements and notes, set out on pages 10 to 27, are drawn up so as to present fairly the results and cash flows of the Association for the financial year ended 30 June 2006 and the state of affairs of the Association as at that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

2 The financial statements have been made out in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies, the provisions of the Associations Incorporations Act and the requirements of the law.

Dated at Adelaide this *FIRST* day of *AUGUST* 2006.

Signed in accordance with a resolution of the Council



NEVILLE KITCHIN



JEFFREY HADAWAY



**Independent audit report to the members of the
Public Service Association of South Australia Incorporated**

Scope

We have audited the financial report of the Public Service Association of South Australia . Incorporated (“the Association”) for the financial year ended 30 June 2006, consisting of the income statement, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes 1 to 21, and the statement by Council. The Association’s Councillors are responsible for the financial report. The Councillors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Association’s financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of the Public Service Association of South Australia Incorporated is in accordance with:

- a) the Associations Incorporations Act 1985 (as amended), including:
 - i. presenting fairly the Association’s financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

I K Footer
Partner

Dated at Adelaide this *15th* day of August 2006