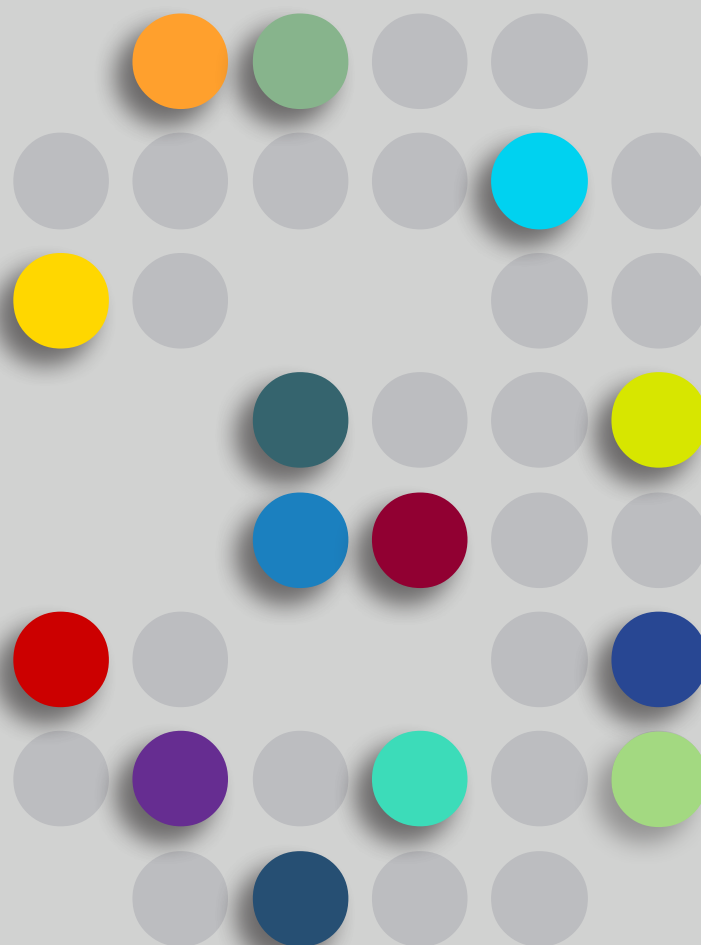


PART 3

Financial Statements for Health Professional Councils



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**Aboriginal and
Torres Strait
Islander Health
Practice Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales, we declare on behalf of the Council that in our opinion:


1. The accompanying financial statements exhibit a true and fair view of the financial position of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Ms Lisa Penrith
President

Date: 13 October 2017



Ms Rosemary MacDougal
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair

presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(15,099)	(17,190)
Other operating expenses	2(b)	(7,232)	(6,296)
Depreciation and amortisation	2(c)	(209)	(474)
Finance costs	2(d)	(14)	(10)
Other expenses	2(e)	(3,210)	(2,665)
Total Expenses Excluding Losses		(25,764)	(26,635)
REVENUE			
Registration fees		3,366	3,875
Grants and Contributions	1(n)	25,000	26,000
Interest revenue	4(a)	384	422
Other revenue	4(b)	60	629
Total Revenue		28,810	30,926
Net Result		3,045	4,291
Other comprehensive income		-	-
Total Comprehensive Income		3,045	4,291

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	37,943	39,757
Receivables	6	768	3,058
Total Current Assets		38,711	42,815
Non-Current Assets			
Plant and equipment			
Leasehold improvements		49	194
Motor vehicles		25	34
Furniture and fittings		-	5
Office equipment		34	8
Total Plant and equipment	7	108	241
Intangible assets	8	-	7
Total Non-Current Assets		108	248
Total Assets		38,818	43,063
LIABILITIES			
Current Liabilities			
Payables	9	4,479	12,719
Fees in advance	10	1,865	999
Provisions	11	-	1,051
Total Current Liabilities		6,344	14,769
Non-Current Liabilities			
Provisions	11	1,134	-
Total Non-Current Liabilities		1,134	-
Total Liabilities		7,478	14,769
Net Assets		31,341	28,293
EQUITY			
Accumulated funds		31,339	28,294
Total Equity		31,339	28,294

The accompanying notes form part of these financial statements.

Part 3: Financial Statements

Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

Statement of Changes in Equity

for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		28,295
Net result for the year		3,045
Balance at 30 June 2017		31,340
<hr/>		
Balance at 1 July 2015		24,003
Net result for the year		4,291
Balance at 30 June 2016		28,295

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(16,541)	(14,120)
Audit fees		(2,830)	(2,760)
Occupancy costs		(1,853)	-
Temporary labour costs		(2,549)	-
Computer Services		(1,770)	-
Travel expenses		(17)	-
Other expenses		(8,160)	(193)
Total Payments		(33,722)	(17,073)
Receipts			
Receipts from registration fees		6,506	1,819
Interest received		377	273
Grants Contributions	1(n)	25,000	26,000
Other		60	-
Total Receipts		31,943	28,092
Net Cash Flows from Operating Activities	15	(1,779)	11,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment and intangible assets		(36)	(114)
Net Cash Flows from Investing Activities		(36)	(114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		(1,814)	10,905
Opening cash and cash equivalents		39,757	28,852
Closing Cash and Cash Equivalents	5	37,942	39,757

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010, with further four Councils established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

j. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 Impairment of Assets effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	7.61% - 20%	77% - 100%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

k. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii. Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

l. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

m. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

n. Grants and contributions

A grant was received from the Ministry of Health during 2017 (\$25,000 for 2017/18 expenditures) which has been recorded as 'income' in the year of receipt. The grant is subject to the following conditions:

- i. The grant is for the purpose of contributing to the running costs of the Council.*
- ii. If asked by the Ministry of Health, an account of the monies spent must be provided to the Ministry.*
- iii. If there are any unspent monies from the grant then, as soon as practicable after 1 July 2018, the HPCA is to advise the Ministry of Health (Legal Branch) who will then determine whether the unspent monies should be returned to the Ministry of Health or continue to be used for the purposes of running the Aboriginal and Torres Strait Islander Health Practitioner Council.*

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES**a. Personnel Services Expenses**

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	13,094	14,685
Superannuation	1,260	1,672
Payroll taxes	705	798
Workers compensation insurance	40	35
	<u>15,099</u>	<u>17,190</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	2,830	2,760
Rent and building expenses	1,853	1,656
Contracted labour	2,549	1,880
	<u>7,232</u>	<u>6,296</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	9	1
Furniture and fittings	-	1
Office Equipment	8	2
	<u>17</u>	<u>4</u>
Amortisation		
Leasehold improvement	192	467
Intangible assets	-	3
	<u>192</u>	<u>470</u>
Total Depreciation and Amortisation	<u>209</u>	<u>474</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	14	10
	<u>14</u>	<u>10</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	56	2
Fees for service	2,051	1,063
Postage and communication	185	165
Printing and stationery	134	141
Equipment and furniture	43	9
General administration expenses	706	224
Loss on re-allocation of Fixed assets	37	-
Loss on re-allocation of Make good provision	-	1,061
	3,210	2,665

3. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

4. (a).INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	384	422
	384	422

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.75

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good asset	-	629
Other Revenue	60	-
	60	629

Notes to the Financial Statements continued

5. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank - held by HPCA*	37,943	39,757
	37,943	39,757

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System.

6. RECEIVABLES	2017	2016
	\$	\$
Prepayments	193	284
Other receivables	383	314
Interest receivable	157	149
Trade receivables	36	2,311
	768	3,058

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

7. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$
Gross carrying amount	661	35	6	10	712
Accumulated depreciation and impairment	(467)	(1)	(1)	(2)	(471)
Net carrying amount	194	34	5	8	241

At 30 June 2017					
Gross carrying amount	64	35	-	42	141
Accumulated depreciation and impairment	(15)	(10)	-	(8)	(33)
Net carrying amount	49	25	-	34	108

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2017	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Net carrying amount at start of year	194	34	5	8	241
Additions	-	-	-	41	41
Disposals	-	-	-	-	-
Other ¹	47	-	(5)	(7)	36
Depreciation	(192)	(9)	-	(8)	(209)
Net carrying amount at end of year	49	25	-	34	109

Notes to the Financial Statements continued

7. PLANT AND EQUIPMENT continued

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2015	\$	\$	\$	\$	\$
Gross carrying amount	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-
Net carrying amount	-	-	-	-	-
At 30 June 2016					
Gross carrying amount	661	35	6	10	712
Accumulated depreciation and impairment	(467)	(1)	(1)	(2)	(471)
Net carrying amount	194	34	5	8	241

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	-	-	-	-
Additions	51	35	6	10	103
Disposals	-	-	-	-	-
Other ¹	610	-	-	-	610
Depreciation	(467)	(1)	(1)	(2)	(471)
Net carrying amount at end of year	194	34	5	8	241

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

8. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	-	10	10
Accumulated amortisation and impairment	-	(3)	(3)
Net carrying amount	-	7	7
At 30 June 2017			
Cost (gross carrying amount)	-	-	-
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	-	-
Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	-	7	7
Additions	-	-	-
Disposals	-	-	-
Transfer	-	-	-
Other ¹	-	(7)	(7)
Amortisation	-	-	-
Net carrying amount at end of year	-	-	-
At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	-	-	-
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	-	-
At 30 June 2016			
Cost (gross carrying amount)	-	10	10
Accumulated amortisation and impairment	-	(3)	(3)
Net carrying amount	-	7	7

Notes to the Financial Statements continued

8. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	-	-	-
Additions	-	-	-
Transfer	-	-	-
Other ¹	-	10	10
Amortisation	-	(3)	(3)
Net carrying amount at end of year	-	7	7

1. Other includes:

a. Adjustment for write off of intangible assets costing less than \$5,000.

9. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	1,552	3,035
Trade and other payables	2,927	9,684
	4,479	12,719

10. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	1,865	999
	1,865	999

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

11. PROVISIONS

	2017	2016
	\$	\$
Current		
Make good	-	1,051
	<u>-</u>	<u>1,051</u>
Non-Current		
Make good	1,134	-
	<u>1,134</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	1,051	-
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	1,061
Increase/(Decrease) in provisions recognised	70	(20)
Unwinding/change in discount rate	14	10
Carrying amount at the end of financial year	<u>1,134</u>	<u>1,051</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2016 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

12. COMMITMENTS FOR EXPENDITURE		2017	2016
		\$	\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017

Not later than one year	58	-
Later than one year and not later than five years	-	-
Total (including GST)	58	-

Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	2,163	343
Later than one year and not later than five years	8,140	-
Total (including GST)	10,303	343

13. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

15. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	3,045	4,291
Depreciation and amortisation	209	474
(Increase)/Decrease in receivables	2,290	(2,540)
Increase/(Decrease) in fees in advance	865	(105)
Increase/(Decrease) in payables	(8,240)	8,457
Increase/(Decrease) in provisions	14	442
Write off of non-current assets	37	-
Net cash used on operating activities	(1,779)	11,019

Notes to the Financial Statements continued

16. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

Class	Notes	Category	Carrying Amount	Carrying Amount
			2017	2016
			\$	\$
Financial Assets				
Cash and cash equivalents	5	N/A	37,943	39,757
Receivables ¹	6	Receivables (measured at amortised cost)	193	2,460
Financial Liabilities				
Payables ²	9	Financial liabilities (measured at amortised cost)	4,479	12,719

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash, and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Notes to the Financial Statements continued

16. FINANCIAL INSTRUMENTS continued

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total Past due but not impaired		Considered impaired
	2017	2017	2017
	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes:

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

16. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables:</i>					
Trade and other payables	2,927	2,927	2,927	-	-
<i>Fees in advance:</i>					
Registration fees in advance	1,865	1,865	1,865	-	-
	4,792	4,792	4,792	-	-
2016					
<i>Payables:</i>					
Trade and other payables	9,684	9,684	9,684	-	-
<i>Fees in advance:</i>					
Registration fees in advance	999	999	999	-	-
	10,683	10,683	10,683	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

16. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	-1%		+1%	
		Net Result	Equity	Net Result	Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	37,943	(379)	(379)	379	379
2016					
Cash and Cash Equivalents	39,757	(398)	(398)	398	398

17. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Chinese
Medicine
Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Chinese Medicine Council of New South Wales, we declare on behalf of the Council that in our opinion:

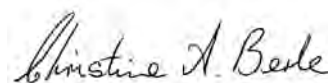
1. The accompanying financial statements exhibit a true and fair view of the financial position of the Chinese Medicine Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Associate Professor Christopher Zaslowski
President

Date: 13 October 2017



Ms Christine Berle
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Chinese Medicine Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Chinese Medicine Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair

presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(72,611)	(79,675)
Other operating expenses	2(b)	(63,709)	(46,345)
Depreciation and amortisation	2(c)	(1,935)	(4,641)
Finance costs	2(d)	(67)	(48)
Other expenses	2(e)	(29,046)	(18,607)
Education and research expenses	3	(9,091)	-
Total Expenses Excluding Losses		(176,459)	(149,316)
REVENUE			
Registration fees		480,491	514,212
Interest revenue	5(a)	28,970	32,275
Other revenue	5(b)	2	429
Total Revenue		509,463	546,916
Gain/(Loss) on disposal/additions	6	-	70
Net Result		333,004	397,670
Other comprehensive income		-	-
Total Comprehensive Income		333,004	397,670

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,929,323	1,604,182
Receivables	8	23,028	24,261
Total Current Assets		1,952,351	1,628,443
Non-Current Assets			
Plant and equipment			
Leasehold improvements		373	1,002
Motor vehicles		125	169
Furniture and fittings		-	76
Office equipment		165	328
Total Plant and equipment	9	662	1,575
Intangible assets	10	1,612	4,395
Total Non-Current Assets		2,274	5,970
Total Assets		1,954,625	1,634,413
LIABILITIES			
Current Liabilities			
Payables	11	33,861	56,640
Fees in advance	12	204,768	195,194
Provisions	13	-	5,239
Total Current Liabilities		238,629	257,073
Non-Current Liabilities			
Provisions	13	5,652	-
Total Non-Current Liabilities		5,652	-
Total Liabilities		244,281	257,073
Net Assets		1,710,344	1,377,340
EQUITY			
Accumulated funds		1,710,344	1,377,340
Total Equity		1,710,344	1,377,340

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Chinese Medicine Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		1,377,340
Net result for the year		<u>333,004</u>
Balance at 30 June 2017		<u>1,710,344</u>
Balance at 1 July 2015		979,670
Net result for the year		<u>397,670</u>
Balance at 30 June 2016		<u>1,377,340</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(71,803)	(66,196)
Council fees		(12,760)	(13,053)
Sitting fee costs		(21,684)	(4,246)
Audit fees		(5,790)	(5,650)
Occupancy costs		(15,726)	(16,230)
Temporary labour costs		(7,750)	(7,757)
Computer Services		(17,483)	-
Travel expenses		(1,220)	-
Other expenses		(43,635)	(8,037)
Total Payments		(197,850)	(121,169)
Receipts			
Receipts from registration fees		491,364	498,923
Interest received		30,170	15,850
Other		2	-
Total Receipts		521,537	514,773
Net Cash Flows from Operating Activities	17	323,687	393,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		2,215	70
Purchases of plant and equipment and intangible assets		(761)	(3,186)
Net Cash Flows from Investing Activities		1,454	(3,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		325,141	390,488
Opening cash and cash equivalents		1,604,182	1,213,694
Closing Cash and Cash Equivalents	7	1,929,323	1,604,182

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Chinese Medicine Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.06% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (<12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	62,914	68,627
Superannuation	5,722	6,971
Payroll taxes	3,752	3,894
Workers compensation insurance	223	183
	<u>72,611</u>	<u>79,675</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	15,726	15,639
Council fees	12,760	13,053
Sitting fees ¹	21,684	4,246
Contracted labour	7,750	7,757
	<u>63,709</u>	<u>46,345</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	44	17
Furniture and fittings	-	46
Office Equipment	138	465
	<u>182</u>	<u>528</u>
Amortisation		
Leasehold improvement	968	2,480
Intangible assets	784	1,633
	<u>1,752</u>	<u>4,113</u>
Total Depreciation and Amortisation	<u>1,935</u>	<u>4,641</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	67	48
	<u>67</u>	<u>48</u>

1. A significant increase in sitting fees for the Council is due to their first tribunal this year.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	3,317	1,601
Fees for service	21,357	13,367
Postage and communication	1,236	822
Printing and stationery	762	914
Equipment and furniture	219	58
General administration expenses	1,742	1,591
Loss on re-allocation of Fixed assets	413	-
Loss on re-allocation of Make good asset	-	254
	<u>29,046</u>	<u>18,607</u>

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Other expenses	9,091	-
Total (excluding GST)	<u>9,091</u>	<u>-</u>

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	28,970	32,275
	28,970	32,275

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	429
Other Revenue	2	-
	2	429

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	70
Total gain/(loss) on disposal / additions	-	70

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	27,159	36,483
Cash at bank - held by HPCA*	1,902,164	1,567,699
	1,929,323	1,604,182

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	27,159	36,483
	27,159	36,483

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	3,190	3,223
Other receivables	3,113	1,813
Interest receivable	15,229	16,429
Trade receivables	1,496	2,796
Less: Allowance for impairment	-	-
	23,028	24,261

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	4,059	175	259	7,761	12,254
Accumulated depreciation and impairment	-	(3,057)	(6)	(183)	(7,432)	(10,678)
Net carrying amount	-	1,002	169	76	328	1,575
At 30 June 2017						
Gross carrying amount	85	1,086	175	-	203	1,549
Accumulated depreciation and impairment	-	(798)	(51)	-	(38)	(887)
Net carrying amount	85	288	125	-	165	662

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2017	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements W.I.P	Leasehold Improvements				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	1,002	169	76	328	1,575
Additions	85	-	-	-	204	289
Disposals	-	-	-	-	-	-
Other ¹	-	254	-	(76)	(228)	(50)
Depreciation	-	(968)	(44)	-	(138)	(1,151)
Net carrying amount at end of year	85	288	125	-	165	663

At 1 July 2015	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements W.I.P	Leasehold Improvements				
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	4,154	209	228	7,709	12,300
Accumulated depreciation and impairment	-	(577)	(198)	(137)	(6,968)	(7,880)
Net carrying amount	-	3,577	11	91	741	4,420

At 30 June 2016						
Gross carrying amount	-	4,059	175	259	7,761	12,254
Accumulated depreciation and impairment	-	(3,057)	(6)	(183)	(7,433)	(10,679)
Net carrying amount	-	1,002	169	76	328	1,575

Notes to the Financial Statements continued

9. **PLANT AND EQUIPMENT** continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements W.I.P	Leasehold Improvements				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	3,577	11	91	741	4,420
Additions	-	256	175	31	52	514
Disposals	-	-	-	-	-	-
Other ¹	-	(351)	-	-	-	(351)
Depreciation	-	(2,480)	(17)	(46)	(465)	(3,008)
Net carrying amount at end of year	-	1,002	169	76	328	1,575

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

10. **INTANGIBLE ASSETS**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	301	18,169	18,470
Accumulated amortisation and impairment	-	(14,075)	(14,075)
Net carrying amount	301	4,094	4,395
At 30 June 2017			
Cost (gross carrying amount)	-	3,176	3,176
Accumulated amortisation and impairment	-	(1,564)	(1,564)
Net carrying amount	-	1,612	1,612

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	301	4,094	4,395
Additions	-	63	63
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(301)	(3,329)	(3,630)
Amortisation	-	784	784
Net carrying amount at end of year	-	1,612	1,612

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	2,956	12,842	15,798
Accumulated amortisation and impairment	-	(12,442)	(12,442)
Net carrying amount	2,956	400	3,356

At 30 June 2016			
Cost (gross carrying amount)	301	18,169	18,470
Accumulated amortisation and impairment	-	(14,075)	(14,075)
Net carrying amount	301	4,094	4,395

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	2,956	400	3,356
Additions	301	162	463
Transfer	(2,956)	2,956	-
Other ¹	-	2,209	2,209
Amortisation	-	(1,633)	(1,633)
Net carrying amount at end of year	301	4,094	4,395

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5,000.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	20,410	19,825
Trade and other payables	13,451	36,815
	33,861	56,640

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	204,768	195,194
	204,768	195,194

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	5,239
	-	5,239
Non-Current		
Make good	5,652	-
	5,652	-

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	5,239	5,717
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(429)
Increase/(Decrease) in provisions recognised	345	(97)
Unwinding/change in discount rate	67	48
Carrying amount at the end of financial year	5,652	5,239

Notes to the Financial Statements continued

13. PROVISIONS continued continued

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2013 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017:

Not later than one year	285	-
Later than one year and not later than five years	-	-
Total (including GST)	285	-

b. Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	16,553	5,784
Later than one year and not later than five years	62,279	-
Total (including GST)	78,831	5,784

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$12,196 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	333,004	397,670
Depreciation and amortisation	1,935	4,641
(Increase)/Decrease in receivables	1,233	1,893
Increase/(Decrease) in fees in advance	9,574	(37,154)
Increase/(Decrease) in payables	(22,778)	26,750
Increase/(Decrease) in provisions	67	(126)
Net (gain)/loss on sale of plant and equipment	-	(70)
Write off of non-current assets	651	-
Net cash used on operating activities	323,687	393,604

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	1,929,323	1,604,182
Receivables ¹	8	Receivables (measured at amortised cost)	16,725	19,225
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	33,861	56,640

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	1	1	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	13,451	13,451	13,451	-	-
<i>Fees in advance</i>					
Registration fees in advance	204,768	204,768	204,768	-	-
	218,219	218,219	218,219	-	-
2016					
<i>Payables</i>					
Trade and other payables	36,815	36,815	36,815	-	-
<i>Fees in advance</i>					
Registration fees in advance	195,194	195,194	195,194	-	-
	232,009	232,009	232,009	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

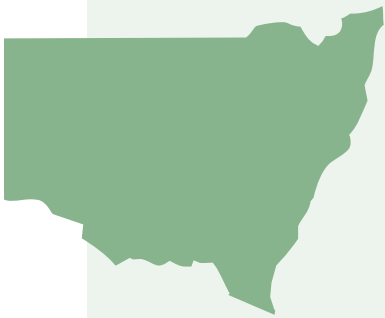
The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	1,929,323	(19,293)	(19,293)	19,293	19,293
2016					
Cash and Cash Equivalents	1,604,182	(16,042)	(16,042)	16,042	16,042

19. EVENTS AFTER THE REPORTING PERIOD

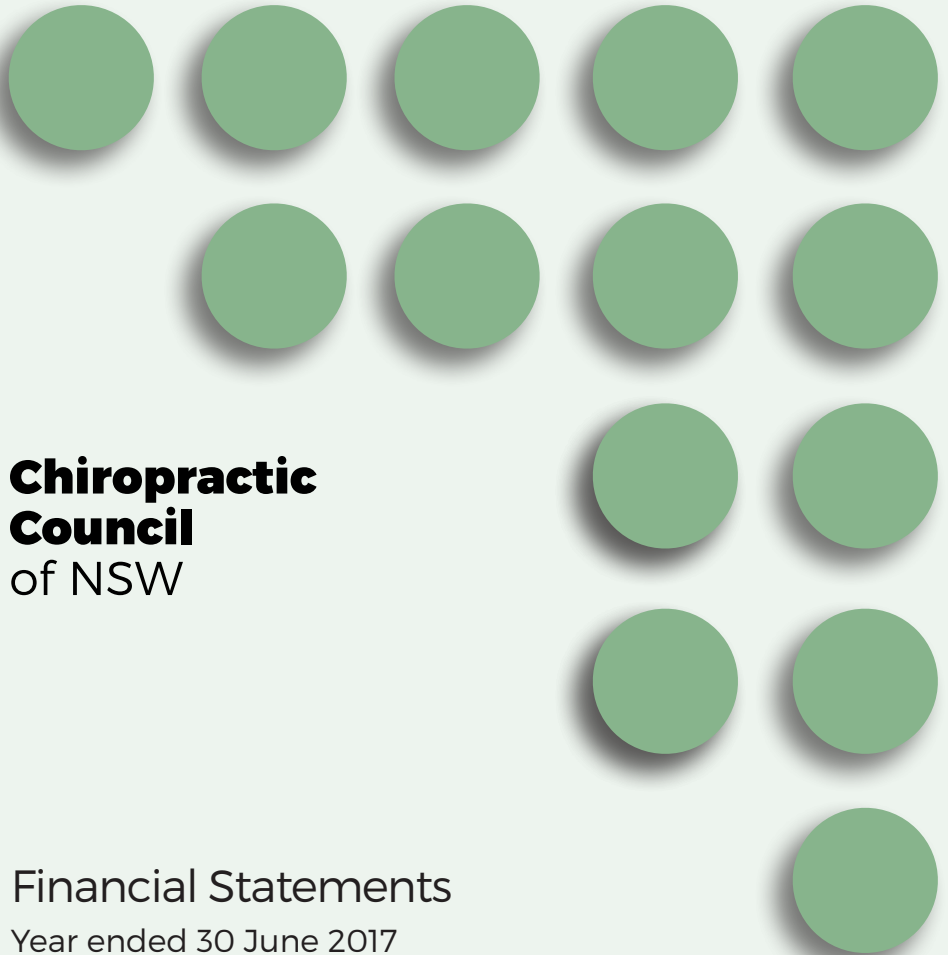
There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Chiropractic
Council**
of NSW

Financial Statements
Year ended 30 June 2017

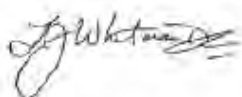


Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Chiropractic Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Chiropractic Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr Lawrence Whitman
Deputy President

Date: 13 October 2017



Dr Peter Cowie
Council Member

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Chiropractic Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Chiropractic Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Part 3: Financial Statements
Chiropractic Council of New South Wales

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(85,501)	(91,715)
Other operating expenses	2(b)	(116,621)	(92,548)
Depreciation and amortisation	2(c)	(2,298)	(4,336)
Finance costs	2(d)	(79)	(57)
Other expenses	2(e)	(40,963)	(33,472)
Education and research expenses	3	-	(605)
Total Expenses Excluding Losses		(245,463)	(222,733)
REVENUE			
Registration fees		203,946	190,597
Interest revenue	5(a)	14,065	20,090
Other revenue	5(b)	2	388
Total Revenue		218,013	211,075
Gain/(Loss) on disposal/additions	6	-	80
Net Result		(27,450)	(11,578)
Other comprehensive income		-	-
Total Comprehensive Income		(27,450)	(11,578)

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Chiropractic Council of New South Wales

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	870,469	937,843
Receivables	8	14,035	26,743
Total Current Assets		884,504	964,586
Non-Current Assets			
Plant and equipment			
Leasehold improvements		467	1,170
Motor vehicles		146	197
Furniture and fittings		-	88
Office equipment		193	377
Total Plant and equipment	9	806	1,832
Intangible assets	10	2,031	1,829
Total Non-Current Assets		2,837	3,661
Total Assets		887,341	968,247
LIABILITIES			
Current Liabilities			
Payables	11	29,753	89,098
Fees in advance	12	85,965	80,559
Provisions	13	-	6,122
Total Current Liabilities		115,718	175,779
Non-Current Liabilities			
Provisions	13	6,604	-
Total Non-Current Liabilities		6,604	-
Total Liabilities		122,323	175,779
Net Assets		765,018	792,468
EQUITY			
Accumulated funds		765,018	792,468
Total Equity		765,018	792,468

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Chiropractic Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		792,468
Net result for the year		(27,450)
Balance at 30 June 2017		765,018
<hr/>		
Balance at 1 July 2015		804,046
Net result for the year		(11,578)
Balance at 30 June 2016		792,468

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(97,558)	(77,391)
Council fees		(8,732)	(8,744)
Sitting fee costs		(41,804)	(25,732)
Audit fees		(5,790)	(5,650)
Occupancy costs		(20,583)	(19,007)
Consultants/Inspectors costs		(1,443)	-
Temporary labour costs		(19,307)	-
Computer Services		(16,950)	(12,535)
Health Assessment Fees		(7,750)	-
NCAT Fixed Costs		(20,405)	(21,204)
Travel expenses		(3,919)	-
Other expenses		(57,327)	(4,259)
Total payments		(301,568)	(174,522)
Receipts			
Receipts from registration fees		219,439	187,856
Interest received		16,389	10,723
Other		2	-
Total Receipts		235,830	198,579
Net Cash Flows from Operating Activities	17	(65,738)	24,057
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		570	81
Purchases of plant and equipment and intangible assets		(2,206)	892
Net Cash Flows from Investing Activities		(1,636)	973
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		(67,374)	25,030
Opening cash and cash equivalents		937,843	912,813
Closing Cash and Cash Equivalents	7	870,469	937,843

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Chiropractic Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	74,517	77,923
Superannuation	6,615	9,080
Payroll taxes	4,099	4,498
Workers compensation insurance	270	214
	<u>85,501</u>	<u>91,715</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	20,583	18,304
Council fees	8,732	8,744
Sitting fees ¹	41,804	25,732
NSW Civil & Administrative Tribunal fixed costs	20,405	21,204
Contracted labour	19,307	12,914
	<u>116,621</u>	<u>92,548</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	51	20
Furniture and fittings	-	52
Office Equipment	160	535
	<u>211</u>	<u>607</u>
Amortisation		
Leasehold improvement	1,131	2,895
Intangible assets	956	834
	<u>2,087</u>	<u>3,729</u>
Total Depreciation and Amortisation	<u>2,298</u>	<u>4,336</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	79	57
	<u>79</u>	<u>57</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	5,975	3,817
Fees for service	29,240	21,519
Postage and communication	1,282	960
Printing and stationery	758	768
Equipment and furniture	251	64
General administration expenses	2,980	6,114
Loss on re-allocation of Fixed assets	478	-
Loss on re-allocation of Make good asset	-	230
	40,963	33,472

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Grants	-	2,727
Other expenses	-	(2,122)
Total (excluding GST)	-	605

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	14,065	20,090
	14,065	20,090

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	388
Other Revenue	2	-
	2	388

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	80
	-	80

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	24,035	20,942
Cash at bank - held by HPCA*	846,434	916,901
	870,469	937,843

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	24,035	20,942
	24,035	20,942

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	2,570	2,918
Other receivables	4,021	3,970
Interest receivable	7,046	9,370
Trade receivables	399	10,485
Less: Allowance for impairment	-	-
	14,035	26,743

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	4,728	205	298	8,916	14,147
Accumulated depreciation and impairment	-	(3,558)	(8)	(210)	(8,538)	(12,314)
Net carrying amount	-	1,170	197	88	378	1,832
At 30 June 2017						
Gross carrying amount	131	1,254	205	-	238	1,827
Accumulated depreciation and impairment	-	(917)	(59)	-	(45)	(1,021)
Net carrying amount	131	336	146	-	193	806

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Year ended 30 June 2017	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	1,170	197	88	378	1,832
Additions	131	-	-	-	238	369
Disposals	-	-	-	-	-	-
Other ¹	-	297	-	(88)	(263)	(54)
Depreciation	-	(1,131)	(51)	-	(160)	(1,342)
Net carrying amount at end of year	131	336	146	-	193	805
	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2015						
Gross carrying amount	-	4,772	240	262	8,855	14,129
Accumulated depreciation and impairment	-	(663)	(228)	(158)	(8,004)	(9,053)
Net carrying amount	-	4,109	12	104	851	5,076
At 30 June 2016						
Gross carrying amount	-	4,728	205	298	8,916	14,147
Accumulated depreciation and impairment	-	(3,558)	(8)	(210)	(8,538)	(12,314)
Net carrying amount	-	1,170	197	88	378	1,832

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements	W.I.P				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	4,109	12	104	851	5,076
Additions	-	299	205	36	61	601
Disposals	-	-	-	-	-	-
Other ¹	-	(343)	-	-	-	(343)
Depreciation	-	(2,895)	(20)	(52)	(535)	(3,502)
Net carrying amount at end of year	-	1,170	197	88	378	1,832

1. Other includes:

- a. Adjustments for write off of fixed assets under \$5,000.
- b. Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software	Software	Total
	W.I.P		
	\$	\$	\$
Cost (gross carrying amount)	259	16,696	16,955
Accumulated amortisation and impairment	-	(15,126)	(15,126)
Net carrying amount	259	1,571	1,829
At 30 June 2017			
Cost (gross carrying amount)	-	3,928	3,928
Accumulated amortisation and impairment	-	(1,897)	(1,897)
Net carrying amount	-	2,031	2,031

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	259	1,571	1,829
Additions	-	172	172
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(259)	1,244	985
Amortisation	-	(956)	(956)
Net carrying amount at end of year	-	2,031	2,030

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	3,697	14,751	18,448
Accumulated amortisation and impairment	-	(14,292)	(14,292)
Net carrying amount	3,697	459	4,156

At 30 June 2016			
Cost (gross carrying amount)	259	16,696	16,955
Accumulated amortisation and impairment	-	(15,126)	(15,126)
Net carrying amount	259	1,571	1,829

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	3,697	459	4,156
Additions	259	59	318
Transfer	(3,697)	3,697	-
Other ¹	-	(1,811)	(1,811)
Amortisation	-	(834)	(834)
Net carrying amount at end of year	258	1,570	1,829

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5k.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	11,148	23,474
Trade and other payables	18,605	65,624
	29,753	89,098

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	85,965	80,559
	85,965	80,559

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	6,122
	-	6,122
Non-Current		
Make good	6,604	-
	6,604	-

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	6,122	6,567
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(389)
Increase/(Decrease) in provisions recognised	404	(113)
Unwinding/change in discount rate	79	57
Carrying amount at the end of financial year	6,604	6,122

Notes to the Financial Statements continued

13. PROVISIONS continued

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

14. COMMITMENTS FOR EXPENDITURE

	2017	2016
	\$	\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017:

Not later than one year	333	-
Later than one year and not later than five years	-	-
Total (including GST)	333	-

b. Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	19,409	8,374
Later than one year and not later than five years	73,024	-
Total (including GST)	92,432	8,374

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$11,136 for these services.

Notes to the Financial Statements continued

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	(27,450)	(11,578)
Depreciation and amortisation	2,298	4,336
(Increase)/Decrease in receivables	12,708	(19,361)
Increase/(Decrease) in fees in advance	5,406	4,024
Increase/(Decrease) in payables	(59,345)	46,817
Increase/(Decrease) in provisions	79	(101)
Net (gain)/loss on sale of plant and equipment	-	(80)
Write off of non-current assets	565	-
Net cash used on operating activities	(65,739)	24,057

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	870,469	937,843
Receivables ¹	8	Receivables (measured at amortised cost)	7,444	19,855
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	29,753	89,098

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	2	2	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	18,605	18,605	18,605	-	-
<i>Fees in advance</i>					
Registration fees in advance	85,965	85,965	85,965	-	-
	104,570	104,570	104,570	-	-
2016					
<i>Payables</i>					
Trade and other payables	65,624	65,624	65,624	-	-
<i>Fees in advance</i>					
Registration fees in advance	80,559	80,559	80,559	-	-
	146,183	146,183	146,183	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	870,469	(8,705)	(8,705)	8,705	8,705
2016					
Cash and Cash Equivalents	937,843	(9,378)	(9,378)	9,378	9,378

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Dental
Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Dental Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Dental Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr Penny Burns
President

Date: 13 October 2017



Mr David Owen
Council Member

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Dental Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Dental Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(1,001,816)	(972,246)
Other operating expenses	2(b)	(904,091)	(844,140)
Depreciation and amortisation	2(c)	(24,396)	(70,291)
Finance costs	2(d)	(1,056)	(758)
Other expenses	2(e)	(299,515)	(263,492)
Education and research expenses	3	-	(172,864)
Total Expenses Excluding Losses		(2,230,873)	(2,323,791)
REVENUE			
Registration fees		3,010,150	2,349,240
Interest revenue	5(a)	52,359	60,258
Other revenue	5(b)	5,369	12,185
Total Revenue		3,067,878	2,421,683
Gain/(Loss) on disposal/additions	6	-	928
Net Result		837,005	98,820
Other comprehensive income		-	-
Total Comprehensive Income		837,005	98,820

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,836,497	2,842,054
Receivables	8	88,269	118,623
Total Current Assets		3,924,765	2,960,677
Non-Current Assets			
Plant and equipment			
Leasehold improvements		9,548	20,403
Motor vehicles		1,950	2,635
Furniture and fittings		-	4,333
Office equipment		2,356	4,452
Total Plant and equipment	9	13,853	31,823
Intangible assets	10	12,960	23,581
Total Non-Current Assets		26,814	55,404
Total Assets		3,951,579	3,016,081
LIABILITIES			
Current Liabilities			
Payables	11	379,048	712,742
Fees in advance	12	1,393,381	967,651
Provisions	13	-	82,011
Total Current Liabilities		1,772,429	1,762,404
Non-Current Liabilities			
Provisions	13	88,468	-
Total Non-Current Liabilities		88,468	-
Total Liabilities		1,860,897	1,762,404
Net Assets		2,090,682	1,253,677
EQUITY			
Accumulated funds		2,090,682	1,253,677
Total Equity		2,090,682	1,253,677

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Dental Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds
		\$
Balance at 1 July 2016		1,253,677
Net result for the year		837,005
Balance at 30 June 2017		<u><u>2,090,682</u></u>
Balance at 1 July 2015		1,154,857
Net result for the year		98,820
Balance at 30 June 2016		<u><u>1,253,677</u></u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(940,544)	(816,236)
Council fees		(54,307)	(54,377)
Sitting fee costs		(323,918)	(287,831)
Audit fees		(16,220)	(15,820)
Occupancy costs		(161,251)	(163,412)
Consultants/Inspectors costs		(97,876)	(99,196)
Temporary labour costs		(221,271)	(201,042)
Computer Services		(124,229)	(100,845)
Health Assessment Fees		(28,161)	-
NCAT Fixed Costs		(29,249)	-
Other expenses		(532,995)	(186,092)
Total Payments		(2,530,021)	(1,924,851)
Receipts			
Receipts from registration fees		3,468,867	2,346,797
Interest received		51,041	28,305
Other		5,369	8,018
Total Receipts		3,525,276	2,383,120
Net Cash Flows from Operating Activities	17	995,255	458,269
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		3,717	928
Purchases of plant and equipment and intangible assets		(4,529)	(15,003)
Net Cash Flows from Investing Activities		(812)	(14,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		994,442	444,194
Opening cash and cash equivalents		2,842,054	2,397,860
Closing Cash and Cash Equivalents	7	3,836,496	2,842,054

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Dental Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and 10 health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.06% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	876,820	835,173
Superannuation	74,467	87,566
Payroll taxes	50,276	46,800
Workers compensation insurance	253	2,707
	1,001,816	972,246

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	16,220	15,820
Rent and building expenses	161,251	157,602
Dental Tribunal expenses	97,876	99,196
Council fees	54,307	54,377
Sitting fees ¹	323,918	287,831
NSW Civil & Administrative Tribunal fixed costs	29,249	28,272
Contracted labour	221,271	201,042
	904,091	844,140

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	685	243
Furniture and fittings	-	3,437
Office Equipment	1,874	6,185
	2,559	9,865
Amortisation		
Leasehold improvement	15,994	49,986
Intangible assets	5,842	10,440
	21,836	60,426
Total Depreciation and Amortisation	24,396	70,291

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	1,056	758
	1,056	758

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	28,609	31,814
Fees for service	212,372	160,180
Postage and communication	11,533	16,164
Printing and stationery	10,884	24,327
Equipment and furniture	2,949	1,070
General administration expenses	23,907	22,904
Loss on re-allocation of Fixed assets	9,261	-
Loss on re-allocation of Make good asset	-	7,033
	<u>299,515</u>	<u>263,492</u>

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Grants	-	172,864
Total (excluding GST)	<u>-</u>	<u>172,864</u>

Dental Technicians Education & Research Account

	Notes	2017	2016
		\$	\$
Opening balance at Start of year		-	21,819
Deposits		-	-
Interest		-	-
		<u>-</u>	<u>21,819</u>
Outgoings		-	(21,819)
Closing Balance at End of year	7	<u>-</u>	<u>-</u>

Notes to the Financial Statements continued

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	52,359	60,258
	52,359	60,258

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.93

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	4,167
Other Revenue	5,369	8,018
	5,369	12,185

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	928
Total gain/(loss) on disposal / additions	-	928

Notes to the Financial Statements continued

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	446,055	432,450
Cash at bank - held by HPCA*	3,390,441	2,409,604
	3,836,497	2,842,054

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	446,055	432,450
	446,055	432,450

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	14,785	18,468
Other receivables	33,087	28,089
Interest receivable	33,277	31,958
Trade receivables	7,121	40,108
Less: Allowance for impairment	-	-
	88,269	118,623

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

There were no Trade Debtors past due.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	111,997	2,740	17,732	102,947	235,416
Accumulated depreciation and impairment	-	(91,594)	(105)	(13,399)	(98,495)	(203,593)
Net carrying amount	-	20,403	2,635	4,333	4,452	31,823
At 30 June 2017						
Gross carrying amount	1,340	63,768	2,740	-	2,905	70,752
Accumulated depreciation and impairment	-	(55,560)	(790)	-	(549)	(56,899)
Net carrying amount	1,340	8,208	1,950	-	2,356	13,853

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Year ended 30 June 2017	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	20,403	2,635	4,333	4,452	31,823
Additions	1,340	-	-	-	2,906	4,246
Disposals	-	-	-	-	-	-
Other ¹	-	3,799	-	(4,333)	(3,127)	(3,661)
Depreciation	-	(15,994)	(685)	-	(1,874)	(18,553)
Net carrying amount at end of year	1,340	8,208	1,950	-	2,356	13,854

At 1 July 2015	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	105,338	2,767	17,183	102,131	227,419
Accumulated depreciation and impairment	-	(41,608)	(2,629)	(9,962)	(92,311)	(146,509)
Net carrying amount	-	63,730	138	7,221	9,820	80,909

At 30 June 2016	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	111,997	2,740	17,732	102,947	235,416
Accumulated depreciation and impairment	-	(91,594)	(105)	(13,399)	(98,495)	(203,593)
Net carrying amount	-	20,403	2,635	4,333	4,452	31,823

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements W.I.P	Leasehold Improvements				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	63,730	138	7,221	9,820	80,909
Additions	-	4,009	2,740	548	817	8,114
Disposals	-	-	-	-	-	-
Other ¹	-	2,650	-	-	-	2,650
Depreciation	-	(49,986)	(243)	(3,437)	(6,185)	(59,851)
Net carrying amount at end of year	-	20,403	2,635	4,333	4,452	31,822

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	2,992	195,864	198,856
Accumulated amortisation and impairment	-	(175,275)	(175,275)
Net carrying amount	2,992	20,589	23,581

At 30 June 2017			
Cost (gross carrying amount)	-	24,471	24,471
Accumulated amortisation and impairment	-	(11,511)	(11,511)
Net carrying amount	-	12,960	12,960

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	2,992	20,589	23,581
Additions	-	1,844	1,844
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(2,992)	(3,631)	(6,623)
Amortisation	-	(5,842)	(5,842)
Net carrying amount at end of year	-	12,959	12,960

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	21,834	170,133	191,967
Accumulated amortisation and impairment	-	(164,835)	(164,835)
Net carrying amount	21,834	5,298	27,132

At 30 June 2016			
Cost (gross carrying amount)	2,992	195,864	198,856
Accumulated amortisation and impairment	-	(175,275)	(175,275)
Net carrying amount	2,992	20,589	23,581

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	21,834	5,298	27,132
Additions	2,992	783	3,775
Transfer	(21,834)	21,834	-
Other ¹	-	3,114	3,114
Amortisation	-	(10,440)	(10,440)
Net carrying amount at end of year	2,992	20,589	23,581

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5,000.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	271,404	210,386
Trade and other payables	107,644	502,356
	379,048	712,742

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	1,393,381	966,526
Deferred other revenue	-	1,125
	1,393,381	967,651

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	82,011
	-	82,011
Non-Current		
Make good	88,468	-
	88,468	-

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	82,011	75,737
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	7,032
Increase/(Decrease) in provisions recognised	5,401	(1,516)
Unwinding/change in discount rate	1,056	758
Carrying amount at the end of financial year	88,468	82,011

Notes to the Financial Statements continued

13. PROVISIONS *continued*

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

14. COMMITMENTS FOR EXPENDITURE	2017		2016
	\$		\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017:

Not later than one year	4,069		-
Later than one year and not later than five years	-		-
Total (including GST)	4,069		-

b. Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	186,358		59,495
Later than one year and not later than five years	701,153		-
Total (including GST)	887,511		59,495

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$134,359 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	837,005	98,820
Depreciation and amortisation	24,396	70,291
(Increase)/Decrease in receivables	30,354	(84,744)
Increase/(Decrease) in fees in advance	425,730	33,500
Increase/(Decrease) in payables	(333,694)	337,707
Increase/(Decrease) in provisions	1,056	3,623
Net (gain)/loss on sale of plant and equipment	-	(928)
Write off of non-current assets	10,409	-
Net cash used on operating activities	995,255	458,269

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	3,836,497	2,842,054
Receivables ¹	8	Receivables (measured at amortised cost)	40,397	72,066
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	379,048	712,742

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	22	22	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	107,644	107,644	107,644	-	-
<i>Fees in advance</i>					
Registration fees in advance	1,393,381	1,393,381	1,393,381	-	-
	1,501,025	1,501,025	1,501,025	-	-
2016					
<i>Payables</i>					
Trade and other payables	502,356	502,356	502,356	-	-
<i>Fees in advance</i>					
Registration fees in advance	966,526	966,526	966,526	-	-
	1,468,882	1,468,882	1,468,882	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	3,836,497	(38,365)	(38,365)	38,365	38,365
2016					
Cash and Cash Equivalents	2,842,054	(28,421)	(28,421)	28,421	28,421

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements

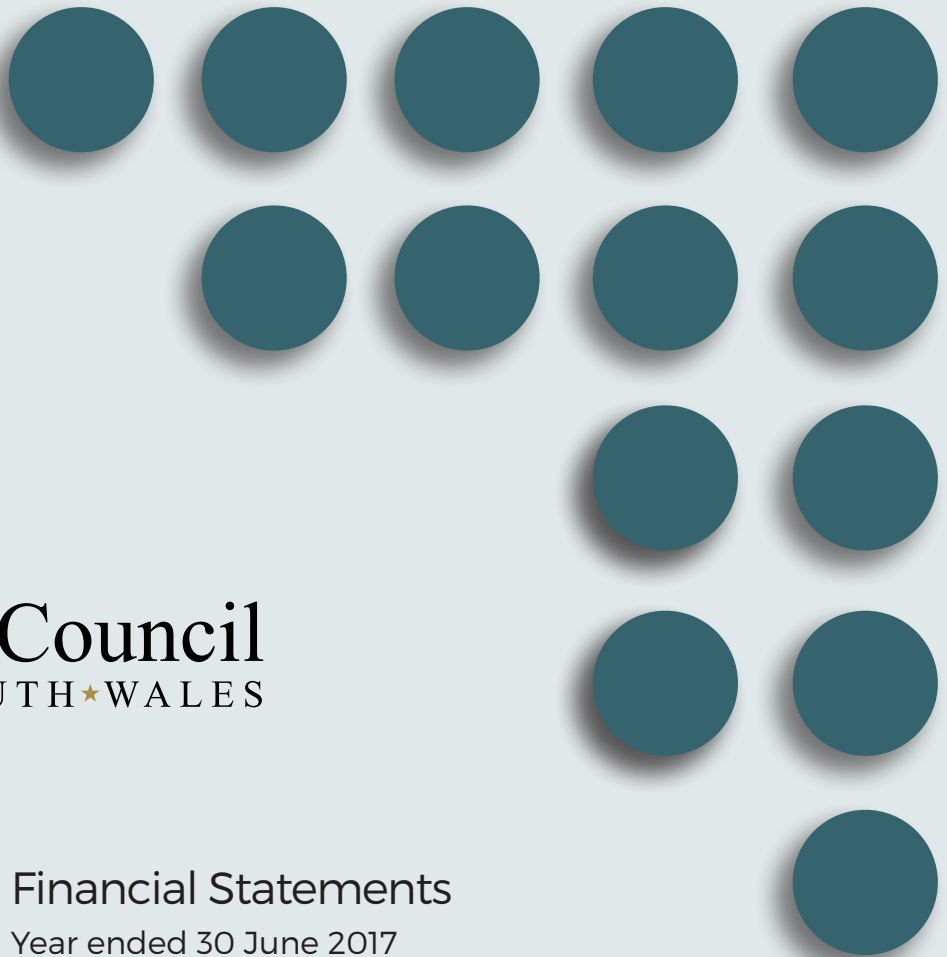


Medical Council

OF ★ NEW ★ SOUTH ★ WALES

Financial Statements

Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Medical Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Medical Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dr Greg Kesby
President

Date: 13 October 2017



Adjunct Associate Professor Richard Walsh
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Medical Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Medical Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(4,445,562)	(3,557,348)
Other operating expenses	2(b)	(4,617,589)	(4,802,733)
Depreciation and amortisation	2(c)	(183,169)	(259,093)
Other expenses	2(e)	(2,018,606)	(1,740,463)
Education and research expenses	3	(40,909)	(55,000)
Total Expenses Excluding Losses		(11,305,836)	(10,414,637)
REVENUE			
Registration fees		13,298,139	12,806,003
Interest revenue	5(a)	313,278	339,653
Other revenue	5(b)	49,533	162,445
Total Revenue		13,660,950	13,308,101
Gain/(Loss) on disposal/additions	6	-	9,747
Net Result		2,355,114	2,903,211
Other comprehensive income		-	-
Total Comprehensive Income		2,355,114	2,903,211

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	17,261,292	16,974,433
Receivables	8	401,238	677,796
Total Current Assets		17,662,531	17,652,229
Non-Current Assets			
Plant and equipment			
Leasehold improvements		1,856,931	1,338,649
Motor vehicles		24,682	33,354
Furniture and fittings		-	10,414
Office equipment		43,748	160,040
Total Plant and equipment	9	1,925,361	1,542,457
Intangible assets	10	65,473	122,457
Total Non-Current Assets		1,990,834	1,664,914
Total Assets		19,653,365	19,317,143
LIABILITIES			
Current Liabilities			
Payables	11	1,665,861	3,765,564
Fees in advance	12	3,469,810	3,389,000
Total Current Liabilities		5,135,671	7,154,564
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		5,135,671	7,154,564
Net Assets		14,517,694	12,162,579
EQUITY			
Accumulated funds		14,517,694	12,162,579
Total Equity		14,517,694	12,162,579

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Medical Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		12,162,579
Net result for the year		<u>2,355,114</u>
Balance at 30 June 2017		<u>14,517,694</u>
Balance at 1 July 2015		9,259,368
Net result for the year		<u>2,903,211</u>
Balance at 30 June 2016		<u>12,162,579</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(4,800,979)	(2,737,040)
Council fees		(368,609)	(364,210)
Sitting fee costs		(2,567,658)	(2,536,786)
NCAT Fixed costs		(195,914)	(179,056)
Audit fees		(24,210)	(23,620)
Occupancy costs		(211,588)	(224,510)
Computer Services		(719,654)	(366,264)
Health Assessment fees		(320,499)	(430,262)
Temporary labour costs		(1,258,595)	(1,483,984)
Other expenses		(2,531,584)	(834,435)
Total Payments		(12,999,291)	(9,180,167)
Receipts			
Receipts from registration fees		13,521,391	12,735,687
Interest received		323,459	171,982
Other		49,533	162,445
Total Receipts		13,894,383	13,070,114
Net Cash Flows from Operating Activities	16	895,092	3,889,947
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		20,720	9,747
Purchases of plant and equipment and intangible assets		(628,952)	(138,528)
Net Cash Flows from Investing Activities		(608,232)	(128,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		286,860	3,761,166
Opening cash and cash equivalents		16,974,433	13,213,267
Closing Cash and Cash Equivalents	7	17,261,293	16,974,433

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Medical Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Contracted labour
3. Depreciation and Amortisation
4. Rent and building expenses

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	4.87% - 36.25%	4.87% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	3,910,288	3,080,218
Superannuation	311,767	303,746
Payroll taxes	206,732	159,692
Workers compensation insurance	16,776	13,692
	<u>4,445,562</u>	<u>3,557,348</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	24,210	23,620
Rent and building expenses	202,602	215,077
Council fees	368,609	364,210
Sitting fees	2,567,658	2,536,786
NSW Civil & Administrative Tribunal fixed costs	195,914	179,056
Contracted labour	1,258,595	1,483,984
	<u>4,617,589</u>	<u>4,802,733</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	8,671	5,012
Furniture and fittings	-	9,908
Office Equipment	34,100	66,714
	<u>42,770</u>	<u>81,634</u>
Amortisation		
Leasehold improvement	110,193	140,398
Intangible assets	30,205	37,061
	<u>140,398</u>	<u>177,459</u>
Total Depreciation and Amortisation	<u>183,169</u>	<u>259,093</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. d. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	80,438	66,980
Funding contributions	119,071	80,000
Fees for service	1,397,239	1,164,142
Postage and communication	70,120	85,107
Printing and stationery	58,143	52,084
Equipment and furniture	17,724	8,970
General administration expenses	182,787	283,180
Loss on re-allocation of Fixed assets	93,083	-
	2,018,606	1,740,463

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Other expenses	40,909	55,000
Total (excluding GST)	40,909	55,000

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	313,278	339,653
	313,278	339,653

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Legal fee recoveries	-	131,695
Other Revenue	49,533	30,750
	49,533	162,445

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	9,747
Total gain/(loss) on disposal / additions	-	9,747

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	3,539	47,715
Cash at bank - held by HPCA*	17,257,754	16,926,718
	17,261,292	16,974,433

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	2,528	46,704
	2,528	46,704

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	45,879	65,657
Other receivables	28,286	131,642
Interest receivable	157,527	167,708
Trade receivables	173,322	316,564
Less: Allowance for impairment	(3,775)	(3,775)
	401,238	677,796
Movement in the allowance of impairment		
Balance at 1 July	3,775	3,775
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June	3,775	3,775

Trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2016					
Gross carrying amount	3,765,308	34,684	391,171	788,738	4,979,901
Accumulated depreciation and impairment	(2,426,659)	(1,330)	(380,757)	(628,698)	(3,437,444)
Net carrying amount	1,338,648	33,354	10,414	160,040	1,542,457
At 30 June 2017					
Gross carrying amount	4,389,239	34,684	-	136,400	4,560,322
Accumulated depreciation and impairment	(2,532,308)	(10,001)	-	(92,652)	(2,634,961)
Net carrying amount	1,856,931	24,682	-	43,748	1,925,361

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Year ended 30 June 2017	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Net carrying amount at start of year	1,338,648	33,354	10,414	160,040	1,542,457
Additions	628,952	-	-	-	628,952
Disposals	-	-	-	-	-
Other ¹	(476)	(1)	(10,414)	(82,192)	(93,083)
Depreciation	(110,193)	(8,671)	-	(34,100)	(152,964)
Net carrying amount at end of year	1,856,931	24,682	-	43,748	1,925,362
	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2015					
Gross carrying amount	3,765,308	28,515	391,170	733,681	4,918,675
Accumulated depreciation and impairment	(2,286,261)	(24,833)	(370,849)	(561,984)	(3,243,927)
Net carrying amount	1,479,047	3,682	20,322	171,697	1,674,748
At 30 June 2016					
Gross carrying amount	3,765,308	34,684	391,171	788,738	4,979,901
Accumulated depreciation and impairment	(2,426,659)	(1,330)	(380,757)	(628,698)	(3,437,444)
Net carrying amount	1,338,649	33,354	10,414	160,040	1,542,457

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Net carrying amount at start of year	1,479,047	3,682	20,322	171,697	1,674,748
Additions	-	34,684	-	55,057	89,741
Disposals	-	-	-	-	-
Other ¹	-	-	-	-	-
Depreciation	(140,398)	(5,012)	(9,908)	(66,714)	(222,032)
Net carrying amount at end of year	1,338,649	33,354	10,414	160,040	1,542,457

1. Other includes:

a. Adjustments for write off of fixed assets under \$5,000.

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	17,145	2,028,120	2,045,265
Accumulated amortisation and impairment	-	(1,922,808)	(1,922,808)
Net carrying amount	17,145	105,312	122,457
At 30 June 2017			
Cost (gross carrying amount)	-	127,425	127,425
Accumulated amortisation and impairment	-	(61,952)	(61,952)
Net carrying amount	-	65,473	65,473

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	17,145	105,312	122,457
Additions	-	11,084	11,084
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(17,145)	(20,718)	(37,863)
Amortisation	-	(30,205)	(30,205)
Net carrying amount at end of year	-	65,473	65,473

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	104,184	1,892,294	1,996,478
Accumulated amortisation and impairment	-	(1,885,747)	(1,885,747)
Net carrying amount	104,184	6,547	110,731

At 30 June 2016			
Cost (gross carrying amount)	17,145	2,028,120	2,045,265
Accumulated amortisation and impairment	-	(1,922,808)	(1,922,808)
Net carrying amount	17,145	105,312	122,457

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	104,184	6,547	110,731
Additions	17,145	4,135	21,280
Disposals	-	-	-
Transfer	(104,184)	104,184	-
Other ¹	-	27,507	27,507
Amortisation	-	(37,061)	(37,061)
Net carrying amount at end of year	17,145	105,312	122,457

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5,000.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	724,875	1,097,067
Trade and other payables	940,986	2,668,497
	1,665,861	3,765,564

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	3,469,810	3,389,000
	3,469,810	3,389,000

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	136,082	173,116
Later than one year and not later than five years	484,109	318,032
Later than five years	419,470	502,594
Total (including GST)	1,039,660	993,742

14. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$457,898 for these services.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

16. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	2,355,114	2,903,211
Depreciation and amortisation	183,169	259,093
(Increase)/Decrease in receivables	276,558	(418,858)
Increase/(Decrease) in fees in advance	80,810	190,959
Increase/(Decrease) in payables	(2,099,703)	965,289
Net (gain)/loss on sale of plant and equipment	-	(9,747)
Write off of non-current assets	99,145	-
Net cash used on operating activities	895,093	3,889,947

17. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	17,261,292	16,974,433
Receivables ¹	8	Receivables (measured at amortised cost)	327,073	480,497
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	1,665,861	3,765,564

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

17. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	4,774	4,774	-
3-6 months overdue	98	98	-
> 6 months overdue	103,182	99,407	3,775
2016			
< 3 months overdue	3,708	3,708	-
3-6 months overdue	1,867	1,867	-
> 6 months overdue	6,830	3,055	3,775

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

17. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	940,986	940,986	940,986	-	-
<i>Fees in advance</i>					
Registration fees in advance	3,469,810	3,469,810	3,469,810	-	-
	4,410,796	4,410,796	4,410,796	-	-
2016					
<i>Payables</i>					
Trade and other payables	2,668,497	2,668,497	2,668,497	-	-
<i>Fees in advance</i>					
Registration fees in advance	3,389,000	3,389,000	3,389,000	-	-
	6,057,497	6,057,497	6,057,497	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

17. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	17,261,292	(172,613)	(172,613)	172,613	172,613
2016					
Cash and Cash Equivalents	16,974,433	(169,744)	(169,744)	169,744	169,744

18. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Medical
Radiation
Practice
Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Medical Radiation Practice Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Medical Radiation Practice Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Ms Tracy Vitucci
President

Date: 13 October 2017



Mr Warren Stretton
Council Member

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Medical Radiation Practice Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Medical Radiation Practice Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(38,044)	(43,285)
Other operating expenses	2(b)	(40,914)	(38,883)
Depreciation and amortisation	2(c)	(2,776)	(3,953)
Finance costs	2(d)	(48)	(35)
Other expenses	2(e)	(45,229)	(25,074)
Total Expenses Excluding Losses		(127,011)	(111,230)
REVENUE			
Registration fees		360,620	435,071
Interest revenue	5(a)	27,339	32,200
Other revenue	5(b)	2,789	1,112
Total Revenue		390,748	468,383
Gain/(Loss) on disposal/additions	6	-	60
Net Result		263,736	357,213
Other comprehensive income		-	-
Total Comprehensive Income		263,736	357,213

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,794,975	1,554,744
Receivables	8	21,436	25,090
Total Current Assets		1,816,411	1,579,834
Non-Current Assets			
Plant and equipment			
Leasehold improvements		266	724
Motor vehicles		89	121
Furniture and fittings		-	61
Office equipment		82	275
Total Plant and equipment	9	438	1,181
Intangible assets	10	3,930	4,735
Total Non-Current Assets		4,368	5,916
Total Assets		1,820,780	1,585,750
LIABILITIES			
Current Liabilities			
Payables	11	22,065	38,642
Fees in advance	12	144,072	156,498
Provisions	13	-	3,760
Total Current Liabilities		166,137	198,900
Non-Current Liabilities			
Provisions	13	4,057	-
Total Non-Current Liabilities		4,057	-
Total Liabilities		170,194	198,900
Net Assets		1,650,586	1,386,850
EQUITY			
Accumulated funds		1,650,586	1,386,850
Total Equity		1,650,586	1,386,850

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Medical Radiation Practice Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		1,386,850
Net result for the year		<u>263,736</u>
Balance at 30 June 2017		<u>1,650,586</u>
Balance at 1 July 2015		1,029,637
Net result for the year		<u>357,213</u>
Balance at 30 June 2016		<u>1,386,850</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(40,538)	(39,963)
Council fees		(12,751)	(11,981)
Sitting fee costs		(3,056)	(1,499)
Audit fees		(5,790)	(5,650)
Occupancy costs		(6,204)	(8,053)
Temporary labour costs		(13,113)	(11,987)
Computer Services		(22,548)	(13,537)
Health Assessment Fees		(2,300)	-
Travel expenses		(8,102)	(3,687)
Other expenses		(26,564)	(3,596)
Total Payments		(140,965)	(99,953)
Receipts			
Receipts from registration fees		350,551	391,965
Interest received		29,425	16,187
Other		2,789	-
Total Receipts		382,765	408,152
Net Cash Flows from Operating Activities	17	241,799	308,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		585	60
Purchases of plant and equipment and intangible assets		(2,153)	1,123
Net Cash Flows from Investing Activities		(1,568)	1,183
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		240,231	309,382
Opening cash and cash equivalents		1,554,744	1,245,362
Closing Cash and Cash Equivalents	7	1,794,975	1,554,744

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Medical Radiation Practice Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	33,242	36,879
Superannuation	2,688	4,252
Payroll taxes	1,988	2,019
Workers compensation insurance	126	135
	<u>38,044</u>	<u>43,285</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	6,204	7,766
Council fees	12,751	11,981
Sitting fees	3,056	1,499
Contracted labour	13,113	11,987
	<u>40,914</u>	<u>38,883</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	31	14
Furniture and fittings	-	39
Office Equipment	105	398
	<u>136</u>	<u>451</u>
Amortisation		
Leasehold improvement	697	1,801
Intangible assets	1,943	1,701
	<u>2,640</u>	<u>3,502</u>
Total Depreciation and Amortisation	<u>2,776</u>	<u>3,953</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	48	35
	<u>48</u>	<u>35</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	9,609	4,672
Fees for service	32,943	17,394
Postage and communication	889	590
Printing and stationery	332	464
Equipment and furniture	155	69
General administration expenses	971	1,226
Loss on re-allocation of Fixed assets	329	-
Loss on re-allocation of Make good asset	-	659
	45,229	25,074

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	27,339	32,200
	27,339	32,200

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87
(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	1,112
Other Revenue	2,789	-
	2,789	1,112

Notes to the Financial Statements continued

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	60
	<u>-</u>	<u>60</u>

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	53,718	52,771
Cash at bank - held by HPCA*	1,741,257	1,501,973
	<u>1,794,975</u>	<u>1,554,744</u>

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	53,718	52,771
	<u>53,718</u>	<u>52,771</u>

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	3,652	3,527
Other receivables	2,191	1,527
Interest receivable	13,931	16,017
Trade receivables	1,662	4,019
Less: Allowance for impairment	-	-
	<u>21,436</u>	<u>25,090</u>

Trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	3,021	126	218	6,655	10,020
Accumulated depreciation and impairment	-	(2,297)	(5)	(157)	(6,380)	(8,839)
Net carrying amount	-	724	121	61	275	1,181
At 30 June 2017						
Gross carrying amount	53	887	126	-	101	1,167
Accumulated depreciation and impairment	-	(674)	(36)	-	(19)	(730)
Net carrying amount	53	213	89	-	82	438

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	724	121	61	275	1,181
Additions	53	-	-	-	102	155
Disposals	-	-	-	-	-	-
Other ¹	-	187	(1)	(61)	(190)	(65)
Depreciation	-	(697)	(31)	-	(105)	(833)
Net carrying amount at end of year	53	214	89	-	82	438

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2015						
Gross carrying amount	-	3,566	179	196	6,618	10,559
Accumulated depreciation and impairment	-	(496)	(170)	(118)	(5,982)	(6,765)
Net carrying amount	-	3,070	9	78	636	3,794
At 30 June 2016						
Gross carrying amount	-	3,021	126	218	6,655	10,020
Accumulated depreciation and impairment	-	(2,297)	(5)	(157)	(6,380)	(8,839)
Net carrying amount	-	724	121	61	275	1,181

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016						
Net carrying amount at start of year	-	3,070	9	78	636	3,793
Additions	-	184	126	22	37	369
Disposals	-	-	-	-	-	-
Other ¹	-	(729)	-	-	-	(729)
Depreciation	-	(1,801)	(14)	(39)	(398)	(2,252)
Net carrying amount at end of year	-	724	121	61	275	1,181

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	321	16,795	17,116
Accumulated amortisation and impairment	-	(12,381)	(12,381)
Net carrying amount	321	4,414	4,735

At 30 June 2017			
Cost (gross carrying amount)	-	7,816	7,816
Accumulated amortisation and impairment	-	(3,886)	(3,886)
Net carrying amount	-	3,930	3,930

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	321	4,414	4,735
Additions	-	63	63
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(321)	1,396	1,075
Amortisation	-	(1,943)	(1,943)
Net carrying amount at end of year	-	3,930	3,929

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	7,583	11,024	18,607
Accumulated amortisation and impairment	-	(10,680)	(10,680)
Net carrying amount	7,583	343	7,926

At 30 June 2016			
Cost (gross carrying amount)	321	16,794	17,115
Accumulated amortisation and impairment	-	(12,382)	(12,382)
Net carrying amount	321	4,413	4,734

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	7,583	343	7,926
Additions	321	176	497
Transfer	(7,583)	7,583	-
Other ¹		(1,988)	(1,988)
Amortisation	-	(1,701)	(1,701)
Net carrying amount at end of year	321	4,413	4,734

1. Other includes:

a. Adjustment for write off of intangible assets under \$5k.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	5,614	8,234
Trade and other payables	16,451	30,408
	22,065	38,642

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	144,072	156,498
	144,072	156,498

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	3,760
	<u>-</u>	<u>3,760</u>
Non-Current		
Make good	4,057	-
	<u>4,057</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	3,760	4,907
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(1,112)
Increase/(Decrease) in provisions recognised	248	(70)
Unwinding/change in discount rate	48	35
Carrying amount at the end of financial year	<u>4,057</u>	<u>3,760</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2012 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	142	-
Later than one year and not later than five years	-	-
Total (including GST)	142	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	6,425	3,333
Later than one year and not later than five years	24,173	-
Total (including GST)	30,598	3,333

15. RELATED PARTY TRANSACTIONS

During the financial year, Council obtained key management personnel services from the following entities:

- Calvary Mater Newcastle Hospital	\$2,318
- Hunter New England LHD	\$2,190
- Ministry of Health	\$11,309

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	263,736	357,213
Depreciation and amortisation	2,776	3,953
(Increase)/Decrease in receivables	3,654	(17,587)
Increase/(Decrease) in fees in advance	(12,426)	(41,979)
Increase/(Decrease) in payables	(16,577)	7,078
Increase/(Decrease) in provisions	48	(419)
Net (gain)/loss on sale of plant and equipment	-	(60)
Write off of non-current assets	587	-
Net cash used on operating activities	241,799	308,199

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	1,794,975	1,554,744
Receivables ¹	8	Receivables (measured at amortised cost)	15,593	20,036
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	22,065	38,642

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	1	1	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	16,451	16,451	16,451	-	-
<i>Fees in advance</i>					
Registration fees in advance	144,072	144,072	144,072	-	-
	160,523	160,523	160,523	-	-
2016					
<i>Payables</i>					
Trade and other payables	30,408	30,408	30,408	-	-
<i>Fees in advance</i>					
Registration fees in advance	156,498	156,498	156,498	-	-
	186,906	186,906	186,906	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	1,794,975	(17,950)	(17,950)	17,950	17,950
2016					
Cash and Cash Equivalents	1,554,744	(15,547)	(15,547)	15,547	15,547

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



Financial Statements
Year ended 30 June 2017

Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Nursing and Midwifery Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Nursing and Midwifery Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Adjunct Professor John G Kelly AM
President

Date: 13 October 2017



Dr Bethne Hart
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Nursing and Midwifery Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Nursing and Midwifery Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Part 3: Financial Statements
Nursing and Midwifery Council of New South Wales

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(3,007,213)	(2,982,347)
Other operating expenses	2(b)	(2,363,988)	(1,924,386)
Depreciation and amortisation	2(c)	(83,897)	(271,499)
Finance costs	2(d)	(3,106)	(2,231)
Other expenses	2(e)	(1,509,377)	(1,190,793)
Education and research expenses	3	(55,268)	(44,608)
Total Expenses Excluding Losses		(7,022,848)	(6,415,864)
REVENUE			
Registration fees		7,866,105	7,648,421
Interest revenue	5(a)	191,173	239,797
Other revenue	5(b)	387	18,253
Total Revenue		8,057,665	7,906,471
Gain/(Loss) on disposal/additions	6	-	3,203
Net Result		1,034,816	1,493,810
Other comprehensive income		-	-
Total Comprehensive Income		1,034,816	1,493,810

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	14,890,602	14,718,841
Receivables	8	530,906	636,848
Total Current Assets		15,421,508	15,355,689
Non-Current Assets			
Plant and equipment			
Leasehold improvements		43,975	81,389
Motor vehicles		5,736	7,751
Furniture and fittings		12,236	42,210
Office equipment		7,235	15,964
Total Plant and equipment	9	69,182	147,314
Intangible assets	10	42,516	71,686
Total Non-Current Assets		111,698	219,000
Total Assets		15,533,207	15,574,689
LIABILITIES			
Current Liabilities			
Payables	11	706,771	1,945,194
Fees in advance	12	6,780,133	6,637,005
Provisions	13	-	241,254
Total Current Liabilities		7,486,904	8,823,453
Non-Current Liabilities			
Provisions	13	260,250	-
Total Non-Current Liabilities		260,250	-
Total Liabilities		7,747,154	8,823,453
Net Assets		7,786,053	6,751,236
EQUITY			
Accumulated funds		7,786,053	6,751,236
Total Equity		7,786,053	6,751,236

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Nursing and Midwifery Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		6,751,236
Net result for the year		<u>1,034,816</u>
Balance at 30 June 2017		<u>7,786,053</u>
Balance at 1 July 2015		5,257,426
Net result for the year		<u>1,493,810</u>
Balance at 30 June 2016		<u>6,751,236</u>

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Nursing and Midwifery Council of New South Wales

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(3,288,879)	(2,602,781)
Council fees		(31,789)	(29,686)
Sitting fee costs		(533,329)	(484,924)
Audit fees		(17,840)	(17,400)
Occupancy costs		(425,934)	(406,736)
Temporary labour costs		(1,153,736)	(778,298)
Computer Services		(493,429)	(283,177)
Health Assessment Fees		(411,091)	(456,326)
NCAT Fixed Costs		(201,360)	(222,252)
Other expenses		(1,572,362)	(203,806)
Total Payments		(8,129,749)	(5,485,386)
Receipts			
Receipts from registration fees		8,094,619	7,829,980
Interest received		212,234	138,303
Other		387	351
Total Receipts		8,307,240	7,968,634
Net Cash Flows from Operating Activities	17	177,491	2,483,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		6,963	3,203
Purchases of plant and equipment and intangible assets		(12,693)	(36,790)
Net Cash Flows from Investing Activities		(5,730)	(33,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		171,761	2,449,661
Opening cash and cash equivalents		14,718,841	12,269,180
Closing Cash and Cash Equivalents	7	14,890,602	14,718,841

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Nursing and Midwifery Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	20%	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	7.13% - 41.24%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	2,596,810	2,525,663
Superannuation	245,187	303,565
Payroll taxes	155,755	145,140
Workers compensation insurance	9,460	7,979
	<u>3,007,213</u>	<u>2,982,347</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	17,840	17,400
Rent and building expenses	425,934	391,826
Council fees	31,789	29,686
Sitting fees	533,329	484,924
NSW Civil & Administrative Tribunal fixed costs	201,360	222,252
Contracted labour	1,153,736	778,298
	<u>2,363,988</u>	<u>1,924,386</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	2,015	787
Furniture and fittings	5,095	22,255
Office Equipment	6,260	21,272
	<u>13,371</u>	<u>44,314</u>
Amortisation		
Leasehold improvement	50,686	193,488
Intangible assets	19,840	33,697
	<u>70,527</u>	<u>227,185</u>
Total Depreciation and Amortisation	<u>83,897</u>	<u>271,499</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	3,106	2,231
	<u>3,106</u>	<u>2,231</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	151,053	109,113
Funding contributions	-	5,000
Fees for service	1,158,653	904,622
Postage and communication	37,401	37,464
Printing and stationery	32,323	36,619
Equipment and furniture	10,817	3,039
General administration expenses	77,651	84,327
Loss on re-allocation of Fixed assets	41,480	-
Loss on re-allocation of Make good asset	-	10,609
	1,509,377	1,190,793

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Other expenses	55,268	44,608
Total (excluding GST)	55,268	44,608

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	191,173	239,797
	191,173	239,797

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	17,902
Other Revenue	387	351
	387	18,253

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	3,203
Total gain/(loss) on disposal / additions	-	3,203

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	415,010	459,383
Cash at bank - held by HPCA*	14,475,592	14,259,458
	14,890,602	14,718,841

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	414,510	459,383
	414,510	459,383

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	30,977	42,609
Other receivables	109,156	97,018
Interest receivable	80,467	101,528
Trade receivables	311,653	397,040
Less: Allowance for impairment	(1,347)	(1,347)
	530,906	636,848

Trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	483,265	8,060	113,107	355,824	960,257
Accumulated depreciation and impairment	-	(401,876)	(309)	(70,898)	(339,860)	(812,943)
Net carrying amount	-	81,389	7,751	42,210	15,964	147,314
At 30 June 2017						
Gross carrying amount	3,768	338,333	8,060	25,473	8,921	384,556
Accumulated depreciation and impairment	-	(298,126)	(2,324)	(13,237)	(1,687)	(315,374)
Net carrying amount	3,768	40,207	5,736	12,236	7,235	69,182

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2017	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	81,389	7,751	42,210	15,964	147,314
Additions	3,768	-	-	-	8,925	12,693
Disposals	-	-	-	-	-	-
Other ¹	-	9,504	-	(24,879)	(11,394)	(26,769)
Depreciation	-	(50,686)	(2,015)	(5,095)	(6,260)	(64,057)
Net carrying amount at end of year	3,768	40,207	5,736	12,236	7,235	69,181

At 1 July 2015	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	486,543	9,550	111,279	352,478	959,850
Accumulated depreciation and impairment	-	(208,388)	(9,073)	(48,643)	(318,587)	(584,690)
Net carrying amount	-	278,155	478	62,636	33,891	375,160

At 30 June 2016	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	483,265	8,060	113,108	355,824	960,258
Accumulated depreciation and impairment	-	(401,876)	(309)	(70,898)	(339,860)	(812,943)
Net carrying amount	-	81,389	7,751	42,210	15,964	147,314

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements	W.I.P				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	278,155	478	62,636	33,891	375,160
Additions	-	11,793	8,060	1,829	3,346	25,028
Disposals	-	-	-	-	-	-
Other ¹	-	(15,071)	-	-	-	(15,071)
Depreciation	-	(193,488)	(787)	(22,255)	(21,273)	(237,802)
Net carrying amount at end of year	-	81,389	7,751	42,210	15,965	147,314

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software	Software	Total
	W.I.P		
	\$	\$	\$
Cost (gross carrying amount)	7,644	666,627	674,271
Accumulated amortisation and impairment	-	(602,585)	(602,585)
Net carrying amount	7,644	64,042	71,686
At 30 June 2017			
Cost (gross carrying amount)	-	81,829	81,829
Accumulated amortisation and impairment	-	(39,313)	(39,313)
Net carrying amount	-	42,516	42,516

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	7,644	64,042	71,686
Additions	-	4,098	4,098
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(7,644)	(5,784)	(13,428)
Amortisation	-	(19,840)	(19,840)
Net carrying amount at end of year	-	42,516	42,516

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	75,335	587,174	662,509
Accumulated amortisation and impairment	-	(568,888)	(568,888)
Net carrying amount	75,335	18,286	93,621

At 30 June 2016			
Cost (gross carrying amount)	7,644	666,627	674,271
Accumulated amortisation and impairment	-	(602,585)	(602,585)
Net carrying amount	7,644	64,042	71,686

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	75,335	18,286	93,621
Additions	7,644	2,419	10,063
Disposals	-	-	-
Transfer	(75,335)	75,335	-
Other ¹	-	1,699	1,699
Amortisation	-	(33,697)	(33,697)
Net carrying amount at end of year	7,644	64,042	71,686

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5k.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	308,046	599,173
Trade and other payables	398,724	1,346,021
	706,771	1,945,194

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	6,780,133	6,631,503
Deferred other revenue	-	5,502
	6,780,133	6,637,005

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	241,254
	-	241,254
Non-Current		
Make good	260,250	-
	260,250	-

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	241,254	261,387
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(17,902)
Increase/(Decrease) in provisions recognised	15,891	(4,462)
Unwinding/change in discount rate	3,106	2,231
Carrying amount at the end of financial year	260,250	241,254

Notes to the Financial Statements continued

13. PROVISIONS continued continued

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

14. COMMITMENTS FOR EXPENDITURE

	2017	2016
	\$	\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017:

Not later than one year	12,498	-
Later than one year and not later than five years	-	-
Total (including GST)	12,498	-

b. Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	493,798	161,939
Later than one year and not later than five years	1,857,861	-
Total (including GST)	2,351,659	161,939

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

- Ministry of Health	\$90,059
- Nepean Blue Mountains	\$6,836
- NSW Nurses Association	\$5,134
- St Vincent's Hospital	\$2,128

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	1,034,816	1,493,810
Depreciation and amortisation	83,897	271,499
(Increase)/Decrease in receivables	105,942	(142,190)
Increase/(Decrease) in fees in advance	143,128	166,260
Increase/(Decrease) in payables	(1,238,423)	702,134
Increase/(Decrease) in provisions	3,106	(5,062)
Net (gain)/loss on sale of plant and equipment	-	(3,203)
Write off of non-current assets	45,026	-
Net cash used on operating activities	177,491	2,483,248

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	14,890,602	14,718,841
Receivables ¹	8	Receivables (measured at amortised cost)	390,773	497,221
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	706,771	1,945,194

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	465	465	-
> 6 months overdue	1,478	131	1,347
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	1,478	131	1,347

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-in-terest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	398,724	398,724	398,724	-	-
<i>Fees in advance</i>					
Registration fees in advance	6,780,133	6,780,133	6,780,133	-	-
	7,178,857	7,178,857	7,178,857	-	-
2016					
<i>Payables</i>					
Trade and other payables	1,346,021	1,346,021	1,346,021	-	-
<i>Fees in advance</i>					
Registration fees in advance	6,631,503	6,631,503	6,631,503	-	-
	7,977,524	7,977,524	7,977,524	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	+1%	
			Equity	Net Result	Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	14,890,602	(148,906)	(148,906)	148,906	148,906
2016					
Cash and Cash Equivalents	14,718,841	(147,188)	(147,188)	147,188	147,188

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Occupational
Therapy
Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Occupational Therapy Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Occupational Therapy Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr Kim Nguyen
President

Date: 13 October 2017



Dr Katherine Moore
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Occupational Therapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Occupational Therapy Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Part 3: Financial Statements
Occupational Therapy Council of New South Wales

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(56,014)	(58,182)
Other operating expenses	2(b)	(43,410)	(42,031)
Depreciation and amortisation	2(c)	(2,656)	(4,049)
Finance costs	2(d)	(53)	(38)
Other expenses	2(e)	(46,109)	(27,221)
Total Expenses Excluding Losses		(148,243)	(131,521)
REVENUE			
Registration fees		226,251	234,395
Interest revenue	5(a)	14,112	17,585
Other revenue	5(b)	1,937	2,632
Total Revenue		242,300	254,612
Gain/(Loss) on disposal/additions	6	-	83
Net Result		94,057	123,174
Other comprehensive income		-	-
Total Comprehensive Income		94,057	123,174

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Occupational Therapy Council of New South Wales

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	906,401	822,598
Receivables	8	13,390	21,308
Total Current Assets		919,791	843,906
Non-Current Assets			
Plant and equipment			
Leasehold improvements		323	805
Motor vehicles		98	133
Furniture and fittings		-	79
Office equipment		130	373
Total Plant and equipment	9	551	1,390
Intangible assets	10	3,439	3,493
Total Non-Current Assets		3,990	4,883
Total Assets		923,780	848,789
LIABILITIES			
Current Liabilities			
Payables	11	24,150	50,068
Fees in advance	12	95,270	88,744
Provisions	13	-	4,139
Total Current Liabilities		119,420	142,951
Non-Current Liabilities			
Provisions	13	4,464	-
Total Non-Current Liabilities		4,464	-
Total Liabilities		123,885	142,951
Net Assets		799,896	705,838
EQUITY			
Accumulated funds		799,895	705,838
Total Equity		799,895	705,838

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Occupational Therapy Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		705,838
Net result for the year		<u>94,057</u>
Balance at 30 June 2017		<u>799,895</u>
Balance at 1 July 2015		582,664
Net result for the year		<u>123,174</u>
Balance at 30 June 2016		<u>705,838</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(59,300)	(54,352)
Council fees		(12,760)	(12,601)
Sitting fee costs		(5,970)	(5,679)
Audit fees		(5,790)	(5,650)
Occupancy costs		(4,734)	(9,586)
Computer Services		(23,160)	(12,930)
Health Assessment Fees		(8,467)	-
Temporary labour costs		(14,156)	(8,867)
Other expenses		(36,651)	(10,193)
Total Payments		(170,989)	(119,858)
Receipts			
Receipts from registration fees		239,556	211,370
Interest received		15,394	9,073
Other		1,937	-
Total Receipts		256,886	220,443
Net Cash Flows from Operating Activities	17	85,898	100,585
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		772	83
Purchases of plant and equipment and intangible assets		(2,867)	1,845
Net Cash Flows from Investing Activities		(2,095)	1,928
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		83,803	102,513
Opening cash and cash equivalents		822,598	720,085
Closing Cash and Cash Equivalents	7	906,401	822,598

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Occupational Therapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

During August 2014 the following NSW Health Professional Councils being Chiropractic Council of New South Wales, Occupational Therapy Council of New South Wales and Physiotherapy Council of New South Wales agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales for the allocation of direct labour costs effective 1 July 2014 to 30 June 2015. The Council participated in the agreed cost sharing arrangements for the distribution of indirect pooled costs between the Health Professional Councils from 1 July 2015.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

L. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	49,001	49,231
Superannuation	4,325	5,993
Payroll taxes	2,680	2,814
Workers compensation insurance	8	144
	<u>56,014</u>	<u>58,182</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	4,734	9,233
Council fees	12,760	12,601
Sitting fees	5,970	5,679
Contracted labour	14,156	8,868
	<u>43,410</u>	<u>42,031</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	35	17
Furniture and fittings	-	54
Office Equipment	149	550
	<u>184</u>	<u>621</u>
Amortisation		
Leasehold improvement	769	2,020
Intangible assets	1,703	1,408
	<u>2,472</u>	<u>3,428</u>
Total Depreciation and Amortisation	<u>2,656</u>	<u>4,049</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	53	38
	<u>53</u>	<u>38</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	2,980	2,829
Fees for service	39,456	20,271
Postage and communication	1,031	649
Printing and stationery	517	499
Equipment and furniture	210	72
General administration expenses	1,495	1,341
Loss on re-allocation of Fixed assets	419	-
Loss on re-allocation of Make good asset	-	1,560
	46,109	27,221

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	14,112	17,585
	14,112	17,585

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87
(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	2,632
Other Revenue	1,937	-
	1,937	2,632

Notes to the Financial Statements continued

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	83
Total gain/(loss) on disposal / additions	-	83

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	45,773	45,041
Cash at bank - held by HPCA*	860,628	777,557
	906,401	822,598

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	45,773	45,041
	45,773	45,041

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	3,252	3,230
Other receivables	2,048	1,927
Interest receivable	7,233	8,514
Trade receivables	858	7,637
Less: Allowance for impairment	-	-
	13,390	21,308

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	3,513	138	296	9,224	13,171
Accumulated depreciation and impairment	-	(2,708)	(5)	(218)	(8,850)	(11,781)
Net carrying amount	-	805	133	78	374	1,390
At 30 June 2017						
Gross carrying amount	77	1,165	138	-	160	1,540
Accumulated depreciation and impairment	-	(919)	(40)	-	(30)	(989)
Net carrying amount	77	246	98	-	130	551

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	805	133	78	374	1,390
Additions	77	-	-	-	160	237
Disposals	-	-	-	-	-	-
Other ¹	-	210	-	(78)	(254)	(122)
Depreciation	-	(769)	(35)	-	(149)	(953)
Net carrying amount at end of year	77	246	98	-	130	551

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2015						
Gross carrying amount	-	4,948	249	272	9,182	14,651
Accumulated depreciation and impairment	-	(688)	(236)	(163)	(8,300)	(9,387)
Net carrying amount	-	4,260	12	108	883	5,264
At 30 June 2016						
Gross carrying amount	-	3,513	138	296	9,224	13,171
Accumulated depreciation and impairment	-	(2,708)	(5)	(218)	(8,850)	(11,781)
Net carrying amount	-	805	133	78	374	1,390

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016						
Net carrying amount at start of year	-	4,260	12	108	883	5,264
Additions	-	202	138	24	41	406
Disposals	-	-	-	-	-	-
Other ¹	-	(1,637)	-	-	-	(1,637)
Depreciation	-	(2,019)	(18)	(54)	(550)	(2,642)
Net carrying amount at end of year	-	806	133	78	374	1,391

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	233	19,488	19,720
Accumulated amortisation and impairment	-	(16,227)	(16,227)
Net carrying amount	233	3,260	3,493
At 30 June 2017			
Cost (gross carrying amount)	-	6,846	6,846
Accumulated amortisation and impairment	-	(3,407)	(3,407)
Net carrying amount	-	3,439	3,439
Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	233	3,260	3,493
Additions	-	46	46
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(233)	1,836	1,603
Amortisation	-	(1,703)	(1,703)
Net carrying amount at end of year	-	3,438	3,438
At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	6,675	15,296	21,971
Accumulated amortisation and impairment	-	(14,820)	(14,820)
Net carrying amount	6,675	476	7,151
At 30 June 2016			
Cost (gross carrying amount)	233	19,488	19,720
Accumulated amortisation and impairment	-	(16,227)	(16,227)
Net carrying amount	233	3,260	3,493

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	6,675	476	7,151
Additions	233	128	361
Disposals	-	-	-
Transfer	(6,675)	6,675	-
Other ¹	-	(2,611)	(2,611)
Amortisation	-	(1,408)	(1,408)
Net carrying amount at end of year	232	3,261	3,493

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	9,532	12,825
Trade and other payables	14,618	37,243
	24,150	50,068

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	95,270	88,744
	95,270	88,744

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	4,139
	<u>-</u>	<u>4,139</u>
Non-Current		
Make good	4,464	-
	<u>4,464</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	4,139	6,809
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(2,632)
Increase/(Decrease) in provisions recognised	271	(76)
Unwinding/change in discount rate	53	38
Carrying amount at the end of financial year	<u>4,464</u>	<u>4,139</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2013 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	224	-
Later than one year and not later than five years	-	-
Total (including GST)	224	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	4,843	2,666
Later than one year and not later than five years	18,219	-
Total (including GST)	23,062	2,666

15. RELATED PARTY TRANSACTIONS

During the financial year, Council obtained key management personnel services from the following entities:

- Hunter New England LHD	\$1,808
- Ministry of Health	\$4,358
- Northern Sydney LHD	\$1,314
- Sydney LHD	\$1,314
- Western Sydney LHD	\$1,314

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	94,057	123,174
Depreciation and amortisation	2,656	4,049
(Increase)/Decrease in receivables	7,917	(16,035)
Increase/(Decrease) in fees in advance	6,526	(16,295)
Increase/(Decrease) in payables	(25,918)	6,809
Increase/(Decrease) in provisions	53	(1,034)
Net (gain)/loss on sale of plant and equipment	-	(83)
Write off of non-current assets	606	-
Net cash used on operating activities	85,897	100,585

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	906,401	822,598
Receivables ¹	8	Receivables (measured at amortised cost)	8,091	16,151
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	24,150	50,068

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	1	1	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	14,618	14,618	14,618	-	-
<i>Fees in advance</i>					
Registration fees in advance	95,270	95,270	95,270	-	-
	109,889	109,889	109,889	-	-
2016					
<i>Payables</i>					
Trade and other payables	37,243	37,243	37,243	-	-
<i>Fees in advance</i>					
Registration fees in advance	88,744	88,744	88,744	-	-
	125,987	125,987	125,987	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	+1%
			Equity	Equity
	\$	\$	\$	\$
2017				
Cash and Cash Equivalents	906,401	(9,064)	(9,064)	9,064
2016				
Cash and Cash Equivalents	822,598	(8,226)	(8,226)	8,226

19. EVENTS AFTER THE REPORTING PERIOD

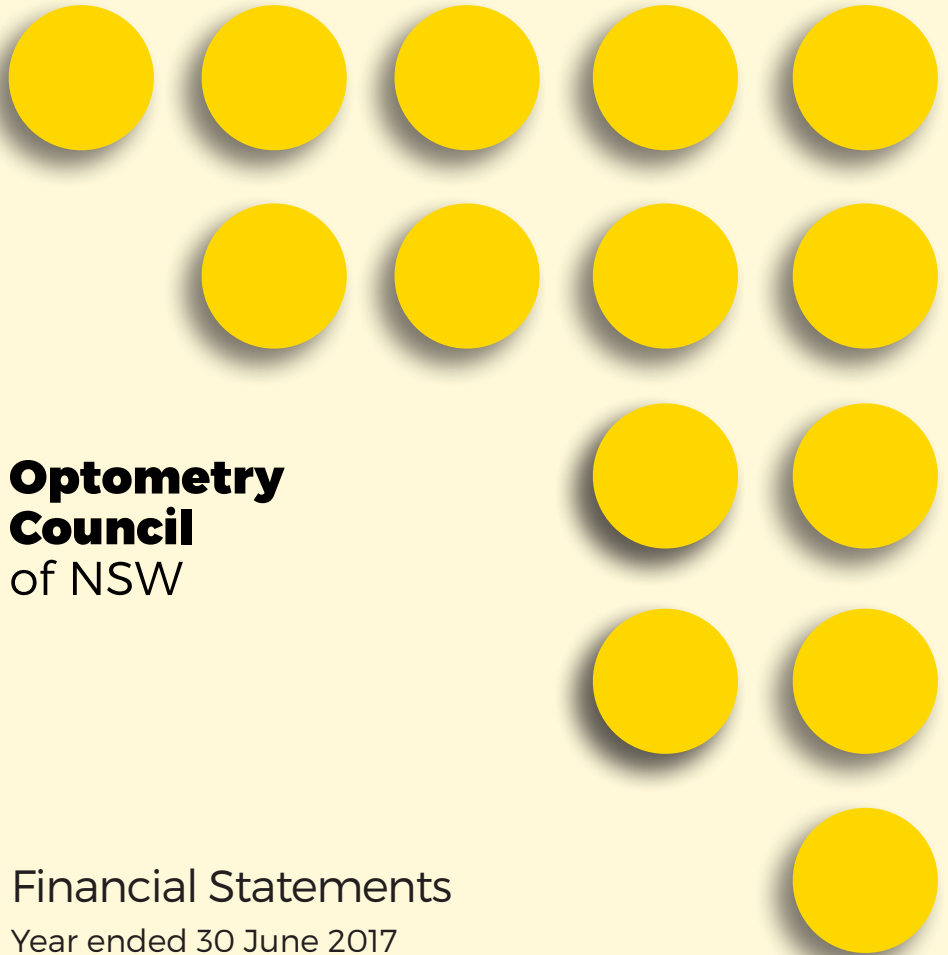
There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Optometry
Council**
of NSW

Financial Statements
Year ended 30 June 2017




Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Optometry Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Optometry Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr Albert Lee
President

Date: 13 October 2017



Ms Pauline O'Connor
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Optometry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Optometry Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Part 3: Financial Statements
Optometry Council of New South Wales

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(88,998)	(97,157)
Other operating expenses	2(b)	(41,610)	(39,857)
Depreciation and amortisation	2(c)	(2,336)	(4,450)
Finance costs	2(d)	(82)	(58)
Other expenses	2(e)	(29,443)	(22,871)
Total Expenses Excluding Losses		(162,469)	(164,393)
REVENUE			
Registration fees		209,587	191,741
Interest revenue	5(a)	7,555	9,373
Other revenue	5(b)	2	154
Total Revenue		217,144	201,268
Gain/(Loss) on disposal/additions	6	-	80
Net Result		54,676	36,955
Other comprehensive income		-	-
Total Comprehensive Income		54,676	36,955

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	496,544	464,851
Receivables	8	9,797	13,740
Total Current Assets		506,341	478,591
Non-Current Assets			
Plant and equipment			
Leasehold improvements		385	1,209
Motor vehicles		151	204
Furniture and fittings		-	89
Office equipment		200	379
Total Plant and equipment	9	736	1,881
Intangible assets	10	1,980	1,832
Total Non-Current Assets		2,716	3,713
Total Assets		509,057	482,304
LIABILITIES			
Current Liabilities			
Payables	11	26,007	63,652
Fees in advance	12	88,909	79,686
Provisions	13	-	6,338
Total Current Liabilities		114,916	149,676
Non-Current Liabilities			
Provisions	13	6,837	-
Total Non-Current Liabilities		6,837	-
Total Liabilities		121,753	149,676
Net Assets		387,304	332,628
EQUITY			
Accumulated funds		387,304	332,628
Total Equity		387,304	332,628

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Optometry Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		332,628
Net result for the year		<u>54,676</u>
Balance at 30 June 2017		<u>387,304</u>
Balance at 1 July 2015		295,673
Net result for the year		<u>36,955</u>
Balance at 30 June 2016		<u>332,628</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(96,124)	(81,655)
Council fees		(8,732)	(8,760)
Sitting fee costs		(2,109)	(739)
Audit fees		(5,790)	(5,650)
Occupancy costs		(14,418)	(13,639)
Temporary labour costs		(8,520)	-
Computer Services		(16,657)	(13,024)
NCAT Fixed Costs		(2,042)	-
Other expenses		(43,512)	(5,961)
Total Payments		(197,903)	(129,428)
Receipts			
Receipts from registration fees		222,997	192,734
Interest received		8,093	4,730
Other		2	-
Total Receipts		231,093	197,464
Net Cash Flows from Operating Activities	17	33,190	68,036
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		548	80
Purchases of plant and equipment and intangible assets		(2,045)	853
Net Cash Flows from Investing Activities		(1,497)	933
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		31,693	68,969
Opening cash and cash equivalents		464,851	395,882
Closing Cash and Cash Equivalents	7	496,544	464,851

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Optometry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	77,110	83,727
Superannuation	7,022	8,448
Payroll taxes	4,605	4,759
Workers compensation insurance	261	223
	<u>88,998</u>	<u>97,157</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	14,418	13,156
Council fees	8,732	8,760
Sitting fees	2,109	739
NSW Civil & Administrative Tribunal fixed costs	2,042	2,355
Contracted labour	8,520	9,197
	<u>41,610</u>	<u>39,857</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	53	20
Furniture and fittings	-	52
Office Equipment	161	534
	<u>214</u>	<u>606</u>
Amortisation		
Leasehold improvement	1,171	2,991
Intangible assets	951	853
	<u>2,122</u>	<u>3,844</u>
Total Depreciation and Amortisation	<u>2,336</u>	<u>4,450</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	82	58
	<u>82</u>	<u>58</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	4,052	3,870
Fees for service	19,721	14,699
Postage and communication	1,337	994
Printing and stationery	785	797
Equipment and furniture	234	66
General administration expenses	2,829	2,354
Loss on re-allocation of Fixed assets	485	-
Loss on re-allocation of Make good asset	-	91
	29,443	22,871

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	7,555	9,373
	7,555	9,373

During 2014, in accordance with the agreement between NSW Treasury and Westpac Banking Corporation on 1 April 2013 for the provision of Transactional Banking, the HPCA on behalf of the Council, transitioned all current banking arrangements to Westpac Banking Corporation.

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	154
Other Revenue	2	-
	2	154

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	80
Total gain/(loss) on disposal / additions	-	80

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	45,980	45,248
Cash at bank - held by HPCA*	450,564	419,603
	496,544	464,851

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	45,980	45,248
	45,980	45,248

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	2,484	2,878
Other receivables	2,965	1,789
Interest receivable	4,106	4,644
Trade receivables	242	4,429
Less: Allowance for impairment	-	-
	9,797	13,740

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	4,862	212	299	8,897	14,269
Accumulated depreciation and impairment	-	(3,653)	(8)	(210)	(8,518)	(12,389)
Net carrying amount	-	1,209	204	89	379	1,881
At 30 June 2017						
Gross carrying amount	39	1,265	212	-	246	1,762
Accumulated depreciation and impairment	-	(919)	(61)	-	(47)	(1,026)
Net carrying amount	39	346	151	-	200	736

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Year ended 30 June 2017	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	1,209	204	89	379	1,881
Additions	39	-	-	-	246	285
Disposals	-	-	-	-	-	-
Other ¹	-	308	-	(89)	(264)	(45)
Depreciation	-	(1,171)	(53)	-	(161)	(1,385)
Net carrying amount at end of year	39	346	151	-	200	736

At 1 July 2015	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	4,760	239	261	8,834	14,094
Accumulated depreciation and impairment	-	(662)	(227)	(157)	(7,984)	(9,030)
Net carrying amount	-	4,098	12	104	850	5,064

At 30 June 2016	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	4,862	212	298	8,897	14,269
Accumulated depreciation and impairment	-	(3,653)	(8)	(209)	(8,518)	(12,388)
Net carrying amount	-	1,209	204	89	379	1,881

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold		Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Improvements W.I.P	Leasehold Improvements				
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	4,098	12	104	850	5,064
Additions	-	310	212	37	63	622
Disposals	-	-	-	-	-	-
Other ¹	-	(208)	-	-	-	(208)
Depreciation	-	(2,991)	(20)	(52)	(534)	(3,597)
Net carrying amount at end of year	-	1,209	204	89	379	1,881

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	202	16,740	16,942
Accumulated amortisation and impairment	-	(15,110)	(15,110)
Net carrying amount	202	1,630	1,832

At 30 June 2017			
Cost (gross carrying amount)	-	3,874	3,874
Accumulated amortisation and impairment	-	(1,894)	(1,894)
Net carrying amount	-	1,980	1,980

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	202	1,630	1,832
Additions	-	112	112
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(202)	1,190	988
Amortisation	-	(951)	(951)
Net carrying amount at end of year	-	1,981	1,981

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	3,701	14,716	18,417
Accumulated amortisation and impairment	-	(14,257)	(14,257)
Net carrying amount	3,701	459	4,160

At 30 June 2016			
Cost (gross carrying amount)	202	16,740	16,942
Accumulated amortisation and impairment	-	(15,110)	(15,110)
Net carrying amount	202	1,630	1,832

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	3,701	459	4,160
Additions	202	62	264
Disposals	-	-	-
Transfer	(3,701)	3,701	-
Other ¹	-	(1,739)	(1,739)
Amortisation	-	(853)	(853)
Net carrying amount at end of year	202	1,630	1,832

1. Other includes:

- a. Adjustment for write off of intangible assets under \$5,000.

Notes to the Financial Statements continued

11. PAYABLES	2017	2016
	\$	\$
Personnel services - Ministry of Health	15,335	22,722
Trade and other payables	10,671	40,930
	26,007	63,652

12. FEES IN ADVANCE	2017	2016
	\$	\$
Current		
Registration fees in advance	88,909	79,686
	88,909	79,686

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	6,338
	-	6,338
Non-Current		
Make good	6,837	-
	6,837	-

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	6,338	6,551
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(154)
Increase/(Decrease) in provisions recognised	418	(117)
Unwinding/change in discount rate	82	58
Carrying amount at the end of financial year	6,837	6,338

Notes to the Financial Statements continued

13. PROVISIONS *continued*

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street . The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

14. COMMITMENTS FOR EXPENDITURE		2017	2016
		\$	\$

a. Capital Commitments

Capital commitments contracted as at 30 June 2017:

Not later than one year	345	-
Later than one year and not later than five years	-	-
Total (including GST)	345	-

b. Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	16,247	5,090
Later than one year and not later than five years	61,126	-
Total (including GST)	77,373	5,090

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$8,197 for these services.

Notes to the Financial Statements continued

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	54,676	36,955
Depreciation and amortisation	2,336	4,450
(Increase)/Decrease in receivables	3,944	(9,227)
Increase/(Decrease) in fees in advance	9,223	4,541
Increase/(Decrease) in payables	(37,646)	31,401
Increase/(Decrease) in provisions	82	(4)
Net (gain)/loss on sale of plant and equipment	-	(80)
Write off of non-current assets	575	-
Net cash used on operating activities	33,190	68,036

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	496,544	464,851
Receivables ¹	8	Receivables (measured at amortised cost)	4,348	9,073
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	26,007	63,652

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	2	2	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-in-terest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	10,671	10,671	10,671	-	-
<i>Fees in advance</i>					
Registration fees in advance	88,909	88,909	88,909	-	-
	99,580	99,580	99,580	-	-
2016					
<i>Payables</i>					
Trade and other payables	40,930	40,930	40,930	-	-
<i>Fees in advance</i>					
Registration fees in advance	79,686	79,686	79,686	-	-
	120,616	120,616	120,616	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	496,544	(4,965)	(4,965)	4,965	4,965
2016					
Cash and Cash Equivalents	464,851	(4,649)	(4,649)	4,649	4,649

19. EVENTS AFTER THE REPORTING PERIOD

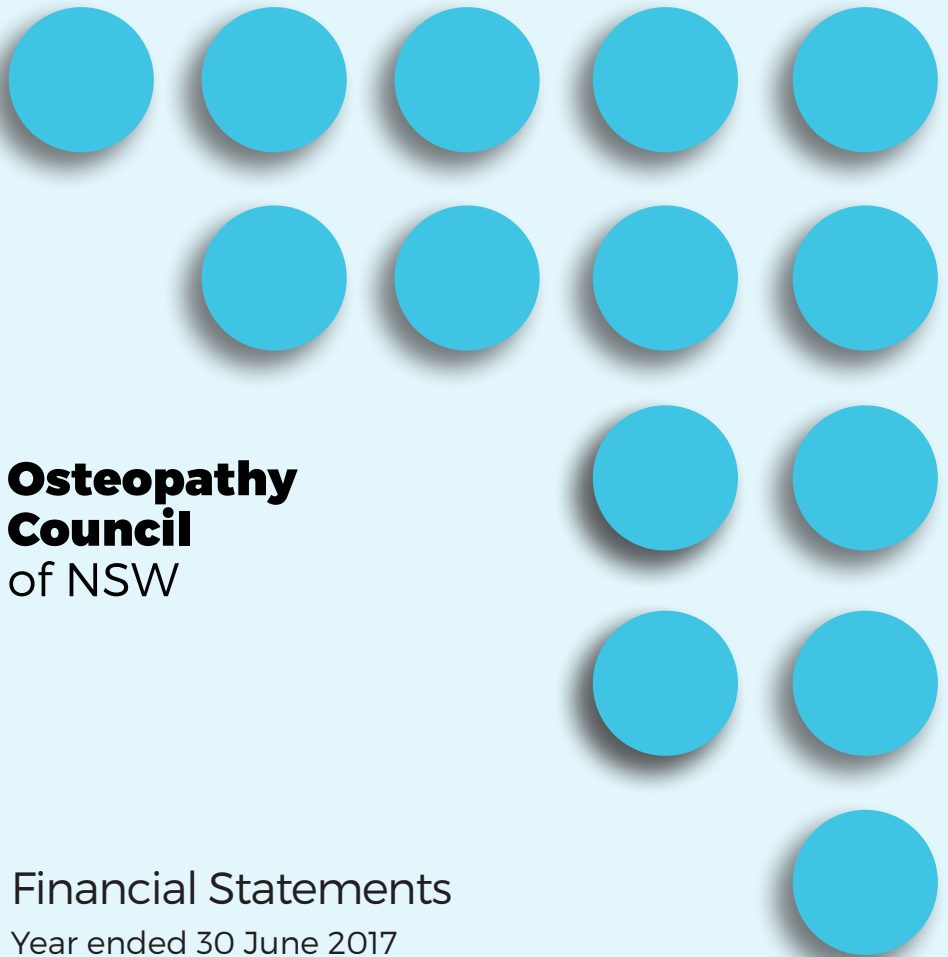
There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Osteopathy
Council**
of NSW

Financial Statements
Year ended 30 June 2017

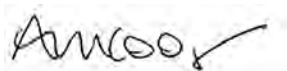


Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Osteopathy Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Osteopathy Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Ms Anne Cooper
President

Date: 13 October 2017



Mr Stiofan MacSuibhne
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Osteopathy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Osteopathy Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Part 3: Financial Statements
Osteopathy Council of New South Wales

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(64,949)	(72,877)
Other operating expenses	2(b)	(58,993)	(81,578)
Depreciation and amortisation	2(c)	(1,936)	(3,463)
Finance costs	2(d)	(63)	(45)
Other expenses	2(e)	(28,251)	(24,093)
Total Expenses Excluding Losses		(154,191)	(182,056)
REVENUE			
Registration fees		192,104	182,569
Interest revenue	5(a)	4,421	5,672
Other revenue	5(b)	72	118
Total Revenue		196,596	188,359
Gain/(Loss) on disposal/additions	6	-	62
Net Result		42,406	6,365
Other comprehensive income		-	-
Total Comprehensive Income		42,406	6,365

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	293,467	264,807
Receivables	8	8,164	11,935
Total Current Assets		301,631	276,742
Non-Current Assets			
Plant and equipment			
Leasehold improvements		308	929
Motor vehicles		116	156
Furniture and fittings		-	69
Office equipment		151	291
Total Plant and equipment	9	575	1,445
Intangible assets	10	1,784	1,522
Total Non-Current Assets		2,359	2,967
Total Assets		303,990	279,709
LIABILITIES			
Current Liabilities			
Payables	11	36,662	57,377
Fees in advance	12	79,770	77,562
Provisions	13	-	4,869
Total Current Liabilities		116,432	139,808
Non-Current Liabilities			
Provisions	13	5,252	-
Total Non-Current Liabilities		5,252	-
Total Liabilities		121,684	139,808
Net Assets		182,306	139,901
EQUITY			
Accumulated funds		182,306	139,901
Total Equity		182,306	139,901

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Osteopathy Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		139,901
Net result for the year		<u>42,406</u>
Balance at 30 June 2017		<u>182,306</u>
Balance at 1 July 2015		133,536
Net result for the year		<u>6,365</u>
Balance at 30 June 2016		<u>139,901</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(60,137)	(60,239)
Council fees		(8,732)	(8,660)
Sitting fee costs		(19,445)	(41,457)
Audit fees		(5,790)	(5,650)
Occupancy costs		(14,031)	(18,714)
Temporary labour costs		(4,871)	(6,228)
Computer Services		(12,920)	(11,636)
Health Assessment Fees		(5,000)	-
NCAT Fixed Costs		(6,124)	-
Other expenses		(34,032)	(3,983)
Total Payments		(171,083)	(156,567)
Receipts			
Receipts from registration fees		196,278	191,696
Interest received		4,849	2,753
Other		72	-
Total Receipts		201,199	194,449
Net Cash Flows from Operating Activities	17	30,117	37,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	62
Purchases of plant and equipment and intangible assets		(1,457)	1,071
Net Cash Flows from Investing Activities		(1,457)	1,133
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		28,660	39,015
Opening cash and cash equivalents		264,807	225,792
Closing Cash and Cash Equivalents	7	293,466	264,807

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Osteopathy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	56,019	62,426
Superannuation	5,358	6,640
Payroll taxes	3,370	3,647
Workers compensation insurance	201	164
	<u>64,949</u>	<u>72,877</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	14,031	18,012
Council fees	8,732	8,660
Sitting fees	19,445	41,457
NSW Civil & Administrative Tribunal fixed costs	6,124	1,571
Contracted labour	4,871	6,228
	<u>58,993</u>	<u>81,578</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	41	16
Furniture and fittings	-	40
Office Equipment	123	410
	<u>164</u>	<u>466</u>
Amortisation		
Leasehold improvement	899	2,297
Intangible assets	872	700
	<u>1,772</u>	<u>2,997</u>
Total Depreciation and Amortisation	<u>1,936</u>	<u>3,463</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	63	45
	<u>63</u>	<u>45</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	568	649
Fees for service	23,710	19,898
Postage and communication	1,099	764
Printing and stationery	919	685
Equipment and furniture	189	45
General administration expenses	1,393	1,982
Loss on re-allocation of Fixed assets	373	-
Loss on re-allocation of Make good asset	-	70
	28,251	24,093

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	4,421	5,672
	4,421	5,672

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87
(b). OTHER REVENUE	2017	2016
	\$	\$
Gain on write back of Make good provision	-	118
Other Revenue	72	-
	72	118

Notes to the Financial Statements continued

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	62
Total gain/(loss) on disposal / additions	-	62

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	228	228
Cash at bank - held by HPCA*	293,239	264,579
	293,467	264,807

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	228	228
	228	228

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	2,410	2,706
Other receivables	2,448	3,526
Interest receivable	2,491	2,920
Trade receivables	816	2,783
Less: Allowance for impairment	-	-
	8,164	11,935

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	3,734	163	229	6,835	10,961
Accumulated depreciation and impairment	-	(2,805)	(6)	(161)	(6,544)	(9,516)
Net carrying amount	-	929	156	68	291	1,445
At 30 June 2017						
Gross carrying amount	42	972	163	-	187	1,363
Accumulated depreciation and impairment	-	(705)	(47)	-	(35)	(788)
Net carrying amount	42	266	116	-	151	575

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	929	156	68	291	1,445
Additions	42	-	-	-	-	42
Other ¹	-	236	-	(68)	(17)	151
Depreciation	-	(899)	(41)	-	(123)	(1,063)
Net carrying amount at end of year	42	266	116	-	151	574

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2015						
Gross carrying amount	-	3,657	184	201	6,786	10,828
Accumulated depreciation and impairment	-	(508)	(175)	(121)	(6,134)	(6,937)
Net carrying amount	-	3,149	9	80	652	3,890
At 30 June 2016						
Gross carrying amount	-	3,734	163	229	6,835	10,961
Accumulated depreciation and impairment	-	(2,805)	(6)	(161)	(6,544)	(9,516)
Net carrying amount	-	929	156	68	291	1,445

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016						
Net carrying amount at start of year	-	3,149	9	80	652	3,890
Additions	-	238	163	29	48	478
Other ¹	-	(160)	-	-	-	(160)
Depreciation	-	(2,297)	(15)	(40)	(410)	(2,763)
Net carrying amount at end of year	-	929	156	68	291	1,445

1. Other includes:

- Adjustments for write off of fixed assets under \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	134	13,040	13,174
Accumulated amortisation and impairment	-	(11,652)	(11,651)
Net carrying amount	134	1,388	1,522

At 30 June 2017			
Cost (gross carrying amount)	-	3,525	3,525
Accumulated amortisation and impairment	-	(1,741)	(1,741)
Net carrying amount	-	1,784	1,784

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	134	1,388	1,521
Additions	-	56	56
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(134)	1,212	1,078
Amortisation	-	(872)	(872)
Net carrying amount at end of year	-	1,784	1,783

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	3,419	11,304	14,724
Accumulated amortisation and impairment	-	(10,952)	(10,952)
Net carrying amount	3,419	352	3,771

At 30 June 2016			
Cost (gross carrying amount)	134	13,041	13,174
Accumulated amortisation and impairment	-	(11,653)	(11,653)
Net carrying amount	134	1,388	1,521

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

	Software W.I.P	Software	Total
Year Ended 30 June 2016	\$	\$	\$
Net carrying amount at start of year	3,419	352	3,771
Additions	134	53	187
Disposals	-	-	-
Transfer	(3,419)	3,419	-
Other ¹	-	(1,736)	(1,736)
Amortisation	-	(700)	(700)
Net carrying amount at end of year	134	1,388	1,522

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	22,768	18,158
Trade and other payables	13,895	39,219
	36,662	57,377

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	79,770	77,562
	79,770	77,562

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	4,869
	<u>-</u>	<u>4,869</u>
Non-Current		
Make good	5,252	-
	<u>5,252</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	4,869	5,032
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(118)
Increase/(Decrease) in provisions recognised	320	(90)
Unwinding/change in discount rate	63	45
Carrying amount at the end of financial year	<u>5,252</u>	<u>4,869</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	262	-
Later than one year and not later than five years	-	-
Total (including GST)	262	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	13,781	4,810
Later than one year and not later than five years	51,849	-
Total (including GST)	65,630	4,810

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$7,777 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	42,406	6,365
Depreciation and amortisation	1,936	3,463
(Increase)/Decrease in receivables	3,770	(7,688)
Increase/(Decrease) in fees in advance	2,207	11,602
Increase/(Decrease) in payables	(20,714)	24,205
Increase/(Decrease) in provisions	63	(3)
Net (gain)/loss on sale of plant and equipment	-	(62)
Write off of non-current assets	449	-
Net cash used on operating activities	30,117	37,882

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	293,467	264,807
Receivables ¹	8	Receivables (measured at amortised cost)	3,307	5,703
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	36,662	57,377

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA of behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	1	1	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-in-terest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	13,895	13,895	13,895	-	-
<i>Fees in advance</i>					
Registration fees in advance	79,770	79,770	79,770	-	-
	93,664	93,664	93,664	-	-
2016					
<i>Payables</i>					
Trade and other payables	39,219	39,219	39,219	-	-
<i>Fees in advance</i>					
Registration fees in advance	77,562	77,562	77,562	-	-
	116,781	116,781	116,781	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	293,467	(2,935)	(2,935)	2,935	2,935
2016					
Cash and Cash Equivalents	264,807	(2,648)	(2,648)	2,648	2,648

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



Pharmacy Council of New South Wales

Protecting the public
Regulating pharmacists and pharmacies

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Pharmacy Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Pharmacy Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr Stuart Ludington
President

Date: 13 October 2017



Mr Adrian Lee
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Pharmacy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Pharmacy Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(1,019,919)	(909,616)
Other operating expenses	2(b)	(1,099,882)	(1,107,737)
Depreciation and amortisation	2(c)	(96,735)	(135,518)
Finance costs	2(d)	(1,109)	(796)
Other expenses	2(e)	(423,779)	(411,739)
Education and research expenses	3	(15,861)	(4,000)
Total Expenses Excluding Losses		(2,657,285)	(2,569,406)
REVENUE			
Registration fees		2,684,059	2,344,867
Interest revenue	5(a)	81,170	102,981
Other revenue	5(b)	351,834	259,941
Total Revenue		3,117,063	2,707,789
Gain/(Loss) on disposal/additions	6	-	(2,540)
Net Result		459,779	135,843
Other comprehensive income		-	-
Total Comprehensive Income		459,779	135,843

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,129,972	5,217,199
Receivables	8	113,117	157,539
Total Current Assets		5,243,089	5,374,738
Non-Current Assets			
Plant and equipment			
Leasehold improvements		9,907	20,787
Motor vehicles		45,137	62,426
Furniture and fittings		-	3,350
Office equipment		2,599	4,233
Total Plant and equipment	9	57,644	90,796
Intangible assets	10	88,347	141,245
Total Non-Current Assets		145,991	232,041
Total Assets		5,389,080	5,606,779
LIABILITIES			
Current Liabilities			
Payables	11	362,730	762,974
Fees in advance	12	1,311,432	1,595,445
Provisions	13	-	86,112
Total Current Liabilities		1,674,161	2,444,531
Non-Current Liabilities			
Provisions	13	92,893	-
Total Non-Current Liabilities		92,893	-
Total Liabilities		1,767,054	2,444,531
Net Assets		3,622,026	3,162,248
EQUITY			
Accumulated funds		3,622,026	3,162,248
Total Equity		3,622,026	3,162,248

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Pharmacy Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds
		\$
Balance at 1 July 2016		3,162,248
Net result for the year		<u>459,779</u>
Balance at 30 June 2017		<u>3,622,026</u>
Balance at 1 July 2015		3,026,405
Net result for the year		<u>135,843</u>
Balance at 30 June 2016		<u>3,162,248</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(1,067,122)	(740,771)
Council fees		(167,552)	(163,062)
Sitting fee costs		(216,092)	(198,532)
Audit fees		(16,220)	(15,820)
Occupancy costs		(174,850)	(181,785)
Temporary labour costs		(470,746)	(506,235)
Computer Services		(152,434)	(115,995)
Health Assessment Fees		(41,195)	-
NCAT Fixed Costs		(54,423)	-
Other expenses		(581,130)	(218,237)
Total Payments		(2,941,764)	(2,140,437)
Receipts			
Receipts from registration fees		2,427,058	2,625,869
Interest received		90,076	53,833
Other		351,834	250,322
Total Receipts		2,868,968	2,930,024
Net Cash Flows from Operating Activities	17	(72,796)	789,587
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	33,432
Purchases of plant and equipment and intangible assets		(14,431)	(63,287)
Net Cash Flows from Investing Activities		(14,431)	(29,855)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		(87,227)	759,732
Opening cash and cash equivalents		5,217,199	4,457,467
Closing Cash and Cash Equivalents	7	5,129,972	5,217,199

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Pharmacy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

Other revenue comprises of monies received by the Pharmacy Council for the regulation of pharmacy businesses in NSW (as per the Law, Schedule 5F). This includes fees for annual registration of pharmacy premises, now or varied applications for pharmacy businesses and acquisition of pecuniary interest in pharmacy body corporate.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	892,546	777,686
Superannuation	71,056	83,872
Payroll taxes	53,108	45,411
Workers compensation insurance	3,208	2,647
	<u>1,019,919</u>	<u>909,616</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	16,220	15,820
Rent and building expenses	174,850	175,396
Council fees	167,552	163,062
Sitting fees	216,092	198,532
NSW Civil & Administrative Tribunal fixed costs	54,423	48,692
Contracted labour	470,746	506,235
	<u>1,099,882</u>	<u>1,107,737</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	17,287	15,615
Furniture and fittings	-	2,887
Office Equipment	1,843	5,788
	<u>19,130</u>	<u>24,290</u>
Amortisation		
Leasehold improvement	16,675	50,877
Intangible assets	60,931	60,351
	<u>77,606</u>	<u>111,228</u>
Total Depreciation and Amortisation	<u>96,735</u>	<u>135,518</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	1,109	796
	<u>1,109</u>	<u>796</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES (Continued)

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	99,920	106,679
Fees for service	260,972	194,528
Postage and communication	21,417	14,164
Printing and stationery	15,535	23,944
Equipment and furniture	5,269	801
General administration expenses	12,376	55,391
Loss on re-allocation of Fixed assets	8,289	-
Loss on re-allocation of Make good asset	-	16,232
	423,779	411,739

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Grants	-	4,000
Other expenses	15,861	-
Total (excluding GST)	15,861	4,000

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	81,170	102,981
	81,170	102,981

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good asset	-	9,619
Legal Fee Recoveries	8,801	8,669
External Consulting Fee Recoveries	-	18,624
Application Fees	318,933	213,895
Other Revenue	24,100	9,134
	351,834	259,941

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions on plant and equipment	-	(2,540)
Total gain/(loss) on disposal / additions	-	(2,540)

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	10,194	27,856
Cash at bank - held by HPCA*	5,119,778	5,189,343
	5,129,972	5,217,199

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	10,194	27,856
	10,194	27,856

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	14,978	19,226
Other receivables	37,250	41,431
Interest receivable	40,255	49,161
Trade receivables	20,633	51,031
Less: Allowance for impairment	-	(3,310)
	113,117	157,539
Movement in the allowance of impairment		
Balance at 1 July	3,310	3,310
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	(3,310)	-
Balance at 30 June	-	3,310

Trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	110,402	69,149	14,942	96,164	290,657
Accumulated depreciation and impairment	-	(89,615)	(6,723)	(11,592)	(91,931)	(199,861)
Net carrying amount	-	20,787	62,426	3,350	4,233	90,796
At 30 June 2017						
Gross carrying amount	1,814	59,964	69,148	-	3,205	134,131
Accumulated depreciation and impairment	-	(51,871)	(24,010)	-	(606)	(76,487)
Net carrying amount	1,814	8,093	45,137	-	2,599	57,644

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Year ended 30 June 2017	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	20,787	62,426	3,350	4,233	90,796
Additions	1,814	-	-	-	3,207	5,021
Disposals	-	-	-	-	-	-
Other ¹	-	3,981	(2)	(3,350)	(2,998)	(2,369)
Depreciation	-	(16,675)	(17,287)	-	(1,843)	(35,805)
Net carrying amount at end of year	1,814	8,093	45,137	-	2,599	57,644

At 1 July 2015	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	98,167	63,487	14,437	95,307	271,398
Accumulated depreciation and impairment	-	(38,738)	(18,623)	(8,705)	(86,143)	(152,209)
Net carrying amount	-	59,429	44,864	5,732	9,164	119,189

At 30 June 2016						
Gross carrying amount	-	110,402	69,149	14,942	96,164	290,657
Accumulated depreciation and impairment	-	(89,615)	(6,723)	(11,592)	(91,931)	(199,861)
Net carrying amount	-	20,787	62,426	3,350	4,233	90,796

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	59,429	44,864	5,732	9,164	119,189
Additions	-	4,209	69,148	505	857	74,719
Disposals	-	-	(35,971)	-	-	(35,971)
Other ¹	-	8,026	-	-	-	8,026
Depreciation	-	(50,877)	(15,615)	(2,887)	(5,788)	(75,167)
Net carrying amount at end of year	-	20,787	62,426	3,350	4,233	90,796

1. Other includes:

b. Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	2,496	387,381	389,877
Accumulated amortisation and impairment	-	(248,632)	(248,632)
Net carrying amount	2,496	138,749	141,245

At 30 June 2017			
Cost (gross carrying amount)	-	244,694	244,694
Accumulated amortisation and impairment	-	(156,347)	(156,347)
Net carrying amount	-	88,347	88,347

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	2,496	138,749	141,245
Additions	-	1,367	1,367
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(2,496)	9,162	6,666
Amortisation	-	(60,931)	(60,931)
Net carrying amount at end of year	-	88,347	88,347

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	41,932	359,379	401,311
Accumulated amortisation and impairment	-	(188,281)	(188,281)
Net carrying amount	41,932	171,098	213,030

At 30 June 2016			
Cost (gross carrying amount)	2,496	387,381	389,877
Accumulated amortisation and impairment	-	(248,632)	(248,632)
Net carrying amount	2,496	138,749	141,245

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

	Software W.I.P	Software	Total
Year Ended 30 June 2016	\$	\$	\$
Net carrying amount at start of year	41,932	171,098	213,030
Additions	2,496	3,470	5,966
Transfer	(41,932)	41,932	-
Other ¹	-	(17,400)	(17,400)
Amortisation	-	(60,351)	(60,351)
Net carrying amount at end of year	2,496	138,749	141,245

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	206,783	257,269
Trade and other payables	155,947	505,705
	362,730	762,975

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	1,311,432	1,594,733
Deferred other revenue	-	712
	1,311,432	1,595,445

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	86,112
	<u>-</u>	<u>86,112</u>
Non-Current		
Make good	92,893	-
	<u>92,893</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	86,112	70,676
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	16,233
Increase/(Decrease) in provisions recognised	5,672	(1,593)
Unwinding/change in discount rate	1,109	796
Carrying amount at the end of financial year	<u>92,893</u>	<u>86,112</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	4,490	-
Later than one year and not later than five years	-	-
Total (including GST)	4,490	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	194,704	63,346
Later than one year and not later than five years	732,554	-
Total (including GST)	927,259	63,346

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$253,093 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	459,779	135,843
Depreciation and amortisation	96,735	135,518
(Increase)/Decrease in receivables	44,423	(109,391)
Increase/(Decrease) in fees in advance	(284,089)	315,634
Increase/(Decrease) in payables	(400,170)	302,034
Increase/(Decrease) in provisions	1,109	7,409
Net (gain)/loss on sale of plant and equipment	-	2,540
Write off of non-current assets	9,417	-
Net cash used on operating activities	(72,796)	789,588

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	5,129,972	5,217,199
Receivables ¹	8	Receivables (measured at amortised cost)	60,888	96,882
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	362,730	762,974

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA of behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	4,637	4,637	-
3-6 months overdue	8,588	8,588	-
> 6 months overdue	1,592	1,592	-
2016			
< 3 months overdue	2,602	2,602	-
3-6 months overdue	-	-	-
> 6 months overdue	1,181	1,181	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	155,947	155,947	155,947	-	-
<i>Fees in advance</i>					
Registration fees in advance	1,311,432	1,311,432	1,311,432	-	-
	1,467,378	1,467,378	1,467,378	-	-
2016					
<i>Payables</i>					
Trade and other payables	505,705	505,705	505,705	-	-
<i>Fees in advance</i>					
Registration fees in advance	1,594,733	1,594,733	1,594,733	-	-
	2,100,438	2,100,438	2,100,438	-	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities
2. Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%

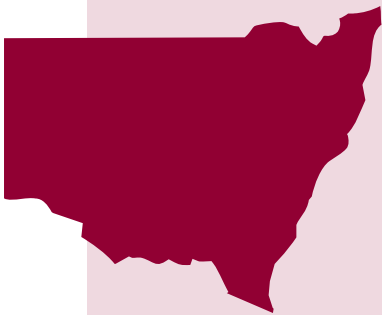
The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	5,129,972	(51,300)	(51,300)	51,300	51,300
2016					
Cash and Cash Equivalents	5,217,199	(52,172)	(52,172)	52,172	52,172

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Physiotherapy
Council**
of NSW

Financial Statements
Year ended 30 June 2017

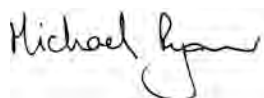


Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Physiotherapy Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Physiotherapy Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr Michael Ryan
President

Date: 13 October 2017



Professor Darren Rivett
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Physiotherapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Physiotherapy Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(168,103)	(172,465)
Other operating expenses	2(b)	(136,371)	(128,314)
Depreciation and amortisation	2(c)	(5,768)	(16,570)
Finance costs	2(d)	(151)	(108)
Other expenses	2(e)	(86,048)	(55,978)
Total Expenses Excluding Losses		(396,440)	(373,435)
REVENUE			
Registration fees		573,432	556,200
Interest revenue	5(a)	23,994	29,453
Other revenue	5(b)	9	4,710
Total Revenue		597,436	590,363
Gain/(Loss) on disposal/additions	6	-	186
Net Result		200,996	217,114
Other comprehensive income		-	-
Total Comprehensive Income		200,996	217,114

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,621,231	1,449,169
Receivables	8	32,984	52,462
Total Current Assets		1,654,215	1,501,631
Non-Current Assets			
Plant and equipment			
Leasehold improvements		2,780	4,796
Motor vehicles		278	376
Furniture and fittings		-	1,485
Office equipment		370	853
Total Plant and equipment	9	3,428	7,510
Intangible assets	10	5,517	4,795
Total Non-Current Assets		8,945	12,305
Total Assets		1,663,160	1,513,936
LIABILITIES			
Current Liabilities			
Payables	11	67,585	141,489
Fees in advance	12	240,533	219,321
Provisions	13	-	11,693
Total Current Liabilities		308,118	372,503
Non-Current Liabilities			
Provisions	13	12,614	-
Total Non-Current Liabilities		12,614	-
Total Liabilities		320,732	372,503
Net Assets		1,342,428	1,141,433
EQUITY			
Accumulated funds		1,342,429	1,141,433
Total Equity		1,342,429	1,141,433

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Physiotherapy Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		1,141,432
Net result for the year		<u>200,996</u>
Balance at 30 June 2017		<u>1,342,429</u>
Balance at 1 July 2015		924,319
Net result for the year		<u>217,114</u>
Balance at 30 June 2016		<u>1,141,433</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(172,801)	(151,364)
Council fees		(20,816)	(21,483)
Sitting fee costs		(15,428)	(21,182)
Audit fees		(6,250)	(6,100)
Occupancy costs		(47,940)	(43,728)
Consultants/Inspectors costs		(624)	-
Computer Services		(42,056)	(24,630)
Health Assessment Fees		(8,656)	-
NCAT Fixed Costs		(11,562)	-
Temporary labour costs		(34,375)	(24,108)
Other expenses		(105,554)	(20,249)
Total Payments		(466,061)	(312,844)
Receipts			
Receipts from registration fees		616,675	541,104
Interest received		25,723	14,819
Other		9	1,335
Total Receipts		642,408	557,258
Net Cash Flows from Operating Activities	17	176,347	244,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	186
Purchases of plant and equipment and intangible assets		(4,285)	3,500
Net Cash Flows from Investing Activities		(4,285)	3,686
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		172,062	248,100
Opening cash and cash equivalents		1,449,169	1,201,069
Closing Cash and Cash Equivalents	7	1,621,231	1,449,169

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Physiotherapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	146,573	145,628
Superannuation	12,975	17,442
Payroll taxes	8,041	8,983
Workers compensation insurance	514	412
	<u>168,103</u>	<u>172,465</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	6,250	6,100
Rent and building expenses	47,940	42,089
Council fees	20,816	21,483
Sitting fees	15,428	21,182
NSW Civil & Administrative Tribunal fixed costs	11,562	13,352
Contracted labour	34,375	24,108
	<u>136,371</u>	<u>128,314</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	98	43
Furniture and fittings	-	1,439
Office Equipment	352	1,231
	<u>449</u>	<u>2,713</u>
Amortisation		
Leasehold improvement	2,620	11,681
Intangible assets	2,699	2,176
	<u>5,318</u>	<u>13,857</u>
Total Depreciation and Amortisation	<u>5,768</u>	<u>16,570</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	151	108
	<u>151</u>	<u>108</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	8,912	9,075
Fees for service	64,396	35,002
Postage and communication	2,435	1,834
Printing and stationery	1,461	1,653
Equipment and furniture	532	158
General administration expenses	5,910	6,256
Loss on re-allocation of Fixed assets	2,401	-
Loss on re-allocation of Make good asset	-	2,000
	86,048	55,978

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	23,994	29,453
	23,994	29,453

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87
(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	3,375
Other Revenue	9	1,335
	9	4,710

Notes to the Financial Statements continued

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	186
Total gain/(loss) on disposal / additions	-	186

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	194,018	190,752
Cash at bank - held by HPCA*	1,427,212	1,258,417
	1,621,231	1,449,169

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	194,018	190,751
	194,018	190,751

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	5,127	5,705
Other receivables	11,009	6,150
Interest receivable	12,909	14,637
Trade receivables	3,939	25,970
Less: Allowance for impairment	-	-
	32,984	52,462

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2016	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	35,932	391	7,263	20,582	64,168
Accumulated depreciation and impairment	-	(31,136)	(15)	(5,778)	(19,729)	(56,658)
Net carrying amount	-	4,796	376	1,485	853	7,510
At 30 June 2017						
Gross carrying amount	112	28,404	391	-	456	29,362
Accumulated depreciation and impairment	-	(25,736)	(113)	-	(86)	(25,935)
Net carrying amount	112	2,669	278	-	370	3,428

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Year ended 30 June 2017	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	4,796	376	1,485	853	7,510
Additions	112	-	-	-	455	567
Disposals	-	-	-	-	-	-
Other ¹	-	492	-	(1,485)	(587)	(1,580)
Depreciation	-	(2,620)	(98)	-	(352)	(3,069)
Net carrying amount at end of year	112	2,668	278	-	370	3,428

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2015	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	37,576	554	7,194	20,466	65,791
Accumulated depreciation and impairment	-	(19,455)	(527)	(4,339)	(18,498)	(42,819)
Net carrying amount	-	18,121	28	2,855	1,968	22,972
At 30 June 2016						
Gross carrying amount	-	35,932	391	7,263	20,582	64,168
Accumulated depreciation and impairment	-	(31,136)	(15)	(5,778)	(19,729)	(56,658)
Net carrying amount	-	4,796	376	1,485	853	7,510

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	18,121	28	2,855	1,968	22,972
Additions	-	572	391	69	116	1,147
Disposals	-	-	-	-	-	-
Other ¹	-	(2,216)	-	-	-	(2,216)
Depreciation	-	(11,681)	(43)	(1,439)	(1,231)	(14,394)
Net carrying amount at end of year	-	4,795	376	1,485	853	7,509

1. Other includes:

- Adjustments for write off of fixed assets costing less than \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	417	39,584	40,001
Accumulated amortisation and impairment	-	(35,206)	(35,206)
Net carrying amount	417	4,378	4,795
At 30 June 2017			
Cost (gross carrying amount)	-	10,905	10,905
Accumulated amortisation and impairment	-	(5,388)	(5,388)
Net carrying amount	-	5,517	5,517
Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	417	4,378	4,795
Additions	-	172	172
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(417)	3,666	3,249
Amortisation	-	(2,699)	(2,699)
Net carrying amount at end of year	-	5,517	5,517
At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	10,557	34,092	44,649
Accumulated amortisation and impairment	-	(33,030)	(33,030)
Net carrying amount	10,557	1,062	11,619
At 30 June 2016			
Cost (gross carrying amount)	417	39,584	40,001
Accumulated amortisation and impairment	-	(35,206)	(35,206)
Net carrying amount	417	4,378	4,795

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	10,557	1,062	11,619
Additions	417	167	584
Transfer	(10,557)	10,557	-
Other ¹	-	(5,232)	(5,232)
Amortisation	-	(2,176)	(2,176)
Net carrying amount at end of year	417	4,378	4,794

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	36,568	41,781
Trade and other payables	31,017	99,708
	67,585	141,489

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	240,533	219,010
Deferred other revenue	-	311
	240,533	219,321

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	11,693
	<u>-</u>	<u>11,693</u>
Non-Current		
Make good	12,614	-
	<u>12,614</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	11,693	15,176
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(3,375)
Increase/(Decrease) in provisions recognised	770	(216)
Unwinding/change in discount rate	151	108
Carrying amount at the end of financial year	<u>12,614</u>	<u>11,693</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	639	-
Later than one year and not later than five years	-	-
Total (including GST)	639	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	54,870	15,378
Later than one year and not later than five years	206,443	-
Total (including GST)	261,313	15,378

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$35,233 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	200,996	217,114
Depreciation and amortisation	5,768	16,570
(Increase)/Decrease in receivables	19,478	(39,743)
Increase/(Decrease) in fees in advance	21,212	5,999
Increase/(Decrease) in payables	(73,904)	45,927
Increase/(Decrease) in provisions	151	(1,267)
Net (gain)/loss on sale of plant and equipment	-	(186)
Write off of non-current assets	2,645	-
Net cash used on operating activities	176,347	244,415

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	1,621,231	1,449,169
Receivables ¹	8	Receivables (measured at amortised cost)	16,848	40,607
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	67,585	141,489

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA of behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	3	3	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	1,469	1,469	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	31,017	31,017	31,017	-	-
<i>Fees in advance</i>					
Registration fees in advance	240,533	240,533	240,533	-	-
	271,550	271,550	271,550	-	-
2016					
<i>Payables</i>					
Trade and other payables	99,708	99,708	99,708	-	-
<i>Fees in advance</i>					
Registration fees in advance	219,010	219,010	219,010	-	-
	318,719	318,719	318,719	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

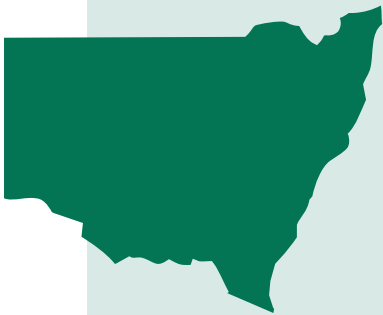
The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	1,621,231	(16,212)	(16,212)	16,212	16,212
2016					
Cash and Cash Equivalents	1,449,169	(14,492)	(14,492)	14,492	14,492

19. EVENTS AFTER THE REPORTING PERIOD

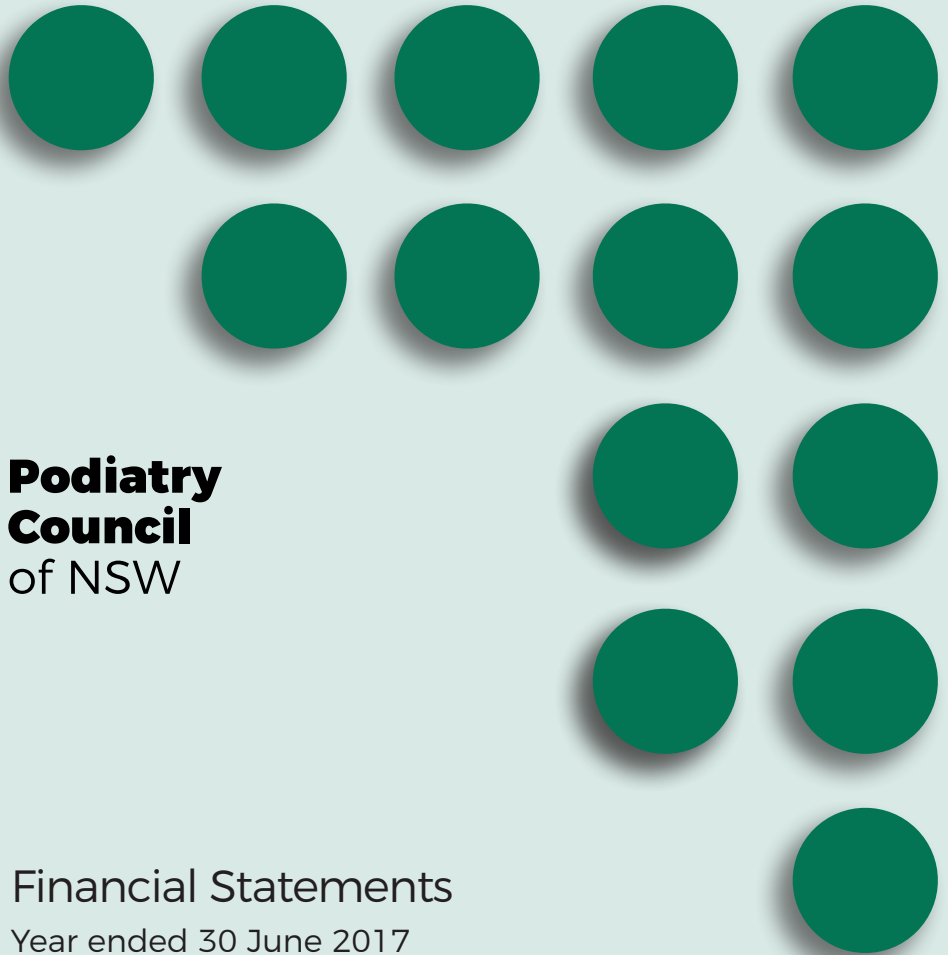
There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



**Podiatry
Council**
of NSW

Financial Statements
Year ended 30 June 2017



Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Podiatry Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Podiatry Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Mr Luke Taylor
President

Date: 13 October 2017



Ms Kristy Robson
Deputy President

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Podiatry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Podiatry Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(87,047)	(98,252)
Other operating expenses	2(b)	(50,455)	(45,375)
Depreciation and amortisation	2(c)	(1,994)	(4,628)
Finance costs	2(d)	(85)	(61)
Other expenses	2(e)	(35,122)	(29,118)
Total Expenses Excluding Losses		(174,702)	(177,434)
REVENUE			
Registration fees		292,061	258,403
Interest revenue	5(a)	7,321	7,840
Other revenue	5(b)	-	42
Total Revenue		299,382	266,285
Gain/(Loss) on disposal/additions	6	-	82
Net Result		124,680	88,933
Other comprehensive income		-	-
Total Comprehensive Income		124,680	88,933

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	508,824	398,883
Receivables	8	10,332	12,339
Total Current Assets		519,156	411,222
Non-Current Assets			
Plant and equipment			
Leasehold improvements		410	1,259
Motor vehicles		157	212
Furniture and fittings		-	124
Office equipment		204	389
Total Plant and equipment	9	771	1,984
Intangible assets	10	1,169	1,865
Total Non-Current Assets		1,939	3,849
Total Assets		521,096	415,071
LIABILITIES			
Current Liabilities			
Payables	11	31,425	62,125
Fees in advance	12	124,458	112,935
Provisions	13	-	6,606
Total Current Liabilities		155,884	181,666
Non-Current Liabilities			
Provisions	13	7,126	-
Total Non-Current Liabilities		7,126	-
Total Liabilities		163,009	181,666
Net Assets		358,086	233,405
EQUITY			
Accumulated funds		358,085	233,405
Total Equity		358,085	233,405

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Podiatry Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		233,405
Net result for the year		<u>124,680</u>
Balance at 30 June 2017		<u>358,085</u>
Balance at 1 July 2015		144,472
Net result for the year		<u>88,933</u>
Balance at 30 June 2016		<u>233,405</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(92,442)	(82,296)
Council fees		(8,732)	(8,402)
Sitting fee costs		(3,625)	(955)
Audit fees		(5,790)	(5,650)
Occupancy costs		(15,150)	(14,107)
Temporary labour costs		(9,679)	(8,126)
Computer Services		(15,366)	(8,602)
NCAT Fixed Costs		(7,479)	(8,639)
Travel expenses		(10,106)	(13,138)
Other expenses		(35,167)	(10,771)
Total Payments		(203,535)	(160,686)
Receipts			
Receipts from registration fees		306,467	273,900
Interest received		7,284	3,593
Total Receipts		313,751	277,493
Net Cash Flows from Operating Activities	17	110,216	116,807
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		48	82
Purchases of plant and equipment and intangible assets		(324)	(803)
Net Cash Flows from Investing Activities		(276)	(721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		109,940	116,086
Opening cash and cash equivalents		398,883	282,797
Closing Cash and Cash Equivalents	7	508,823	398,883

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Podiatry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% - 20%	17.02% - 27.86%

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	75,415	84,182
Superannuation	7,078	8,967
Payroll taxes	4,530	4,880
Workers compensation insurance	24	223
	<u>87,047</u>	<u>98,252</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	5,790	5,650
Rent and building expenses	15,150	13,603
Council fees	8,732	8,402
Sitting fees	3,625	955
NSW Civil & Administrative Tribunal fixed costs	7,479	8,639
Contracted labour	9,679	8,126
	<u>50,455</u>	<u>45,375</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	55	21
Furniture and fittings	-	68
Office Equipment	165	547
	<u>220</u>	<u>636</u>
Amortisation		
Leasehold improvement	1,220	3,114
Intangible assets	554	878
	<u>1,774</u>	<u>3,992</u>
Total Depreciation and Amortisation	<u>1,994</u>	<u>4,628</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	85	61
	<u>85</u>	<u>61</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES continued

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	10,821	13,793
Fees for service	19,231	11,037
Postage and communication	1,313	1,045
Printing and stationery	800	831
Equipment and furniture	259	64
General administration expenses	2,164	2,323
Loss on re-allocation of Fixed assets	533	-
Loss on re-allocation of Make good asset	-	25
	35,122	29,118

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2017.

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	7,321	7,840
	7,321	7,840

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good provision	-	42
	-	42

Notes to the Financial Statements continued

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	82
Total gain/(loss) on disposal / additions	-	82

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	64,224	63,126
Cash at bank - held by HPCA*	444,601	335,757
	508,824	398,883

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	64,224	63,126
	64,224	63,126

** Managed by the HPCA, an executive agency of the MOH.

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	2,305	2,752
Other receivables	3,229	1,942
Interest receivable	4,284	4,247
Trade receivables	514	3,398
Less: Allowance for impairment	-	-
	10,332	12,339

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	5,051	221	380	9,112	14,763
Accumulated depreciation and impairment	-	(3,792)	(8)	(256)	(8,723)	(12,780)
Net carrying amount	-	1,259	212	124	389	1,984
At 30 June 2017						
Gross carrying amount	50	1,302	221	-	251	1,824
Accumulated depreciation and impairment	-	(943)	(64)	-	(47)	(1,054)
Net carrying amount	50	360	157	-	204	771

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017						
Net carrying amount at start of year	-	1,259	212	124	389	1,984
Additions	50	-	-	-	252	302
Disposals	-	-	-	-	-	-
Other ¹	-	321	-	(124)	(272)	(75)
Depreciation	-	(1,220)	(55)	-	(165)	(1,440)
Net carrying amount at end of year	50	360	157	-	204	771

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
At 1 July 2015	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	4,875	245	341	9,047	14,508
Accumulated depreciation and impairment	-	(678)	(233)	(188)	(8,177)	(9,276)
Net carrying amount	-	4,197	12	153	870	5,232
At 30 June 2016						
Gross carrying amount	-	5,051	221	380	9,112	14,763
Accumulated depreciation and impairment	-	(3,792)	(8)	(256)	(8,723)	(12,779)
Net carrying amount	-	1,259	212	124	389	1,984

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	4,197	12	153	870	5,232
Additions	-	323	221	39	66	649
Disposals	-	-	-	-	-	-
Other ¹	-	(147)	-	-	-	(147)
Depreciation	-	(3,114)	(21)	(68)	(547)	(3,750)
Net carrying amount at end of year	-	1,259	212	124	389	1,984

1. Other includes:

- Adjustments for write off of fixed assets costing less than \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	181	17,162	17,344
Accumulated amortisation and impairment	-	(15,478)	(15,478)
Net carrying amount	181	1,684	1,865
At 30 June 2017			
Cost (gross carrying amount)	-	2,270	2,270
Accumulated amortisation and impairment	-	(1,101)	(1,101)
Net carrying amount	-	1,169	1,169
Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	181	1,684	1,865
Additions	-	88	88
Disposals	-	-	-
Other ¹	(181)	(49)	(230)
Amortisation	-	(554)	(554)
Net carrying amount at end of year	-	1,169	1,169
At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	2,119	15,069	17,188
Accumulated amortisation and impairment	-	(14,600)	(14,600)
Net carrying amount	2,119	469	2,588
At 30 June 2016			
Cost (gross carrying amount)	181	17,162	17,343
Accumulated amortisation and impairment	-	(15,478)	(15,478)
Net carrying amount	181	1,684	1,865

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	2,119	469	2,588
Additions	181	64	245
Transfer	(2,119)	2,119	-
Other ¹	-	(90)	(90)
Amortisation	-	(878)	(878)
Net carrying amount at end of year	182	1,684	1,865

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	17,750	23,169
Trade and other payables	13,675	38,956
	31,425	62,125

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Deferred other revenue	124,458	112,935
	124,458	112,935

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	6,606
	<u>-</u>	<u>6,606</u>
Non-Current		
Make good	7,126	-
	<u>7,126</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	6,606	6,708
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	(41)
Increase/(Decrease) in provisions recognised	435	(122)
Unwinding/change in discount rate	85	61
Carrying amount at the end of financial year	<u>7,126</u>	<u>6,606</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Capital commitments contracted as at 30 June 2017:		
Not later than one year	352	-
Later than one year and not later than five years	-	-
Total (including GST)	352	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	17,188	4,456
Later than one year and not later than five years	64,667	-
Total (including GST)	81,855	4,456

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

- Ministry of Health \$5,157
- South Western Sydney LHD \$2,482

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

Notes to the Financial Statements continued

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	124,680	88,933
Depreciation and amortisation	1,994	4,628
(Increase)/Decrease in receivables	2,006	(9,061)
Increase/(Decrease) in fees in advance	11,523	18,895
Increase/(Decrease) in payables	(30,699)	13,450
Increase/(Decrease) in provisions	85	44
Net (gain)/loss on sale of plant and equipment	-	(82)
Write off of non-current assets	627	-
Net cash used on operating activities	110,216	116,807

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	508,824	398,883
Receivables ¹	8	Receivables (measured at amortised cost)	4,799	7,645
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	31,425	62,125

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	1	1	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	-	-	-
3-6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-in-terest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	13,675	13,675	13,675	-	-
<i>Fees in advance</i>					
Registration fees in advance	124,458	124,458	124,458	-	-
	138,134	138,134	138,134	-	-
2016					
<i>Payables</i>					
Trade and other payables	38,956	38,956	38,956	-	-
<i>Fees in advance</i>					
Registration fees in advance	112,935	112,935	112,935	-	-
	151,891	151,891	151,891	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

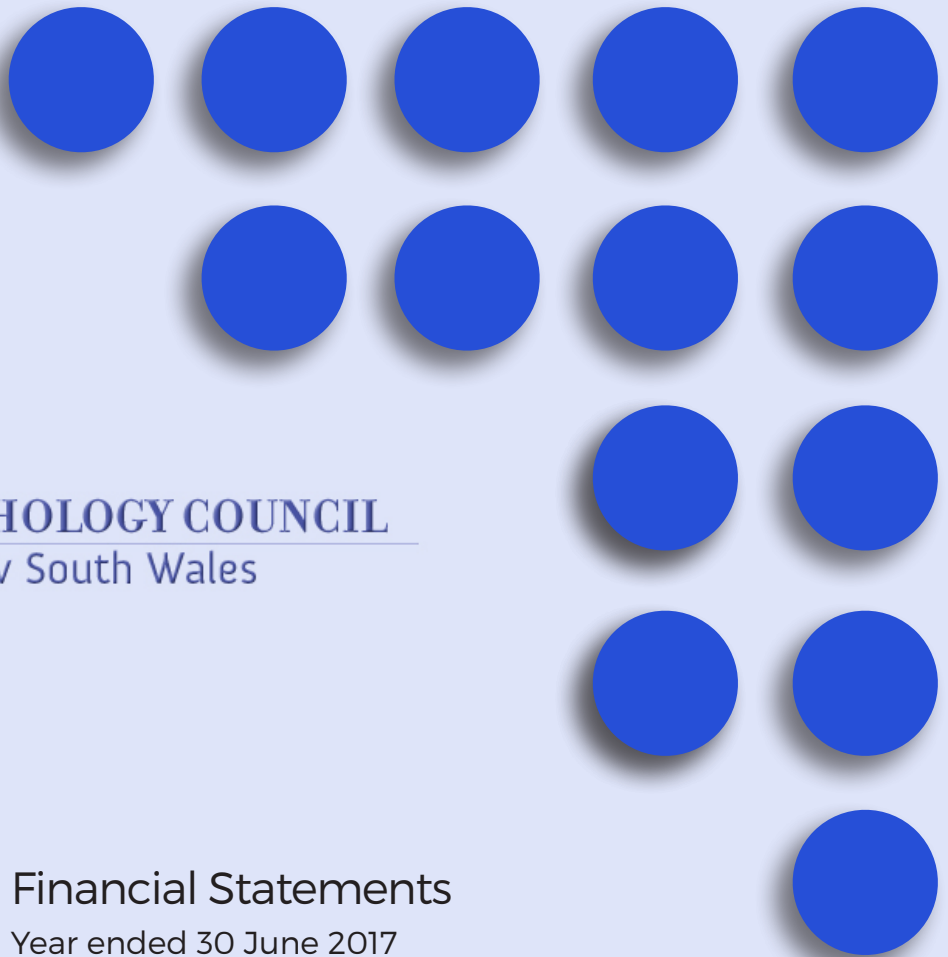
The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	508,824	(5,088)	(5,088)	5,088	5,088
2016					
Cash and Cash Equivalents	398,883	(3,989)	(3,989)	3,989	3,989

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements



 **PSYCHOLOGY COUNCIL**
of New South Wales

Financial Statements
Year ended 30 June 2017

Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Psychology Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Psychology Council of New South Wales as at 30 June 2017 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by NSW Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Associate Professor William Warren
Deputy President

Date: 13 October 2017



Mr Robert Lorschy
Council Member

Date: 13 October 2017



INDEPENDENT AUDITOR'S REPORT

Psychology Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Psychology Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council must assess the Council's ability to continue as a going concern except where the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
A/Director, Financial Audit Services

17 October 2017
SYDNEY

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(531,240)	(428,061)
Other operating expenses	2(b)	(410,075)	(512,427)
Depreciation and amortisation	2(c)	(14,260)	(42,497)
Finance costs	2(d)	(593)	(426)
Other expenses	2(e)	(182,695)	(208,083)
Education and research expenses	3	(23,190)	(19,920)
Total Expenses Excluding Losses		(1,162,052)	(1,211,414)
REVENUE			
Registration fees		1,429,607	1,195,682
Interest revenue	5(a)	44,539	57,444
Other revenue	5(b)	62	2,526
Total Revenue		1,474,208	1,255,652
Gain/(Loss) on disposal/additions	6	-	547
Net Result		312,156	44,785
Other comprehensive income		-	-
Total Comprehensive Income		312,156	44,785

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,985,963	2,669,083
Receivables	8	67,596	81,613
Total Current Assets		3,053,559	2,750,696
Non-Current Assets			
Plant and equipment			
Leasehold improvements		6,441	12,645
Motor vehicles		1,095	1,479
Furniture and fittings		-	2,601
Office equipment		1,221	2,605
Total Plant and equipment	9	8,756	19,330
Intangible assets	10	7,799	11,279
Total Non-Current Assets		16,555	30,609
Total Assets		3,070,114	2,781,305
LIABILITIES			
Current Liabilities			
Payables	11	152,928	345,714
Fees in advance	12	708,266	542,452
Provisions	13	-	46,042
Total Current Liabilities		861,194	934,208
Non-Current Liabilities			
Provisions		49,667	-
Total Non-Current Liabilities		49,667	-
Total Liabilities		910,861	934,208
Net Assets		2,159,253	1,847,097
EQUITY			
Accumulated funds		2,159,253	1,847,097
Total Equity		2,159,253	1,847,097

The accompanying notes form part of these financial statements.

Part 3: Financial Statements
Psychology Council of New South Wales

Statement of Changes in Equity
for the Year Ended 30 June 2017

	Notes	Accumulated Funds \$
Balance at 1 July 2016		1,847,097
Net result for the year		<u>312,156</u>
Balance at 30 June 2017		<u>2,159,253</u>
Balance at 1 July 2015		1,802,312
Net result for the year		<u>44,785</u>
Balance at 30 June 2016		<u>1,847,096</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(557,939)	(354,078)
Council fees		(12,760)	(16,487)
Sitting fee costs		(104,648)	(104,054)
Audit fees		(7,300)	(7,120)
Occupancy costs		(89,536)	(102,987)
Temporary labour costs		(124,399)	(210,925)
Computer Services		(76,303)	(54,624)
Health Assessment Fees		(31,862)	(66,182)
NCAT Fixed Costs		(71,432)	(74,606)
Travel expenses		(14,505)	-
Other expenses		(237,207)	(39,276)
Total Payments		(1,327,891)	(1,030,339)
Receipts			
Receipts from registration fees		1,599,910	1,216,513
Interest received		48,033	29,359
Other		62	1,443
Total Receipts		1,648,005	1,247,315
Net Cash Flows from Operating Activities	17	320,114	216,976
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	547
Purchases of plant and equipment and intangible assets		(3,233)	(4,317)
Net Cash Flows from Investing Activities		(3,233)	(3,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		316,881	213,206
Opening cash and cash equivalents		2,669,082	2,455,876
Closing Cash and Cash Equivalents	7	2,985,963	2,669,082

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Psychology Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Council on 13 October 2017.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The Council's financial statements are general purpose financial statements and have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.
- financial reporting directions mandated by the Treasurer

The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d. Significant accounting judgments, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012 other than a revision to the allocation of indirect personnel services to Councils.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel Services
2. Rent and building expenses
3. Contracted labour
4. Depreciation and Amortisation
5. Postage and Communication
6. Printing and Stationery

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

f. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

g. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and ten health professional Councils were established in NSW effective from 1 July 2010 with a further four established on 1 July 2012 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2017 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

h. Personnel Services

In accordance with an agreed Memorandum of Understanding, the Ministry of Health (MOH) being the employer charges the Council for personnel services relating to the provision of all employees. Staff costs are shown in the Statement of Comprehensive Income as personnel services in the financial statements of the Council. Amounts owing for personnel services in the Statement of Financial Position represent amounts payable to the MOH in respect of personnel services.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

j. Education and Research

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

k. Assets

i. Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

iv. Depreciation of Plant, Equipment and Leasehold Improvements

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council.

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation rates used are as follows:

	2016/17	2015/16
Plant and equipment	25%	25%
Furniture and fittings	-	20%
Motor vehicles	25%	25%
Leasehold improvements	1.32% -20%	17.02% - 27.86%

v. Fair Value of Plant and Equipment

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

vi. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

vii. Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Liabilities

i. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

ii Personnel Services – Ministry of Health

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH. As such the MOH accounting policy is below.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 15/09 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees receive the Superannuation Guarantee Levy contribution. All superannuation benefits are provided on an accumulation basis – there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

iii. Provision for Make Good

Provisions include the Council's proportionate liability (allocated to the Council using an appropriate allocation method) of the estimated make good liability.

m. Equity / Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period funds.

n. Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Cash and cash equivalents

Cash and cash equivalent assets in the statement of financial position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in the active market.

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

p. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016 -17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2016-17 and have been applied for the first time as follows:

The following revised Australian Accounting Standards are effective for the first time in 2016-17, however they have no significant impact on the 2016-17 results:

- (1) AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable methods of Depreciation and Amortisation
- (2) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (Presentation of Financial Statements)

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 Financial Instruments: Recognition and Measurement and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases applies to annual periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The application of this standard will likely have a significant transitional impact as all leases, except short term (< 12 months) and low value leases, brought on balance sheet.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. Amendments to AASB 9 requires the entity to apply initial measurement of non-contractual receivables arising from statutory obligations, which is not expected to materially impact the financial statements. Amendments to AASB 15 are not applicable to the Council.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact the financial statements.

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES

a. Personnel Services Expenses

Personnel services expenses are acquired from the MOH and comprise the following:

	2017	2016
	\$	\$
Salaries and wages (including recreation leave)	462,138	365,312
Superannuation	39,865	40,866
Payroll taxes	27,647	20,570
Workers compensation insurance	1,590	1,313
	<u>531,240</u>	<u>428,061</u>

b. Other Operating Expenses

	2017	2016
	\$	\$
Auditor's remuneration	7,300	7,120
Rent and building expenses	89,536	99,235
Council fees	12,760	16,487
Sitting fees	104,648	104,054
NSW Civil & Administrative Tribunal fixed costs	71,432	74,606
Contracted labour	124,399	210,925
	<u>410,075</u>	<u>512,427</u>

c. Depreciation and Amortisation Expense

	2017	2016
	\$	\$
Depreciation		
Motor vehicles	385	141
Furniture and fittings	-	2,368
Office Equipment	1,066	3,641
	<u>1,450</u>	<u>6,150</u>
Amortisation		
Leasehold improvement	9,193	30,932
Intangible assets	3,617	5,415
	<u>12,810</u>	<u>36,347</u>
Total Depreciation and Amortisation	<u>14,260</u>	<u>42,497</u>

d. Finance Costs

	2017	2016
	\$	\$
Unwinding of discount rate on make good provision	593	426
	<u>593</u>	<u>426</u>

Notes to the Financial Statements continued

2. EXPENSES EXCLUDING LOSSES (Continued)

2. e. Other Expenses	2017	2016
	\$	\$
Subsistence and transport	21,609	32,780
Fees for service	128,421	144,457
Postage and communication	6,380	7,220
Printing and stationery	5,089	6,387
Equipment and furniture	1,617	687
General administration expenses	14,064	14,725
Loss on re-allocation of Fixed assets	5,514	-
Loss on re-allocation of Make good asset	-	1,827
	182,695	208,083

3. EDUCATION AND RESEARCH

	2017	2016
	\$	\$
Education and Research Expenses		
Grants	-	-
Other expenses	23,190	19,920
Total (excluding GST)	23,190	19,920

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE NSW MINISTRY OF HEALTH

The Council's accounts are managed by the NSW Ministry of Health (MOH). Executive and administrative support functions are provided by the HPCA, which is an executive agency of the MOH.

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

Notes to the Financial Statements continued

5. (a). INTEREST REVENUE	2017	2016
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	44,539	57,444
	44,539	57,444

The credit interest rate is calculated on daily balances as per the RBA cash rate.

INTEREST RATE	2017	2016
	%	%
Average Interest Rate	1.52	1.87

(b). OTHER REVENUE	2017	2016
	\$	\$
Profit on re-allocation of Make good asset	-	1,083
Other Revenue	62	1,443
	62	2,526

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS	2017	2016
	\$	\$
Plant and equipment		
Gain/(Loss) on disposal/additions during the year	-	547
Total gain/(loss) on disposal / additions	-	547

Included in the above Gain/(Loss) on disposal for 2017 are adjustments arising from the Council's prior year decision to adopt a significant accounting policy, an agreed cost sharing arrangement for the distribution of pooled costs between professional Councils and to dispose or acquire a portion of its share of the opening carrying values of the pooled assets. Refer Note 1(d).

7. CASH AND CASH EQUIVALENTS	2017	2016
	\$	\$
Cash at bank and on hand	80,496	106,320
Cash at bank - held by HPCA*	2,905,467	2,562,763
	2,985,963	2,669,083

*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System.

The Council operates the bank accounts shown below:

	2017	2016
	\$	\$
Education and research account**	80,496	106,320
	80,496	106,320

** Managed by the HPCA, an executive agency of the MOH.

Notes to the Financial Statements continued

8. RECEIVABLES	2017	2016
	\$	\$
Prepayments	6,084	9,495
Other receivables	18,129	20,753
Interest receivable	24,461	27,955
Trade receivables	19,383	23,872
Less: Allowance for impairment	(462)	(462)
	67,596	81,613
Movement in the allowance of impairment		
Balance at 1 July	462	462
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June	462	462

No trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2017 and has remitted the monies to HPCA in July 2017.

9. PLANT AND EQUIPMENT

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements W.I.P	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2016						
Gross carrying amount	-	75,441	1,538	12,108	60,656	149,743
Accumulated depreciation and impairment	-	(62,796)	(59)	(9,506)	(58,051)	(130,412)
Net carrying amount	-	12,645	1,479	2,602	2,605	19,331
At 30 June 2017						
Gross carrying amount	889	47,953	1,538	-	1,505	51,885
Accumulated depreciation and impairment	-	(42,401)	(444)	-	(285)	(43,129)
Net carrying amount	889	5,552	1,095	-	1,221	8,756

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

Notes to the Financial Statements continued

9. PLANT AND EQUIPMENT continued

Year ended 30 June 2017	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	12,645	1,479	2,602	2,605	19,331
Additions	889	-	-	-	1,506	2,395
Disposals	-	-	-	-	-	-
Other ¹	-	2,100	-	(2,602)	(1,824)	(2,326)
Depreciation	-	(9,193)	(385)	-	(1,066)	(10,643)
Net carrying amount at end of year	889	5,552	1,095	-	1,221	8,757

At 1 July 2015	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	72,960	1,631	11,838	60,197	146,626
Accumulated depreciation and impairment	-	(31,864)	(1,549)	(7,138)	(54,409)	(94,961)
Net carrying amount	-	41,096	82	4,699	5,788	51,665

At 30 June 2016	Leasehold	Leasehold	Motor	Furniture	Office	Total
	W.I.P					
	\$	\$	\$	\$	\$	\$
Gross carrying amount	-	75,441	1,538	12,108	60,656	149,743
Accumulated depreciation and impairment	-	(62,796)	(59)	(9,506)	(58,051)	(130,412)
Net carrying amount	-	12,645	1,479	2,602	2,605	19,331

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below:

Year ended 30 June 2016	Leasehold	Leasehold	Motor	Furniture	Office	Total
	Improvements					
	W.I.P					
	\$	\$	\$	\$	\$	\$
Net carrying amount at start of year	-	41,096	82	4,699	5,788	51,665
Additions	-	2,251	1,538	270	458	4,517
Disposals	-	-	-	-	-	-
Other ¹	-	231	-	-	-	231
Depreciation	-	(30,932)	(141)	(2,368)	(3,641)	(37,082)
Net carrying amount at end of year	-	12,645	1,479	2,602	2,605	19,332

1. Other includes:

- Adjustments for write off of fixed assets costing less than \$5,000.
- Adjustments to carrying value of make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

At 1 July 2016	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	1,362	112,487	113,849
Accumulated amortisation and impairment	-	(102,571)	(102,571)
Net carrying amount	1,362	9,916	11,278

At 30 June 2017			
Cost (gross carrying amount)	-	14,959	14,959
Accumulated amortisation and impairment	-	(7,160)	(7,160)
Net carrying amount	-	7,799	7,799

Year ended 30 June 2017	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	1,362	9,916	11,278
Additions	-	817	817
Disposals	-	-	-
Transfer	-	-	-
Other ¹	(1,362)	683	(679)
Amortisation	-	(3,617)	(3,617)
Net carrying amount at end of year	0	7,799	7,798

At 1 July 2015	Software W.I.P	Software	Total
	\$	\$	\$
Cost (gross carrying amount)	13,770	100,279	114,049
Accumulated amortisation and impairment	-	(97,156)	(97,156)
Net carrying amount	13,770	3,123	16,893

At 30 June 2016			
Cost (gross carrying amount)	1,362	112,487	113,849
Accumulated amortisation and impairment	-	(102,571)	(102,571)
Net carrying amount	1,362	9,916	11,278

Notes to the Financial Statements continued

10. INTANGIBLE ASSETS continued

Year Ended 30 June 2016	Software W.I.P	Software	Total
	\$	\$	\$
Net carrying amount at start of year	13,770	3,123	16,893
Additions	1,362	372	1,734
Transfer	(13,770)	13,770	-
Other ¹	-	(1,933)	(1,933)
Amortisation	-	(5,415)	(5,415)
Net carrying amount at end of year	1,362	9,917	11,278

1. Other includes:

a. Adjustment for write off of intangible assets under \$5,000.

11. PAYABLES

	2017	2016
	\$	\$
Personnel services - Ministry of Health	69,283	97,571
Trade and other payables	83,646	248,143
	152,928	345,714

12. FEES IN ADVANCE

	2017	2016
	\$	\$
Current		
Registration fees in advance	708,266	541,612
Deferred other revenue	-	840
	708,266	542,452

Registration fees in advance is the unearned revenue from NSW Regulatory Fees received on behalf of the Council by the HPCA from the AHPRA.

Notes to the Financial Statements continued

13. PROVISIONS	2017	2016
	\$	\$
Current		
Make good	-	46,042
	<u>-</u>	<u>46,042</u>
Non-Current		
Make good	49,667	-
	<u>49,667</u>	<u>-</u>

Movement in provisions (other than personnel services)

Movements in each class of provision during the financial year, other than personnel services, are set out below:

Make good	2017	2016
	\$	\$
Carrying amount at the beginning of financial year	46,042	44,640
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	-	1,827
Increase/(Decrease) in provisions recognised	3,032	(851)
Unwinding/change in discount rate	593	426
Carrying amount at the end of financial year	<u>49,667</u>	<u>46,042</u>

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2011 and was based on a market based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

The HPCA on behalf of the Councils has entered into a new lease agreement for five years for the Pitt Street leased property effective from 1 December 2016. As required under paragraph 59 of AASB 137, provision for make good for the leased property has been adjusted accordingly to reflect the expected make good liability at the end of the lease.

As opposed to last financial year, the current make good provision has not been adjusted using the discounted present value method because the difference between the future value of the provision and the present value has been accepted as immaterial.

The lease arrangements for the Pitt Street building will expire in November 2021.

Notes to the Financial Statements continued

14. COMMITMENTS FOR EXPENDITURE	2017	2016
	\$	\$
a. Capital Commitments		
Not later than one year	2,108	-
Later than one year and not later than five years	-	-
Total (including GST)	2,108	-
b. Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	98,845	35,832
Later than one year and not later than five years	371,896	-
Total (including GST)	470,740	35,832

15. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the Ministry of Health and incurred \$78,358 for these services.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2017.

17. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Result	312,156	44,785
Depreciation and amortisation	14,260	42,497
(Increase)/Decrease in receivables	14,017	(47,092)
Increase/(Decrease) in fees in advance	165,814	30,175
Increase/(Decrease) in payables	(192,786)	145,989
Increase/(Decrease) in provisions	593	1,169
Net (gain)/loss on sale of plant and equipment	-	(547)
Write off of non-current assets	6,060	-
Net cash used on operating activities	320,114	216,975

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the Council's operations. The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

a. Financial Instrument Categories

	Notes	Category	Carrying Amount 2017 \$	Carrying Amount 2016 \$
Financial Assets				
Cash and cash equivalents	7	N/A	2,985,963	2,669,083
Receivables ¹	8	Receivables (measured at amortised cost)	43,383	51,365
Financial Liabilities				
Payables ²	11	Financial liabilities (measured at amortised cost)	152,928	345,714

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
3. There are no financial instruments accounted for at fair value.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

b. Credit Risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash and receivables. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance sheet date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. This is somewhat mitigated by an agreed Memorandum of Understanding (MOU) between HPCA and AHPRA on behalf of the Councils and payment of debt in a timely manner.

Analysis of Trade Debtors Overdue

	Total	Past due but not impaired	Considered impaired
2017	\$	\$	\$
< 3 months overdue	-	-	-
3-6 months overdue	13	13	-
> 6 months overdue	1,794	1,332	462
2016			
< 3 months overdue	1,332	1,332	-
3-6 months overdue	-	-	-
> 6 months overdue	462	-	462

Notes

1. Each column in the table represents the 'gross receivables'.
2. The ageing analysis excludes statutory receivables that are not past due and not impaired.

Notes to the Financial Statements continued

18. FINANCIAL INSTRUMENTS continued

c. Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of the Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Council to award interest for late payment.

All payables are current and will not attract interest payments.

The table below summarises the maturity profile of The Council's financial liabilities together with the interest rate exposure.

Financial Liabilities	Interest Rate Exposure		Maturity Dates		
	Nominal Amount ¹	Non-in-terest bearing	< 1 yr	1-5 yrs	> 5 yrs
	\$	\$	\$	\$	\$
2017					
<i>Payables</i>					
Trade and other payables	83,646	83,646	83,646	-	-
<i>Fees in advance</i>					
Registration fees in advance	708,266	708,266	708,266	-	-
	791,912	791,912	791,912	-	-
2016					
<i>Payables</i>					
Trade and other payables	248,143	248,143	248,143	-	-
<i>Fees in advance</i>					
Registration fees in advance	541,612	541,612	541,612	-	-
	789,755	789,755	789,755	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. There is no interest impact on these financial liabilities.
- Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

Notes to the Financial Statements continued

17. FINANCIAL INSTRUMENTS continued

d. Market Risk

The Council does not have exposure to market risk on financial instruments.

e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has changed over the year as follows - June 30 2016 - 1.75% to June 30 2017 - 1.50%.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Council's exposure to interest rate risk is set out below.

Financial Assets	Carrying Amount	Net Result	-1%	Net Result	+1%
			Equity		Equity
	\$	\$	\$	\$	\$
2017					
Cash and Cash Equivalents	2,985,963	(29,860)	(29,860)	29,860	29,860
2016					
Cash and Cash Equivalents	2,669,083	(26,691)	(26,691)	26,691	26,691

18. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2017.

End of Unaudited financial statements