

PART 3

Financial Statements for Health Professional Councils

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Financial statements

Year ended 30 June 2016

Aboriginal and Torres Strait Islander Health Practice Council

of New South Wales





Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Rosemary MacDougal
Deputy President

Date: 17 October 2016



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 report of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Emphasis of matter

Without qualifying my opinion, I draw attention to Note 1(b) 'Basis of Preparation' which indicates the financial report was not prepared on a going concern basis. The Council did not secure sufficient funding to continue operating. The financial report was prepared on a non-going concern basis.

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

In preparing the financial report, the members of the Council must assess the Council's ability to continue as a going concern unless the Council will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and the basis of accounting.

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(17,190)	-
Other operating expenses	2(b)	(6,296)	(9,185)
Depreciation and amortisation	2(c)	(474)	-
Finance costs	2(d)	(10)	-
Other expenses	2(e)	(2,665)	(52)
Total Expenses Excluding Losses		(26,935)	(9,237)
REVENUE			
Registration fees		3,875	1,741
Grants and contributions	1(n)	26,000	30,000
Interest revenue	4(a)	422	312
Other revenue	4(b)	629	-
Total Revenue		30,926	32,053
Gain/(Loss) on disposal		-	-
Net Result		4,291	22,816
Other comprehensive income		-	-
Total Comprehensive Income		4,291	22,816

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	39,757	28,852
Receivables	6	3,058	518
Total Current Assets		42,815	29,370
Non-Current Assets			
Plant and equipment	7		
Leasehold improvements		194	-
Motor vehicles		34	-
Furniture and fittings		5	-
Office equipment		8	-
Total Plant and equipment		241	-
Intangible assets	8	7	-
Total Non-Current Assets		248	-
Total Assets		43,063	29,370
LIABILITIES			
Current Liabilities			
Payables	9	12,719	4,262
Fees in advance	10	999	1,105
Provisions	11	1,051	-
Total Current Liabilities		14,769	5,367
Total Non-Current Liabilities		-	-
Total Liabilities		14,769	5,367
Net Assets		28,294	24,003
EQUITY			
Accumulated funds		28,294	24,003
Total Equity		28,294	24,003

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		24,003
Net Result for the Year		4,291
Balance at 30 June 2016		<u>28,294</u>
Balance at 1 July 2014		1,187
Net result for the year		22,816
Balance at 30 June 2015		<u>24,003</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(14,120)	(277)
Council fees		-	(6,076)
Sitting fee costs		-	(419)
Audit fees		(2,760)	(2,690)
Other expenses		(193)	(145)
Total Payments		(17,073)	(9,607)
Receipts			
Receipts from registration fees		1,819	2,010
Interest received		273	312
Grants and contributions	1(n)	26,000	30,000
Total Receipts		28,092	32,322
Net Cash Flows from Operating Activities	15	11,019	22,715
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment and intangible assets		(114)	-
Net Cash Flows from Investing Activities		(114)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		10,905	22,715
Opening cash and cash equivalents		28,852	6,137
Closing Cash and Cash Equivalents	5	39,757	28,852

The accompanying notes form part of these financial statements.

Notes to the 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), established on 1 July 2012 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 2016 have been authorised for issue by the Council on 17 October 2016.

b. Basis of Preparation

The Council has adopted the non going concern basis in the preparation of the financial statements as it has been unable to secure sufficient funding to ensure it can continue operating. The adoption of the non going concern basis of accounting has not required any adjustments to the valuation of assets and liabilities reported in the statement of financial position.

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.

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.

During August 2014 the NSW Health Professional Councils agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practitioner Council of New South Wales for the allocation of indirect pooled costs effective 1 July 2014 to 30 June 2015.

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 Practitioner 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.

Notes to the Financial Statements (continued)

These indirect costs are shown as part of the Council's statement of comprehensive income under 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

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 (NRAS) for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC). The Council was established on 1 July 2012 upon joining the NRAS.

Under s 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 2016 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)

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. 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)

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:

Plant and equipment - 25%

Furniture and fittings - 20%

Motor vehicles - 25%

Leasehold improvements 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.

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. Loans and Receivables

Loans and 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)

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), recreation 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, discounted to today's present value.

l. Equity

Accumulated Funds

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

Notes to the Financial Statements (continued)

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.

n. Grants and contributions

A grant was received from the Ministry of Health during 2016 (\$26,000 for 2016/17 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 2017, 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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	14,685	-
Superannuation	1,672	-
Payroll taxes	798	-
Worker's compensation insurance	35	-
	<u>17,190</u>	<u>-</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	2,760	2,690
Rent and building expenses	1,656	-
Council fees*	-	6,076
Sitting fees*	-	419
Contracted labour	1,880	-
	<u>6,296</u>	<u>9,185</u>

*No Council fees and Sitting fees were incurred during the year as the Aboriginal and Torres Strait Islander Health Practice Council did not meet during this period.

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	1	-
Furniture and fittings	1	-
Office equipment	2	-
	<u>4</u>	<u>-</u>
Amortisation		
Leasehold improvement	467	-
Intangible assets	3	-
	<u>470</u>	<u>-</u>
Total Depreciation and Amortisation	<u>474</u>	<u>-</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	10	-
	10	-

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	2	5
Fees for service	1,063	7
Postage and communication	165	-
Printing and stationery	141	-
Equipment and furniture	9	-
General administration expenses	224	40
Loss on re-allocation of Make good provision	1,061	-
	2,665	52

**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.

Notes to the Financial Statements (continued)**4. (a) INTEREST REVENUE**

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	422	312
	<u>422</u>	<u>312</u>

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

	2016	2015
	%	%
Average Interest Rate	1.75	3.20

4. (b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	629	-
	<u>629</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank - held by HPCA*	39,757	28,852
	<u>39,757</u>	<u>28,852</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.

6. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	284	-
Other receivables	314	158
Interest receivable	149	0
Trade receivables	2,311	360
Less: allowance for impairment	-	-
	<u>3,058</u>	<u>518</u>

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's past due.

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 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 current reporting period is set out below:

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	-	-	-	-	-
Additions	51	35	6	10	102
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:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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
Year Ended 30 June 2016			
Net carrying amount at start of year	-	-	-
Additions	-	10	10
Amortisation	-	(3)	(3)
Net Carrying Amount at End of Year	-	7	7

9. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	3,035	-
Trade and other payables	9,684	4,262
	12,719	4,262

Notes to the Financial Statements (continued)**10. FEES IN ADVANCE**

	2016	2015
	\$	\$
Current		
Registration fees in advance	999	1,105
	<u>999</u>	<u>1,105</u>

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

11. PROVISIONS

	2016	2015
	\$	\$
Current		
Make good	1,051	-
	<u>1,051</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	-	-
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	1,061	-
Increase/(Decrease) in provisions recognised	(20)	-
Unwinding/change in discount rate	10	-
Carrying Amount at the End of Year	<u>1,051</u>	<u>-</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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

Notes to the Financial Statements (continued)**12. COMMITMENTS FOR EXPENDITURE****Operating Lease Commitments**

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

	2016	2015
	\$	\$
Not later than one year	343	853
Later than one year and not later than five years	-	361
Total (including GST)	343	1,214

13. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net result	4,291	22,816
Depreciation and amortisation	474	-
(Increase)/Decrease in receivables	(2,540)	(318)
Increase/(Decrease) in fees in advance	(105)	599
Increase/(Decrease) in payables	8,457	(382)
Increase/(Decrease) in provisions	442	-
Net Cash used on Operating Activities	11,019	22,715

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	5	N/A	39,757	28,852
Receivables ¹	6	Loans and receivables (measured at amortised cost)	2,460	360

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	9	Financial liabilities (measured at amortised cost)	12,719	4,262

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

Chinese Medicine Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Christine Berle
Deputy President

Date: 17 October 2016



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 report of the Chinese Medicine Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(79,675)	(69,412)
Other operating expenses	2(b)	(46,345)	(40,642)
Depreciation and amortisation	2(c)	(4,641)	(1,854)
Finance costs	2(d)	(48)	(77)
Other expenses	2(e)	(18,607)	(13,239)
Total Expenses Excluding Losses		(149,316)	(125,224)
REVENUE			
Registration fees		514,212	507,534
Interest revenue	5(a)	32,275	33,642
Other revenue	5(b)	429	783
Total Revenue		546,916	541,959
Gain/(Loss) on disposal	6	70	(1,118)
Net Result		397,670	415,617
Other comprehensive income		-	-
Total Comprehensive Income		397,670	415,617

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,604,182	1,213,694
Receivables	8	24,261	26,154
Total Current Assets		1,628,443	1,239,848
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		1,002	3,577
Motor vehicles		169	11
Furniture and fittings		76	91
Office equipment		328	741
Total plant and equipment		1,575	4,420
Intangible assets	10	4,395	3,356
Total Non-Current Assets		5,970	7,776
Total Assets		1,634,413	1,247,624
LIABILITIES			
Current Liabilities			
Payables	11	56,640	29,889
Fees in advance	12	195,194	232,348
Provisions	13	5,239	-
Total Current Liabilities		257,073	262,237
Non-Current Liabilities			
Provisions	13	-	5,717
Total Non-Current Liabilities		-	5,717
Total Liabilities		257,073	267,954
Net Assets		1,377,340	979,670
EQUITY			
Accumulated funds		1,377,340	979,670
Total Equity		1,377,340	979,670

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		979,670
Net Result for the Year		397,670
Balance at 30 June 2016		<u>1,377,340</u>
Balance at 1 July 2014		564,053
Net result for the year		415,617
Balance at 30 June 2015		<u>979,670</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(66,196)	(74,571)
Council fees		(13,053)	(11,640)
Sitting fee costs		(4,246)	(4,326)
Audit fees		(5,650)	(5,510)
Occupancy costs		(16,230)	(12,132)
Temporary labour costs		(7,757)	(7,374)
Other expenses		(8,037)	(9,242)
Total Payments		(121,169)	(124,795)
Receipts			
Receipts from registration fees		498,923	526,057
Interest received		15,850	33,643
Total Receipts		514,773	559,700
Net Cash Flows from Operating Activities	17	393,604	434,905
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		70	-
Purchases of plant and equipment and intangible assets		(3,186)	(2,770)
Net Cash Flows from Investing Activities		(3,116)	(2,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		390,488	432,135
Opening cash and cash equivalents		1,213,694	781,558
Closing Cash and Cash Equivalents	7	1,604,182	1,213,694

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Chinese Medicine Council of New South Wales (the Council) is 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). The Council was established on 1 July 2012 upon joining the NRAS.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 (NRAS) for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC). The Council was established on 1 July 2012 upon joining the NRAS.

Under s 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 2016 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.

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.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.06% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	68,627	59,175
Superannuation	6,971	5,173
Payroll taxes	3,894	4,783
Worker's compensation insurance	183	281
	79,675	69,412

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	15,639	11,792
Council fees	13,053	11,640
Sitting fees	4,246	4,326
Contracted labour	7,757	7,374
	46,345	40,642

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	17	52
Furniture and fittings	46	45
Office equipment	465	550
	528	647
Amortisation		
Leasehold improvement	2,480	133
Intangible assets	1,633	1,074
	4,113	1,207
Total Depreciation and Amortisation	4,641	1,854

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	48	77
	48	77

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	1,601	2,768
Fees for service	13,367	7,386
Postage and communication	822	785
Printing and stationery	914	845
Equipment and furniture	58	30
General administration expenses	1,591	1,425
Loss on re-allocation of Make good asset	254	-
	18,607	13,239

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	32,275	33,642
	32,275	33,642

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

Notes to the Financial Statements (continued)

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

5. (b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	429	783
	<u>429</u>	<u>783</u>

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(607)
Gain/(Loss) on disposal/additions during the year	70	-
	<u>70</u>	<u>(607)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(511)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(511)</u>
Total Gain/(Loss) on Disposal/Additions	<u>70</u>	<u>(1,118)</u>

Notes to the Financial Statements (continued)

Included in the above Gain/(Loss) on disposal 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	36,483	36,061
Cash at bank - held by HPCA*	1,567,699	1,177,633
	<u>1,604,182</u>	<u>1,213,694</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:

	2016	2015
	\$	\$
Education and research account**	36,483	36,061
	<u>36,483</u>	<u>36,061</u>

** managed by the HPCA, an administrative unit of the Health Administration Corporation.

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	3,223	573
Other receivables	1,813	917
Interest receivable	16,429	3
Trade receivables	2,796	24,661
Less: allowance for impairment	-	-
	<u>24,261</u>	<u>26,154</u>

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2015					
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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	3,577	11	91	741	4,420
Additions	256	175	31	52	514
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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,162	280	307	10,005	11,754
Accumulated depreciation and impairment	(651)	(196)	(124)	(8,649)	(9,620)
Net Carrying Amount	511	84	183	1,356	2,134
At 30 June 2015					
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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	511	84	183	1,356	2,134
Additions	3,388	-	-	285	3,673
Other ¹	(189)	(21)	(47)	(350)	(607)
Depreciation	(133)	(52)	(45)	(550)	(780)
Net Carrying Amount at End of Year	3,577	11	91	741	4,420

1. Other includes:

- a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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			
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	471	17,301	17,772
Accumulated amortisation and impairment	-	(15,316)	(15,316)
Net Carrying Amount	471	1,985	2,456
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	471	1,985	2,456
Additions	2,485	-	2,485
Other ¹	-	(511)	(511)
Amortisation	-	(1,074)	(1,074)
Net Carrying Amount at End of Year	2,956	400	3,356

1. Other includes:

a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	19,825	6,529
Trade and other payables	36,815	23,360
	<u>56,640</u>	<u>29,889</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	195,194	232,348
	<u>195,194</u>	<u>232,348</u>

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

	2016	2015
	\$	\$
Current		
Make good	5,239	-
	<u>5,239</u>	<u>-</u>
Non-Current		
Make good	-	5,717
	<u>-</u>	<u>5,717</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:

	2016	2015
	\$	\$
Carrying amount at the beginning of year	5,717	3,035
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(429)	(783)
Increase in provisions recognised	(97)	3,388
Unwinding/change in discount rate	48	77
Carrying Amount at the End of Year	<u>5,239</u>	<u>5,717</u>

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 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	5,784	15,971
Later than one year and not later than five years	-	6,757
Total (including GST)	5,784	22,728

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

Notes to the Financial Statements (continued)

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net result	397,670	415,617
Depreciation and amortisation	4,641	1,854
Increase/(Decrease) in receivables	1,893	(22,311)
Increase/(Decrease) in fees in advance	(37,154)	40,720
Increase/(Decrease) in payables	26,750	(1,387)
Increase/(Decrease) in provisions	(126)	(706)
Net gain/(loss) on sale of plant and equipment	(70)	1,118
Net Cash used on Operating Activities	393,604	434,905

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

Financial Assets Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	1,604,182	1,213,694
Receivables ¹	8	Loans and receivables (measured at amortised cost)	19,225	24,664
Financial Liabilities Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	56,640	29,889

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements



Financial statements

Year ended 30 June 2016

**Chiropractic
Council**
of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

A handwritten signature in black ink, appearing to read 'A Richards'.

Dr Anthony Richards
President

Date: 17 October 2016

A handwritten signature in black ink, appearing to read 'L Whitman'.

Dr Lawrence Whitman
Deputy President

Date: 17 October 2016



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 report of the Chiropractic Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(91,715)	(106,119)
Other operating expenses	2(b)	(92,548)	(78,916)
Depreciation and amortisation	2(c)	(4,336)	(2,129)
Finance costs	2(d)	(57)	(88)
Other expenses	2(e)	(33,472)	(20,673)
Education and research expenses	3	(605)	-
Total Expenses Excluding Losses		(222,733)	(207,925)
REVENUE			
Registration fees			
		190,597	182,212
Interest revenue	5(a)	20,090	29,820
Other revenue	5(b)	388	(4,648)
Total Revenue		211,075	207,384
Gain/(Loss) on disposal/additions	6	80	(1,996)
Net Result		(11,578)	(2,537)
Other comprehensive income		-	-
Total Comprehensive Income		(11,578)	(2,537)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	937,843	912,813
Receivables	8	26,743	7,383
Total Current Assets		964,586	920,196
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		1,170	4,109
Motor vehicles		197	12
Furniture and fittings		88	104
Office equipment		377	851
Total plant and equipment		1,832	5,076
Intangible assets	10	1,829	4,156
Total Non-Current Assets		3,661	9,232
Total Assets		968,247	929,428
LIABILITIES			
Current Liabilities			
Payables	11	89,098	42,281
Fees in advance	12	80,559	76,534
Provisions	13	6,122	-
Total Current Liabilities		175,779	118,815
Non-Current Liabilities			
Provisions	13	-	6,567
Total Non-Current Liabilities		-	6,567
Total Liabilities		175,779	125,382
Net Assets		792,468	804,046
EQUITY			
Accumulated funds		792,468	804,046
Total Equity		792,468	804,046

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		804,046
Net Result for the Year		(11,578)
Balance at 30 June 2016		<u>792,468</u>
Balance at 1 July 2014		806,583
Net result for the year		(2,537)
Balance at 30 June 2015		<u>804,046</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(77,391)	(116,177)
Council fees		(8,744)	(8,471)
Sitting fee costs		(25,732)	(20,762)
Audit fees		(5,650)	(5,510)
Occupancy costs		(19,007)	(19,322)
NCAT Fixed Costs		(21,204)	(17,760)
Computer Services		(12,535)	(12,155)
Other expenses		(4,259)	(12,063)
Total Payments		(174,522)	(212,220)
Receipts			
Receipts from registration fees		187,856	187,241
Interest received		10,723	29,823
Other		-	(6,071)
Total Receipts		198,579	210,993
Net Cash Flows from Operating Activities	17	24,057	(1,227)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		81	-
Purchases of plant and equipment and intangible assets		(892)	(927)
Net Cash Flows from Investing Activities		973	(927)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		25,030	(2,154)
Opening cash and cash equivalents		912,813	914,967
Closing Cash and Cash Equivalents	7	937,843	912,813

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 NSW Health Professional Councils agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practitioner for Council of New South Wales for the allocation of indirect pooled costs effective 1 July 2014 to 30 June 2015.

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 Practitioner 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 under 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)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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.

i. Interest Revenue

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

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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.

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.

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. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

viii. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	77,923	92,096
Superannuation	9,080	6,864
Payroll taxes	4,498	6,829
Worker's compensation insurance	214	330
	<u>91,715</u>	<u>106,119</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	18,304	18,751
Council fees	8,744	8,471
Sitting fees	25,732	20,762
NSW Civil & Administrative Tribunal fixed costs	21,204	17,760
Contracted labour	12,914	7,662
	<u>92,548</u>	<u>78,916</u>

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	20	60
Furniture and fittings	52	52
Office equipment	535	631
	<u>607</u>	<u>743</u>
Amortisation		
Leasehold improvement	2,895	153
Intangible assets	834	1,233
	<u>3,729</u>	<u>1,386</u>
Total Depreciation and Amortisation	<u>4,336</u>	<u>2,129</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	57	88
	<u>57</u>	<u>88</u>

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	3,817	2,789
Fees for service	21,519	13,232
Postage and communication	960	997
Printing and stationery	768	970
Equipment and furniture	64	28
General administration expenses	6,114	2,657
Loss on re-allocation of Make good	230	-
	<u>33,472</u>	<u>20,673</u>

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Grants	2,727	-
Refund of unspent monies	(2,122)	-
Total (excluding GST)	<u>605</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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	20,090	29,820
	<u>20,090</u>	<u>29,820</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good	388	1,424
Legal fee recoveries	-	(9,200)
Other Revenue	-	3,128
	<u>388</u>	<u>(4,648)</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(1,066)
Gain/(Loss) on disposal/additions during the year	80	-
	<u>80</u>	<u>(1,066)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(930)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(930)</u>
Total Gain/(Loss) on Disposal/Additions	<u>80</u>	<u>(1,996)</u>

Included in the above Gain/(Loss) on disposal 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets.

Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	20,942	23,431
Cash at bank - held by HPCA*	916,901	889,382
	<u>937,843</u>	<u>912,813</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:

	2016	2015
	\$	\$
Education and research account**	20,942	23,431
	<u>20,942</u>	<u>23,431</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	2,918	2,584
Other receivables	3,970	1,075
Interest receivable	9,370	3
Trade receivables	10,485	3,721
Less: allowance for impairment	-	-
	26,743	7,383

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 30 June 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)	(8,539)	(12,315)
Net Carrying Amount	1,170	197	88	377	1,832

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	4,109	12	104	851	5,076
Additions	299	205	36	61	601
Other ¹	(343)	240	-	-	(103)
Depreciation	(2,895)	(20)	(52)	(535)	(3,502)
Net Carrying Amount at End of Year	1,170	197	88	377	1,832

1. Other includes:

- a. Adjustments required to make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,536	370	406	13,220	15,532
Accumulated depreciation and impairment	(861)	(259)	(163)	(11,429)	(12,712)
Net Carrying Amount	675	111	243	1,791	2,820
At 30 June 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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	675	111	243	1,791	2,820
Additions	3,891	-	-	327	4,218
Other ¹	(304)	(39)	(87)	(636)	(1,066)
Depreciation	(153)	(60)	(52)	(631)	(896)
Net Carrying Amount at End of Year	4,109	12	104	851	5,076

1. Other includes:

- a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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	1,570	1,829
Year ended 30 June 2016			
Net carrying amount at start of year	3,697	459	4,156
Additions	259	59	318
Transfer	(3,697)	3,697	-
Other	-	(1,811)	(1,811)
Amortisation	-	(834)	(834)
Net Carrying Amount at End of Year	259	1,570	1,829

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	3,097	22,862	25,959
Accumulated amortisation and impairment	-	(20,239)	(20,239)
Net Carrying Amount	3,097	2,623	5,720
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	3,097	2,623	5,720
Additions	907	-	907
Other ¹	(307)	(931)	(1,238)
Amortisation	-	(1,233)	(1,233)
Net Carrying Amount at End of Year	3,697	459	4,156

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	23,474	9,365
Trade and other payables	65,624	32,916
	<u>89,098</u>	<u>42,281</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	80,559	76,534
	<u>80,559</u>	<u>76,534</u>

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

	2016	2015
	\$	\$
Current		
Make good	6,122	-
	<u>6,122</u>	<u>-</u>
Non-Current		
Make good	-	6,567
	<u>-</u>	<u>6,567</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:

	2016	2015
	\$	\$
Carrying amount at the beginning of year	6,567	4,011
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(389)	(1,424)
Increase in provisions recognised	(113)	3,892
Unwinding/change in discount rate	57	88
Carrying Amount at the End of Financial Year	<u>6,122</u>	<u>6,567</u>

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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	8,374	18,636
Later than one year and not later than five years	-	7,884
Total (including GST)	8,374	26,520

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

Notes to the Financial Statements (continued)

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net result	(11,578)	(2,537)
Depreciation and amortisation	4,336	2,129
Increase/(Decrease) in receivables	(19,361)	1,586
Increase/(Decrease) in fees in advance	4,024	5,102
Increase/(Decrease) in payables	46,817	(8,168)
Increase/(Decrease) in provisions	(101)	(1,335)
Net gain/(loss) on sale of plant and equipment	(80)	1,996
Net Cash used on Operating Activities	24,057	(1,227)

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

Financial Assets Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2016
			\$	\$
Cash and cash equivalents	7	N/A	937,843	912,813
Receivables ¹	8	Loans and receivables (measured at amortised cost)	19,855	3,723
Financial Liabilities Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2016
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	89,098	42,281

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Dental Council

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Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

Conjoint Associate Professor William O'Reilly AM
President

Date: 17 October 2016

Dr Penny Burns
Deputy President

Date: 17 October 2016



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 report of the Dental Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(972,246)	(848,511)
Other operating expenses	2(b)	(844,140)	(717,922)
Depreciation and amortisation	2(c)	(70,291)	(38,888)
Finance costs	2(d)	(758)	(1,017)
Other expenses	2(e)	(263,492)	(164,546)
Education and research expenses	3	(172,864)	(139,477)
Total Expenses Excluding Losses		(2,323,791)	(1,910,361)
REVENUE			
Registration fees		2,349,240	2,261,730
Interest revenue	5(a)	60,258	76,257
Other revenue	5(b)	12,185	1,144
Total Revenue		2,421,683	2,339,131
Gain/(Loss) on disposal/additions	6	928	(47,544)
Net Result		98,820	381,226
Other comprehensive income		-	-
Total Comprehensive Income		98,820	381,226

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,842,054	2,397,860
Receivables	8	118,623	33,879
Total Current Assets		2,960,677	2,431,739
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		20,403	63,730
Motor vehicles		2,635	138
Furniture and fittings		4,333	7,221
Office equipment		4,452	9,820
Total plant and equipment		31,823	80,909
Intangible assets	10	23,581	27,132
Total Non-Current Assets		55,404	108,041
Total Assets		3,016,081	2,539,780
LIABILITIES			
Current Liabilities			
Payables	11	712,742	375,035
Fees in advance	12	967,651	930,326
Provisions	13	82,011	-
Total Current Liabilities		1,762,404	1,305,361
Non-Current Liabilities			
Fees in advance	12	-	3,825
Provisions	13	-	75,737
Total Non-Current Liabilities		-	79,562
Total Liabilities		1,762,404	1,384,923
Net Assets		1,253,677	1,154,857
EQUITY			
Accumulated funds		1,253,677	1,154,857
Total Equity		1,253,677	1,154,857

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		1,154,857
Net Result for the Year		98,820
Balance at 30 June 2016		<u>1,253,677</u>
Balance at 1 July 2014		773,631
Net result for the year		381,226
Balance at 30 June 2015		<u>1,154,857</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(816,236)	(892,016)
Council fees		(54,377)	(49,676)
Sitting fee costs		(287,831)	(198,654)
Audit fees		(15,820)	(15,430)
Occupancy costs		(163,412)	(146,010)
Consultants/Inspectors costs		(99,196)	(122,225)
Temporary labour costs		(201,042)	(159,410)
Computer Services		(100,845)	(79,403)
Other expenses		(186,092)	(212,653)
Total Payments		(1,924,851)	(1,875,477)
Receipts			
Receipts from registration fees		2,346,797	2,315,354
Interest received		28,305	76,258
Other		8,018	60
Total Receipts		2,383,120	2,391,672
Net Cash Flows from Operating Activities	17	458,269	516,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		928	-
Purchases of plant and equipment and intangible assets		(15,003)	(14,746)
Net Cash Flows from Investing Activities		(14,075)	(14,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		444,194	501,449
Opening cash and cash equivalents		2,397,860	1,896,411
Closing Cash and Cash Equivalents	7	2,842,054	2,397,860

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional Councils were established in NSW effective from 1 July 2010 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 2016 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.

i. Interest Revenue

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

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.06% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	835,173	723,367
Superannuation	87,566	65,645
Payroll taxes	46,800	55,931
Worker's compensation insurance	2,707	3,568
	972,246	848,511

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	15,820	15,430
Rent and building expenses	157,602	141,987
Dental Tribunal expenses	99,196	122,225
Council fees	54,377	49,676
Sitting fees	287,831	198,654
NSW Civil & Administrative Tribunal fixed costs	28,272	30,540
Contracted labour	201,042	159,410
	844,140	717,922

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	243	692
Furniture and fittings	3,437	3,437
Office equipment	6,185	7,281
	9,865	11,410
Amortisation		
Leasehold improvement	49,986	13,256
Intangible assets	10,440	14,222
	60,426	27,478
Total Depreciation and Amortisation	70,291	38,888

Notes to the Financial Statements (continued)

d. Finance Costs

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	758	1,017
	<u>758</u>	<u>1,017</u>

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	31,814	26,161
Fees for service	160,180	94,245
Postage and communication	16,164	13,353
Printing and stationery	24,327	11,297
Equipment and furniture	1,070	117
General administration expenses	22,904	19,373
Loss on re-allocation of Make good	7,033	-
	<u>263,492</u>	<u>164,546</u>

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Grants	172,864	118,277
Other expenses	-	21,200
Total (excluding GST)	<u>172,864</u>	<u>139,477</u>

Dental Technicians Education & Research Account

	2016	2015
	\$	\$
Opening balance at Start of year	21,819	127,707
Interest	-	3,812
	<u>21,819</u>	<u>131,519</u>
Outgoings	(21,819)	(109,700)
Closing Balance at End of year	<u>-</u>	<u>21,819</u>

Notes

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Notes to the Financial Statements (continued)

3. EDUCATION AND RESEARCH (continued)

The Dental Technician Education & Research account was a restricted asset quarantined for dental technicians after de-registration of the profession from 1 July 2010. These funds were derived from the former Dental Technicians Registration Board. The balance of the former Board's funds was forwarded to the Dental Council for continued administration of Dental Technicians. Pursuant to clause 21 of Division 3 of Schedule 5A of the Health Practitioner Regulation National Law (NSW), the quarantined funds were allocated to the Dental Technicians Education Account (DTEA). The Dental Technicians Education Account Committee (the Committee) was formed to oversee the expenditure of the funds. Clause 21(3) provides that the money in the DTEA may only be expended for the purposes relating to the education of dental technicians.

The legislation requires that the funds be expended within 3 years of the establishment of the account. The account was not established until July 2012. The Council has spent the funds by the agreed date (July 2015) and hence no contingent liability note is required as at 30 June 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	60,258	76,257
	<u>60,258</u>	<u>76,257</u>

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

	2016	2015
	%	%
Average Interest Rate	1.93	3.20

Notes to the Financial Statements (continued)

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	-	1,084
Profit on re-allocation of Make good asset	4,167	-
Other Revenue	8,018	60
	<u>12,185</u>	<u>1,144</u>

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(46,844)
Gain/(Loss) on disposal/additions during the year	928	-
	<u>928</u>	<u>(46,844)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(700)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(700)</u>
Total Gain/(Loss) on Disposal/Additions	<u>928</u>	<u>(47,544)</u>

Included in the above Gain/(Loss) on disposal 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 health 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).

Notes to the Financial Statements (continued)

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	432,450	599,675
Cash at bank - held by HPCA*	2,409,604	1,798,185
	2,842,054	2,397,860

* 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:

	2016	2015
	\$	\$
Education and research account**	432,450	577,856
Dental Technician's Education account	-	21,819
	432,450	599,675

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

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	18,468	15,384
Other receivables	28,089	14,325
Interest receivable	31,958	5
Trade receivables	40,108	4,165
Less: allowance for impairment	-	-
	118,623	33,879

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 30 June 2015					
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)	(146,510)
Net Carrying Amount	63,730	138	7,221	9,820	80,909
At 30 June 2016					
Gross carrying amount	111,997	2,740	17,732	102,948	235,417
Accumulated depreciation and impairment	(91,594)	(105)	(13,399)	(98,496)	(203,594)
Net Carrying Amount	20,403	2,635	4,333	4,452	31,823

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	63,730	138	7,221	9,820	80,909
Additions	4,009	2,740	549	817	8,115
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	31,823

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	126,845	2,851	33,350	101,928	264,974
Accumulated depreciation and impairment	(57,995)	(1,996)	(13,102)	(88,117)	(161,210)
Net Carrying Amount	68,850	855	20,248	13,811	103,764
At 30 June 2015					
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)	(146,510)
Net Carrying Amount	63,730	138	7,221	9,820	80,909

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	68,850	855	20,248	13,811	103,764
Additions	-	-	-	3,775	3,775
Other ¹	8,136	(25)	(9,590)	(485)	(1,964)
Depreciation	(13,256)	(692)	(3,437)	(7,281)	(24,666)
Net Carrying Amount at End of Year	63,730	138	7,221	9,820	80,909

1. Other includes:

- a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 30 June 2015			
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 Work in Progress	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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	10,862	176,263	187,125
Accumulated amortisation and impairment	-	(156,043)	(156,043)
Net Carrying Amount	10,862	20,220	31,082
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	10,862	20,220	31,082
Additions	12,001	-	12,001
Other ¹	(1,029)	(700)	(1,729)
Amortisation	-	(14,222)	(14,222)
Net Carrying Amount at End of Year	21,834	5,298	27,132

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	210,386	57,083
Trade and other payables	502,356	317,952
	<u>712,742</u>	<u>375,035</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	966,526	930,326
Deferred other revenue	1,125	-
	<u>967,651</u>	<u>930,326</u>
Non-Current		
Deferred other revenue	-	3,825
	<u>-</u>	<u>3,825</u>

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

	2016	2015
	\$	\$
Current		
Make good	82,011	-
	<u>82,011</u>	<u>-</u>
Non-Current		
Make good	-	75,737
	<u>-</u>	<u>75,737</u>

Notes to the Financial Statements (continued)

13. PROVISIONS (continued)

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	2016	2015
	\$	\$
Carrying amount at the beginning of year	75,737	30,922
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	7,032	(1,084)
Increase in provisions recognised	(1,516)	44,882
Unwinding/change in discount rate	758	1,017
Carrying Amount at the End of Financial Year	82,011	75,737

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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	59,495	170,189
Later than one year and not later than five years	-	71,991
Total (including GST)	59,495	242,180

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

Notes to the Financial Statements (continued)

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net result	98,820	381,226
Depreciation and amortisation	70,291	38,888
Increase/(Decrease) in receivables	(84,744)	(6,766)
Increase/(Decrease) in fees in advance	33,500	53,672
Increase/(Decrease) in payables	337,707	1,698
Increase/(Decrease) in provisions	3,623	(67)
Net gain/(loss) on sale of plant and equipment	(928)	47,544
Net Cash used on Operating Activities	458,269	516,195

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

Financial Assets Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	2,842,054	2,397,860
Receivables ¹	8	Loans and receivables (measured at amortised cost)	72,066	4,170
Financial Liabilities Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	712,742	375,035

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Medical Council

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Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

A handwritten signature in black ink, appearing to read 'Greg Kesby'.

Dr Greg Kesby
President

Date: 17 October 2016

A handwritten signature in black ink, appearing to read 'Richard Walsh'.

A/Professor Richard Walsh
Deputy President

Date: 17 October 2016



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 report of the Medical Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(3,557,348)	(3,322,962)
Other operating expenses	2(b)	(4,802,733)	(4,483,344)
Depreciation and amortisation	2(c)	(259,093)	(260,063)
Other expenses	2(d)	(1,740,463)	(1,768,350)
Education and research expenses	3	(55,000)	-
Total Expenses Excluding Losses		(10,414,637)	(9,834,719)
REVENUE			
Registration fees		12,806,003	12,232,205
Interest revenue	5(a)	339,653	448,313
Other revenue	5(b)	162,445	82,754
Total Revenue		13,308,101	12,763,272
Gain/(Loss) on disposal	6	9,747	106,931
Net Result		2,903,211	3,035,484
Other comprehensive income		-	-
Total Comprehensive Income		2,903,211	3,035,484

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	16,974,433	13,213,267
Receivables	8	677,796	258,938
Total Current Assets		17,652,229	13,472,205
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		1,338,649	1,479,047
Motor vehicles		33,354	3,682
Furniture and fittings		10,414	20,322
Office equipment		160,040	171,697
Total Plant and equipment		1,542,457	1,674,748
Intangible assets	10	122,457	110,731
Total Non-Current Assets		1,664,914	1,785,479
Total Assets		19,317,143	15,257,684
LIABILITIES			
Current Liabilities			
Payables	11	3,765,564	2,800,275
Fees in advance	12	3,389,000	3,198,041
Total Current Liabilities		7,154,564	5,998,316
Total Non-Current Liabilities		-	-
Total Liabilities		7,154,564	5,998,316
Net Assets		12,162,579	9,259,368
EQUITY			
Accumulated funds		12,162,579	9,259,368
Total Equity		12,162,579	9,259,368

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		9,259,368
Net Result for the Year		2,903,211
Balance at 30 June 2016		<u>12,162,579</u>
Balance at 1 July 2014		6,223,884
Net result for the year		3,035,484
Balance at 30 June 2015		<u>9,259,368</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(2,737,040)	(3,353,942)
Council fees		(364,210)	(322,321)
Sitting fee costs		(2,536,786)	(2,494,550)
NCAT Fixed costs		(179,056)	(186,180)
Audit fees		(23,620)	(23,040)
Occupancy costs		(224,510)	(236,171)
Computer Services		(366,264)	(404,597)
Health Assessment fees		(430,262)	(333,233)
Temporary labour costs		(1,483,984)	(1,249,199)
Other expenses		(834,435)	(49,885)
Total Payments		(9,180,167)	(8,653,119)
Receipts			
Receipts from registration fees		12,735,687	12,329,451
Interest received		171,982	448,323
Other		162,445	79,504
Total Receipts		13,070,114	12,857,278
Net Cash Flows from Operating Activities	16	3,889,947	4,204,159
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		9,747	-
Purchases of plant and equipment and intangible assets		(138,528)	(88,849)
Net Cash Flows from Investing Activities		(128,781)	(88,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		3,761,166	4,115,310
Opening cash and cash equivalents		13,213,267	9,097,957
Closing Cash and Cash Equivalents	7	16,974,433	13,213,267

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under the following expense line items:

1. Personnel services
2. Contracted labour
3. Depreciation and amortisation
4. Rent & building expenses

Notes to the Financial Statements (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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	4.87% - 27.86%	17.% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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 from the Council as incurred.

Notes to the Financial Statements (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), recreation 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.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	3,080,218	2,862,960
Superannuation	303,746	223,622
Payroll taxes	159,692	221,562
Worker's compensation insurance	13,692	14,818
	3,557,348	3,322,962

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	23,620	23,040
Rent and building expenses	215,077	208,054
Council fees	364,210	322,321
Sitting fees	2,536,786	2,494,550
NSW Civil & Administrative Tribunal fixed costs	179,056	186,180
Contracted labour	1,483,984	1,249,199
	4,802,733	4,483,344

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	5,012	9,957
Furniture and fittings	9,908	9,907
Office equipment	66,714	55,860
	81,634	75,724
Amortisation		
Leasehold improvement	140,398	140,305
Intangible assets	37,061	44,034
	177,459	184,339
Total Depreciation and Amortisation	259,093	260,063

Notes to the Financial Statements (continued)**e. Other Expenses**

	2016	2015
	\$	\$
Subsistence and transport	66,980	93,694
Funding contributions	80,000	80,000
Fees for service	1,164,142	1,298,860
Postage and communication	85,107	77,914
Printing and stationery	52,084	55,420
Equipment and furniture	8,970	11,245
Staff training expenses	60,295	29,089
General administration expenses	222,885	122,128
	1,740,463	1,768,350

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Other expenses	55,000	-
Total (excluding GST)	55,000	-

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

The HPCA, which is an Executive agency of the NSW Ministry of Health (MOH) provides executive and administrative support functions to Councils.

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**

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	339,653	448,313
	<u>339,653</u>	<u>448,313</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Legal fee recoveries	131,695	68,707
Other revenue	30,750	14,047
	<u>162,445</u>	<u>82,754</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	104,850
Gain/(Loss) on disposal/additions during the year	9,747	-
	<u>9,747</u>	<u>104,850</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	2,081
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	-
Gain/(Loss) on disposal/additions during the year	-	2,081
Total Gain/(Loss) on Disposal/Additions	<u>9,747</u>	<u>106,931</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	47,715	101,552
Cash at bank - held by HPCA*	16,926,718	13,111,715
	<u>16,974,433</u>	<u>13,213,267</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:

	2016	2015
	\$	\$
Education and research account**	46,704	100,541
	<u>46,704</u>	<u>100,541</u>

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

**Education & Research account opened with recommendation of Council in accordance with approval by the Minister.

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	65,657	67,243
Other receivables	131,642	140,144
Interest receivable	167,708	38
Trade receivables	316,564	55,288
Less: allowance for impairment	(3,775)	(3,775)
	677,796	258,938

Movement in the Allowance for Impairment		
	2016	2015
	\$	\$
Balance at beginning of year	3,775	3,775
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at end of year	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 2016 and has remitted the monies to HPCA in July 2016.

Analysis of Trade Debtors Overdue			
	\$		
2016	Total	Past due but not impaired	Considered impaired
< 3 months overdue	3,708	3,708	-
3-6 months overdue	1,867	1,867	-
> 6 months overdue	6,830	3,055	3,775
2015			
< 3 months overdue	4,107	-	-
3-6 months overdue	-	-	-
> 6 months overdue	4,835	1,060	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)

9. PLANT AND EQUIPMENT

Plant and equipment is owned individually by the Council and the Council also has an interest in plant and equipment used by all health professional Councils. 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 30 June 2015					
Gross carrying amount	3,765,308	28,515	391,171	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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
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
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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	3,615,799	28,622	354,065	706,060	4,704,546
Accumulated depreciation and impairment	(2,079,187)	(14,951)	(345,978)	(506,124)	(2,946,240)
Net Carrying Amount	1,536,612	13,671	8,087	199,936	1,758,306
At 30 June 2015					
Gross carrying amount	3,765,308	28,515	391,171	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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	1,536,612	13,671	8,087	199,936	1,758,306
Additions	-	-	-	34,532	34,532
Other	82,740	(32)	22,142	(6,911)	97,939
Depreciation	(140,305)	(9,957)	(9,907)	(55,860)	(216,029)
Net Carrying Amount at End of Year	1,479,047	3,682	20,322	171,697	1,674,748

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS

Intangible assets are owned individually by the Council and 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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			
Net carrying amount at start of year	104,184	6,547	110,731
Additions	17,145	4,135	21,280
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	42,957	1,892,625	1,935,582
Accumulated amortisation and impairment	-	(1,844,125)	(1,844,125)
Net Carrying Amount	42,957	48,500	91,457
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	42,957	48,500	91,457
Additions	63,351	-	63,351
Other ¹	(2,124)	2,081	(43)
Amortisation	-	(44,034)	(44,034)
Net Carrying Amount at End of Year	104,184	6,547	110,731

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	1,097,067	290,451
Trade and other payables	2,668,497	2,509,824
	<u>3,765,564</u>	<u>2,800,275</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	3,389,000	3,198,041
	<u>3,389,000</u>	<u>3,198,041</u>

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

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	173,116	82,090
Later than one year and not later than five years	318,032	326,688
Later than five years	502,594	545,332
Total (including GST)	<u>993,742</u>	<u>954,110</u>

14. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

Notes to the Financial Statements (continued)

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

	2016	2015
	\$	\$
Net result	2,903,211	3,035,484
Depreciation and amortisation	259,093	260,063
(Increase)/Decrease in receivables	(418,858)	(48,599)
Increase/(Decrease) in fees in advance	190,959	78,692
Increase/(Decrease) in payables	965,289	985,450
Net (gain)/loss on sale of plant and equipment	(9,747)	(106,931)
Net Cash used on Operating Activities	3,889,947	4,204,159

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	16,974,433	13,213,267
Receivables ¹	8	Loans and receivables (measured at amortised cost)	480,497	51,550
Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	3,765,564	2,800,275

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements



Financial statements

Year ended 30 June 2016

Medical Radiation Practice Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Dr Karen Jovanovic
Deputy President

Date: 17 October 2016



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 report of the Medical Radiation Practice Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(43,285)	(53,264)
Other operating expenses	2(b)	(38,883)	(76,871)
Depreciation and amortisation	2(c)	(3,953)	(1,591)
Finance costs	2(d)	(35)	(66)
Other expenses	2(e)	(25,074)	(35,058)
Total Expenses Excluding Losses		(111,230)	(166,850)
REVENUE			
Registration fees		435,071	501,865
Interest revenue	5(a)	32,200	35,657
Other revenue	5(b)	1,112	1,078
Total Revenue		468,383	538,600
Gain/(Loss) on disposal	6	60	(1,511)
Net Result		357,213	370,239
Other comprehensive income		-	-
Total Comprehensive Income		357,213	370,239

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,554,744	1,245,362
Receivables	8	25,090	7,503
Total Current Assets		1,579,834	1,252,865
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		724	3,070
Motor vehicles		121	9
Furniture and fittings		61	78
Office equipment		275	636
Total Plant and equipment		1,181	3,793
Intangible assets	10	4,735	7,927
Total Non-Current Assets		5,916	11,720
Total Assets		1,585,750	1,264,585
LIABILITIES			
Current Liabilities			
Payables	11	38,642	31,563
Fees in advance	12	156,498	198,478
Provisions	13	3,760	-
Total Current Liabilities		198,900	230,041
Non-Current Liabilities			
Provisions	13	-	4,907
Total Non-Current Liabilities		-	4,907
Total Liabilities		198,900	234,948
Net Assets		1,386,850	1,029,637
EQUITY			
Accumulated funds		1,386,850	1,029,637
Total Equity		1,386,850	1,029,637

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		1,029,637
Net Result for the Year		357,213
Balance at 30 June 2016		<u>1,386,850</u>
Balance at 1 July 2014		659,398
Net result for the year		370,239
Balance at 30 June 2015		<u>1,029,637</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(39,963)	(55,686)
Council fees		(11,981)	(13,485)
Sitting fee costs		(1,499)	(8,978)
Audit fees		(5,650)	(5,510)
Occupancy costs		(8,053)	(6,840)
Temporary labour costs		(11,987)	(42,317)
Health assessment fees		-	(7,816)
Computer services		(13,537)	(12,348)
Travel expenses		(3,687)	(4,680)
Other expenses		(3,596)	(15,584)
Total Payments		(99,953)	(173,244)
Receipts			
Receipts from registration fees		391,965	488,014
Interest received		16,187	35,658
Total Receipts		408,152	523,672
Net Cash Flows from Operating Activities	17	308,199	350,428
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		60	-
Purchases of plant and equipment and intangible assets		1,123	(2,524)
Net Cash Flows from Investing Activities		1,183	(2,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		309,382	347,904
Opening cash and cash equivalents		1,245,362	897,458
Closing Cash and Cash Equivalents	7	1,554,744	1,245,362

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Medical Radiation Practice Council of New South Wales (the Council), established on 1 July 2012 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 (NRAS) for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC). The Council was established on 1 July 2012 upon joining the NRAS.

Under s 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 2016 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.

i. Interest Revenue

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

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(iii) 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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	36,879	45,149
Superannuation	4,252	3,318
Payroll taxes	2,019	4,543
Worker's compensation insurance	135	254
	43,285	53,264

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	7,766	6,581
Council fees	11,981	13,485
Sitting fees	1,499	8,978
Contracted labour	11,987	42,317
	38,883	76,871

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	14	45
Furniture and fittings	39	39
Office equipment	398	472
	451	556
Amortisation		
Leasehold improvement	1,801	114
Intangible assets	1,701	921
	3,502	1,035
Total Depreciation and Amortisation	3,953	1,591

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	35	66
	35	66

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	4,672	6,401
Fees for service	17,394	24,931
Postage and communication	590	690
Printing and stationery	464	729
Equipment and furniture	69	82
General administration expenses	1,226	2,225
Loss on re-allocation of Make good provision	659	-
	25,074	35,058

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	32,200	35,657
	32,200	35,657

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	1,112	1,078
	1,112	1,078

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(806)
Gain/(Loss) on disposal/additions during the year	60	-
	60	(806)
Intangible assets		
Net book value (disposed)/acquired during the year	-	(705)
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	-
Gain/(Loss) on disposal/additions during the year	-	(705)
Total Gain/(Loss) on Disposal/Additions	60	(1,511)

Included in the above Gain/(Loss) on disposal for 2015 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 health 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).

Notes to the Financial Statements (continued)

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	52,771	52,149
Cash at bank - held by HPCA*	1,501,973	1,193,213
	<u>1,554,744</u>	<u>1,245,362</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:

	2016	2015
	\$	\$
Education and research account**	52,771	52,149
	<u>52,771</u>	<u>52,149</u>

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

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	3,527	3,144
Other receivables	1,527	1,463
Interest receivable	16,017	3
Trade receivables	4,019	2,893
Less: allowance for impairment	-	-
	<u>25,090</u>	<u>7,503</u>

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	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)	(6,766)
Net Carrying Amount	3,070	9	78	636	3,793
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 current reporting period is set out below:

	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
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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,153	278	305	9,927	11,663
Accumulated depreciation and impairment	(646)	(194)	(123)	(8,582)	(9,545)
Net Carrying Amount	507	84	182	1,345	2,118
At 30 June 2015					
Gross carrying amount	3,566	179	196	6,618	10,559
Accumulated depreciation and impairment	(496)	(170)	(118)	(5,982)	(6,766)
Net Carrying Amount	3,070	9	78	636	3,793

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	507	84	182	1,345	2,118
Additions	2,908	-	-	245	3,153
Other ¹	(231)	(30)	(65)	(482)	(808)
Depreciation	(114)	(45)	(39)	(472)	(670)
Net Carrying Amount at End of Year	3,070	9	78	636	3,793

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
Cost (gross carrying amount)	7,583	11,024	18,607
Accumulated amortisation and impairment	-	(10,680)	(10,680)
Net Carrying Amount	7,583	344	7,927
At 30 June 2016			
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
Year Ended 30 June 2016			
Net carrying amount at start of year	7,583	344	7,927
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	4,414	4,735

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	5,302	17,166	22,468
Accumulated amortisation and impairment	-	(15,197)	(15,197)
Net Carrying Amount	5,302	1,969	7,271
At 30 June 2015			
Cost (gross carrying amount)	7,583	11,024	18,607
Accumulated amortisation and impairment	-	(10,680)	(10,680)
Net Carrying Amount	7,583	344	7,927
Year Ended 30 June 2015			
Net carrying amount at start of year	5,302	1,969	7,271
Additions	2,691	-	2,691
Other ¹	(410)	(704)	(1,114)
Amortisation	-	(921)	(921)
Net Carrying Amount at End of Year	7,583	344	7,927

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	8,234	5,046
Trade and other payables	30,408	26,517
	<u>38,642</u>	<u>31,563</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	156,498	198,478
	<u>156,498</u>	<u>198,478</u>

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

	2016	2015
	\$	\$
Current		
Make good	3,760	-
	<u>3,760</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	4,907
	<u>-</u>	<u>4,907</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:

	2016	2015
	\$	\$
Make good		
Carrying amount at the beginning of year	4,907	3,010
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(1,112)	(1,078)
Increase/(Decrease) in provisions recognised	(70)	2,909
Unwinding/change in discount rate	35	66
Carrying Amount at the End of Year	<u>3,760</u>	<u>4,907</u>

Notes to the Financial Statements (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 2012 and is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14.COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	3,333	10,218
Later than one year and not later than five years	-	4,322
Total (including GST)	3,333	14,540

15.RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16.CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net result	357,213	370,239
Depreciation and amortisation	3,953	1,591
(Increase)/Decrease in receivables	(17,587)	(170)
Increase/(Decrease) in fees in advance	(41,979)	(12,934)
Increase/(Decrease) in payables	7,078	(8,797)
Increase/(Decrease) in provisions	(419)	(1,012)
Net (gain)/loss on sale of plant and equipment	(60)	1,511
Net Cash used on Operating Activities	308,199	350,428

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	1,554,744	1,245,362
Receivables ¹	8	Loans and receivables (measured at amortised cost)	20,036	2,896

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	38,642	31,563

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements



Financial statements

Year ended 30 June 2016

Nursing and Midwifery Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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



Adj Professor John G Kelly AM
President

Date: 17 October 2016



Dr Bethne Hart
Deputy President

Date: 17 October 2016



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 report of the Nursing and Midwifery Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(2,982,347)	(3,149,027)
Other operating expenses	2(b)	(1,924,386)	(1,923,610)
Depreciation and amortisation	2(c)	(271,499)	(172,447)
Finance costs	2(d)	(2,231)	(3,511)
Other expenses	2(e)	(1,190,793)	(985,183)
Other expenses	3	(44,608)	(80,004)
Total Expenses Excluding Losses		(6,415,864)	(6,313,782)
REVENUE			
Registration fees		7,648,421	7,381,672
Interest revenue	5(a)	239,797	279,142
Other revenue	5(b)	18,253	155
Total Revenue		7,906,471	7,660,969
Gain/(Loss) on disposal/additions	6	3,203	(36,048)
Net Result		1,493,810	1,311,139
Other comprehensive income		-	-
Total Comprehensive Income		1,493,810	1,311,139

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	14,718,841	12,269,180
Receivables	8	636,848	494,657
Total Current Assets		15,355,689	12,763,837
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		81,389	278,155
Motor vehicles		7,751	478
Furniture and fittings		42,210	62,636
Office equipment		15,964	33,891
Total Plant and equipment		147,314	375,160
Intangible assets	10	71,686	93,621
Total Non-Current Assets		219,000	468,781
Total Assets		15,574,689	13,232,618
LIABILITIES			
Current Liabilities			
Payables	11	1,945,194	1,243,060
Fees in advance	12	6,637,005	6,452,036
Provisions	13	241,254	-
Total Current Liabilities		8,823,453	7,695,096
Non-Current Liabilities			
Fees in advance	12	-	18,709
Provisions	13	-	261,387
Total Non-Current Liabilities		-	280,096
Total Liabilities		8,823,453	7,975,192
Net Assets		6,751,236	5,257,426
EQUITY			
Accumulated funds		6,751,236	5,257,426
Total Equity		6,751,236	5,257,426

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		5,257,426
Net Result for the Year		1,493,810
Balance at 30 June 2016		<u>6,751,236</u>
Balance at 1 July 2014		3,946,287
Net result for the year		1,311,139
Balance at 30 June 2015		<u>5,257,426</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(2,602,781)	(3,216,678)
Council fees		(29,686)	(26,394)
Sitting fee costs		(484,924)	(395,415)
Audit fees		(17,400)	(16,970)
Occupancy costs		(406,736)	(457,840)
Consultants/Inspectors costs		-	(36,600)
Temporary labour costs		(778,298)	(788,019)
Computer Services		(283,177)	(238,691)
Health Assessment Fees		(456,326)	(343,141)
NCAT Fixed Costs		(222,252)	(217,980)
Other expenses		(203,806)	(66,746)
Total Payments		(5,485,386)	(5,804,475)
Receipts			
Receipts from registration fees		7,829,980	7,506,856
Interest received		138,303	279,161
Other		351	155
Total Receipts		7,968,634	7,786,172
Net Cash Flows from Operating Activities	17	2,483,248	1,981,697
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		3,203	-
Purchases of plant and equipment and intangible assets		(36,790)	(127,162)
Net Cash Flows from Investing Activities		(33,587)	(127,162)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		2,449,661	1,854,535
Opening cash and cash equivalents		12,269,180	10,414,645
Closing Cash and Cash Equivalents	7	14,718,841	12,269,180

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under s 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 2016 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.

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.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

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)

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. Loans and Receivables

Loans and 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.

Notes to the Financial Statements (continued)

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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	2,525,663	2,697,886
Superannuation	303,565	233,737
Payroll taxes	145,140	204,443
Worker's compensation insurance	7,979	12,961
	<u>2,982,347</u>	<u>3,149,027</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	17,400	16,970
Rent and building expenses	391,826	442,832
Council fees	29,686	26,394
Sitting fees	484,924	395,415
NSW Civil & Administrative Tribunal fixed costs	222,252	217,980
Contracted labour	778,298	824,019
	<u>1,924,386</u>	<u>1,923,610</u>

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	787	2,388
Furniture and fittings	22,255	19,436
Office equipment	21,272	25,132
	<u>44,314</u>	<u>46,956</u>
Amortisation		
Leasehold improvement	193,488	76,407
Intangible assets	33,697	49,084
	<u>227,185</u>	<u>125,491</u>
Total Depreciation and Amortisation	<u>271,499</u>	<u>172,447</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	2,231	3,511
	2,231	3,511

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	109,113	99,836
Funding contributions	5,000	-
Fees for service	904,622	682,368
Postage and communication	37,464	35,513
Printing and stationery	36,619	42,830
Equipment and furniture	3,039	4,884
General administration expenses	84,327	115,731
Loss on re-allocation of Make good asset	10,609	-
Loss on re-allocation of Make good provision	-	4,021
	1,190,793	985,183

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Grants	-	5,000
Other expenses	44,608	75,004
Total (excluding GST)	44,608	80,004

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**

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	239,797	279,142
	<u>239,797</u>	<u>279,142</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	17,902	-
Other Revenue	351	155
	<u>18,253</u>	<u>155</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(38,711)
Gain/(Loss) on disposal/additions during the year	3,203	-
	<u>3,203</u>	<u>(38,711)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	2,663
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>2,663</u>
Total Gain/(Loss) on Disposal/Additions	<u>3,203</u>	<u>(36,048)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	459,383	494,058
Cash at bank - held by HPCA*	14,259,458	11,775,122
	<u>14,718,841</u>	<u>12,269,180</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:

	2016	2015
	\$	\$
Education and research account**	458,883	493,558
	<u>458,883</u>	<u>493,558</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	42,609	38,979
Other receivables	97,018	44,653
Interest receivable	101,528	34
Trade receivables	397,040	410,991
Less: allowance for impairment	(1,347)	-
	636,848	494,657

Trade receivables have been considered for impairment.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

Analysis of Trade Debtors Overdue				\$
2016	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	1,478	131	1,347	
2015				
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	1,374	1,374	-	

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)

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 2015					
Gross carrying amount	486,543	9,550	111,279	352,478	959,850
Accumulated depreciation and impairment	(208,388)	(9,072)	(48,643)	(318,587)	(584,690)
Net Carrying Amount	278,155	478	62,636	33,891	375,160
At 30 June 2016					
Gross carrying amount	483,265	8,060	113,108	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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	278,155	478	62,636	33,891	375,160
Additions	11,793	8,060	1,829	3,345	25,027
Other ¹	(15,071)	-	-	-	(15,071)
Depreciation	(193,488)	(787)	(22,255)	(21,272)	(237,802)
Net Carrying Amount at End of Year	81,389	7,751	42,210	15,964	147,314

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	339,407	9,125	91,526	326,197	766,255
Accumulated depreciation and impairment	(157,374)	(6,387)	(35,170)	(281,998)	(480,929)
Net Carrying Amount	182,033	2,738	56,356	44,199	285,326
At 30 June 2015					
Gross carrying amount	486,543	9,550	111,279	352,478	959,850
Accumulated depreciation and impairment	(208,388)	(9,072)	(48,643)	(318,587)	(584,690)
Net Carrying Amount	278,155	478	62,636	33,891	375,160

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	182,033	2,738	56,356	44,199	285,326
Additions	204,004	-	34,876	13,028	251,908
Other ¹	(31,475)	128	(9,160)	1,796	(38,711)
Depreciation	(76,407)	(2,388)	(19,436)	(25,132)	(123,363)
Net Carrying Amount at End of Year	278,155	478	62,636	33,891	375,160

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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			
Net carrying amount at start of year	75,335	18,286	93,621
Additions	7,644	2,419	10,063
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	45,184	564,083	609,267
Accumulated amortisation and impairment	-	(499,376)	(499,376)
Net Carrying Amount	45,184	64,707	109,891
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	45,184	64,707	109,891
Additions	37,058	-	37,058
Other ¹	(6,907)	2,663	(4,244)
Amortisation	-	(49,084)	(49,084)
Net Carrying Amount at End of Year	75,335	18,286	93,621

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)**11. PAYABLES**

	2016	2015
	\$	\$
Personnel services - Ministry of Health	599,173	227,586
Trade and other payables	1,346,021	1,015,474
	1,945,194	1,243,060

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	6,631,503	6,452,036
Deferred other revenue	5,502	-
	6,637,005	6,452,036
Non-Current		
Deferred other revenue	-	18,709
	-	18,709

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

	2016	2015
	\$	\$
Current		
Make good	241,254	-
	<u>241,254</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	261,387
	<u>-</u>	<u>261,387</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	261,387	98,959
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(17,902)	4,021
Increase/(Decrease) in provisions recognised	(4,462)	154,896
Unwinding/change in discount rate	2,231	3,511
Carrying Amount at the End of Financial Year	<u>241,254</u>	<u>261,387</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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

Notes to the Financial Statements (continued)

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	161,939	447,769
Later than one year and not later than five years	-	189,406
Total (including GST)	161,939	637,175

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	1,493,810	1,311,139
Depreciation and amortisation	271,499	172,447
(Increase)/Decrease in receivables	(142,190)	(59,686)
Increase/(Decrease) in fees in advance	166,260	169,993
Increase/(Decrease) in payables	702,134	344,225
Increase/(Decrease) in provisions	(5,062)	7,531
Net (gain)/loss on sale of plant and equipment	(3,203)	36,048
Net Cash used on Operating Activities	2,483,248	1,981,697

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	14,718,841	12,269,180
Receivables ¹	8	Loans and receivables (measured at amortised cost)	497,221	411,025
Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	1,945,194	1,243,060

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements



Financial statements

Year ended 30 June 2016



Occupational Therapy Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Katherine Moore
Deputy President

Date: 17 October 2016



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 report of the Occupational Therapy Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(58,182)	(109,671)
Other operating expenses	2(b)	(42,031)	(44,068)
Depreciation and amortisation	2(c)	(4,049)	(2,208)
Finance costs	2(d)	(38)	(91)
Other expenses	2(e)	(27,221)	(31,022)
Education and research expenses	3	-	(7,402)
Total Expenses Excluding Losses		(131,521)	(194,462)
REVENUE			
Registration fees		234,395	299,046
Interest revenue	5(a)	17,585	22,332
Other revenue	5(b)	2,632	148
Total Revenue		254,612	321,526
Gain/(Loss) on disposal	6	83	(267)
Net Result		123,174	126,797
Other comprehensive income		-	-
Total Comprehensive Income		123,174	126,797

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	822,598	720,085
Receivables	8	21,308	5,273
Total Current Assets		843,906	725,358
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		805	4,260
Motor vehicles		133	12
Furniture and fittings		79	109
Office equipment		373	882
Total Plant and equipment		1,390	5,263
Intangible assets	10	3,493	7,151
Total Non-Current Assets		4,883	12,414
Total Assets		848,789	737,772
LIABILITIES			
Current Liabilities			
Payables	11	50,068	43,259
Fees in advance	12	88,744	105,040
Provisions	13	4,139	-
Total Current Liabilities		142,951	148,299
Non-Current Liabilities			
Provisions	13	-	6,809
Total Non-Current Liabilities		-	6,809
Total Liabilities		142,951	155,108
Net Assets		705,838	582,664
EQUITY			
Accumulated funds		705,838	582,664
Total Equity		705,838	582,664

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		582,664
Net Result for the Year		123,174
Balance at 30 June 2016		<u>705,838</u>
Balance at 1 July 2014		455,867
Net result for the year		126,797
Balance at 30 June 2015		<u>582,664</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(54,352)	(107,802)
Council fees		(12,601)	(11,346)
Sitting fee costs		(5,679)	(3,556)
Audit fees		(5,650)	(5,510)
Occupancy costs		(9,586)	(10,627)
Computer Services		(12,930)	(13,126)
Temporary labour costs		(8,867)	(13,392)
Other expenses		(10,193)	(16,490)
Total Payments		(119,858)	(181,849)
Receipts			
Receipts from registration fees		211,370	256,021
Interest received		9,073	22,333
Other		-	-
Total Receipts		220,443	278,354
Net Cash Flows from Operating Activities	17	100,585	96,505
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		83	-
Purchases of plant and equipment and intangible assets		1,845	(1,898)
Net Cash Flows from Investing Activities		1,928	(1,898)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		102,513	94,607
Opening cash and cash equivalents		720,085	625,478
Closing Cash and Cash Equivalents	7	822,598	720,085

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Occupational Therapy Council of New South Wales (the Council), established on 1 July 2012, 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 NSW Health Professional Councils agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practitioner for Council of New South Wales for the allocation of indirect pooled costs effective 1 July 2014 to 30 June 2015.

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 Practitioner 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.

Notes to the Financial Statements (continued)

These indirect costs are shown as part of the Council's statement of comprehensive income under 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

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 (NRAS) for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission. The Council was established on 1 July 2012 upon joining the NRAS.

Under s 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 2016 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)

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)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

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)

viii. Loans and Receivables

Loans and 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.

I. 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), recreation 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, discounted to today's present value.

Notes to the Financial Statements (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 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows:

AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

Notes to the Financial Statements (continued)

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	49,231	95,771
Superannuation	5,993	6,527
Payroll taxes	2,814	7,029
Worker's compensation insurance	144	344
	58,182	109,671

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	9,233	10,264
Council fees	12,601	11,346
Sitting fees	5,679	3,556
Contracted labour	8,868	13,392
	42,031	44,068

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	17	62
Furniture and fittings	54	54
Office equipment	550	655
	621	771
Amortisation		
Leasehold improvement	2,020	158
Intangible assets	1,408	1,279
	3,428	1,437
Total Depreciation and Amortisation	4,049	2,208

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	38	91
	38	91

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	2,829	4,533
Fees for service	20,271	21,845
Postage and communication	649	1,082
Printing and stationery	499	1,010
Equipment and furniture	72	81
General administration expenses	1,341	2,471
Loss on re-allocation of Make good asset	1,560	-
	27,221	31,022

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Other expenses	-	7,402
Total (excluding GST)	-	7,402

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	17,585	22,332
	<u>17,585</u>	<u>22,332</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	2,632	148
	<u>2,632</u>	<u>148</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(171)
Gain/(Loss) on disposal/additions during the year	83	-
	<u>83</u>	<u>(171)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(96)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(96)</u>
Total Gain/(Loss) on Disposal/Additions	<u>83</u>	<u>(267)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	45,041	44,577
Cash at bank - held by HPCA*	777,557	675,508
	<u>822,598</u>	<u>720,085</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:

	2016	2015
	\$	\$
Education and research account**	45,041	44,577
	<u>45,041</u>	<u>44,577</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	3,230	2997
Other receivables	1,927	1,366
Interest receivable	8,514	2
Trade receivables	7,637	908
Less: allowance for impairment	-	-
	21,308	5,273

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2015					
Gross carrying amount	4,948	248	272	9,182	14,650
Accumulated depreciation and impairment	(688)	(236)	(163)	(8,300)	(9,387)
Net Carrying Amount	4,260	12	109	882	5,263
At 30 June 2016					
Gross carrying amount	3,513	138	296	9,223	13,170
Accumulated depreciation and impairment	(2,708)	(5)	(217)	(8,850)	(11,780)
Net Carrying Amount	805	133	79	373	1,390

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	4,260	12	109	882	5,263
Additions	202	138	24	41	405
Other ¹	(1,637)	-	-	-	(1,637)
Depreciation	(2,020)	(17)	(54)	(550)	(2,641)
Net Carrying Amount at End of Year	805	133	79	373	1,390

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,084	261	287	9,332	10,964
Accumulated depreciation and impairment	(607)	(183)	(116)	(8,068)	(8,974)
Net Carrying Amount	477	78	171	1,264	1,990
At 30 June 2015					
Gross carrying amount	4,948	248	272	9,182	14,650
Accumulated depreciation and impairment	(688)	(236)	(163)	(8,300)	(9,387)
Net Carrying Amount	4,260	12	109	882	5,263

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	477	78	171	1,264	1,990
Additions	4,035	-	-	339	4,374
Other ¹	(94)	(4)	(8)	(66)	(172)
Depreciation	(158)	(62)	(54)	(655)	(929)
Net Carrying Amount at End of Year	4,260	12	109	882	5,263

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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	19,721
Accumulated amortisation and impairment	-	(16,228)	(16,228)
Net Carrying Amount	233	3,260	3,493
Year Ended 30 June 2016			
Net carrying amount at start of year	6,675	476	7,151
Additions	233	128	361
Transfer	(6,675)	6,675	-
Other ¹	-	(2,611)	(2,611)
Amortisation	-	(1,408)	(1,408)
Net Carrying Amount at End of Year	233	3,260	3,493

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	5,115	16,138	21,253
Accumulated amortisation and impairment	-	(14,286)	(14,286)
Net Carrying Amount	5,115	1,852	6,967
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	5,115	1,852	6,967
Additions	1,955	-	1,955
Other ¹	(395)	(97)	(492)
Amortisation	-	(1,279)	(1,279)
Net Carrying Amount at End of Year	6,675	476	7,151

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	12,825	9,138
Trade and other payables	37,243	34,121
	<u>50,068</u>	<u>43,259</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	88,744	105,040
	<u>88,744</u>	<u>105,040</u>

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

	2016	2015
	\$	\$
Current		
Make good	4,139	-
	<u>4,139</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	6,809
	<u>-</u>	<u>6,809</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	6,809	2,831
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(2,632)	(148)
Increase/(Decrease) in provisions recognised	(76)	4,035
Unwinding/change in discount rate	38	91
Carrying Amount at the End of Year	<u>4,139</u>	<u>6,809</u>

Notes to the Financial Statements (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 2016 and is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	2,666	9,792
Later than one year and not later than five years	-	4,142
Total (including GST)	2,666	13,934

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	123,174	126,797
Depreciation and amortisation	4,049	2,208
(Increase)/Decrease in receivables	(16,035)	1,683
Increase/(Decrease) in fees in advance	(16,295)	(44,276)
Increase/(Decrease) in payables	6,809	9,883
Increase/(Decrease) in provisions	(1,034)	(57)
Net (gain)/loss on sale of plant and equipment	(83)	267
Net Cash used on Operating Activities	100,585	96,505

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	822,598	720,085
Receivables ¹	8	Loans and receivables (measured at amortised cost)	16,151	910

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	50,068	43,259

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Optometry Council

of New South Wales

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Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Pauline O'Connor
Deputy President

Date: 17 October 2016



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 report of the Optometry Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(97,157)	(81,040)
Other operating expenses	2(b)	(39,857)	(37,594)
Depreciation and amortisation	2(c)	(4,450)	(2,124)
Finance costs	2(d)	(58)	(88)
Other expenses	2(e)	(22,871)	(18,759)
Total Expenses Excluding Losses		(164,393)	(139,605)
REVENUE			
Registration fees		191,741	182,364
Interest revenue	5(a)	9,373	12,327
Other revenue	5(b)	154	490
Total Revenue		201,268	195,181
Gain/(Loss) on disposal	6	80	(729)
Net Result		36,955	54,847
Other comprehensive income		-	-
Total Comprehensive Income		36,955	54,847

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	464,851	395,882
Receivables	8	13,740	4,514
Total Current Assets		478,591	400,396
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		1,209	4,098
Motor vehicles		204	12
Furniture and fittings		89	104
Office equipment		379	850
Total Plant and equipment		1,881	5,064
Intangible assets	10	1,832	4,160
Total Non-Current Assets		3,713	9,224
Total Assets		482,304	409,620
LIABILITIES			
Current Liabilities			
Payables	11	63,652	32,251
Fees in advance	12	79,686	75,145
Provisions	13	6,338	-
Total Current Liabilities		149,676	107,396
Non-Current Liabilities			
Provisions	13	-	6,551
Total Non-Current Liabilities		-	6,551
Total Liabilities		149,676	113,947
Net Assets		332,628	295,673
EQUITY			
Accumulated funds		332,628	295,673
Total Equity		332,628	295,673

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		295,673
Net Result for the Year		36,955
Balance at 30 June 2016		<u>332,628</u>
Balance at 1 July 2014		240,826
Net result for the year		54,847
Balance at 30 June 2015		<u>295,673</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(81,655)	(83,991)
Council fees		(8,760)	(8,091)
Sitting fee costs		(739)	(2,197)
Audit fees		(5,650)	(5,510)
Occupancy costs		(13,639)	(12,665)
Computer Services		(13,024)	(10,959)
Other expenses		(5,961)	(13,753)
Total Payments		(129,428)	(137,166)
Receipts			
Receipts from registration fees		192,734	185,245
Interest received		4,730	12,328
Total Receipts		197,464	197,573
Net Cash Flows from Operating Activities	17	68,036	60,407
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		80	-
Purchases of plant and equipment and intangible assets		853	(942)
Net Cash Flows from Investing Activities		933	(942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		68,969	59,465
Opening cash and cash equivalents		395,882	336,417
Closing Cash and Cash Equivalents	7	464,851	395,882

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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.

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.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

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)

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. Loans and Receivables

Loans and 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	83,727	69,477
Superannuation	8,448	5,974
Payroll taxes	4,759	5,269
Worker's compensation insurance	223	320
	97,157	81,040

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	13,156	12,309
Council fees	8,760	8,091
Sitting fees	739	2,197
NSW Civil & Administrative Tribunal fixed costs	2,355	1,620
Contracted labour	9,197	7,867
	39,857	37,594

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	20	60
Furniture and fittings	52	52
Office equipment	534	630
	606	742
Amortisation		
Leasehold improvement	2,991	152
Intangible assets	853	1,230
	3,844	1,382
Total Depreciation and Amortisation	4,450	2,124

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	58	88
	58	88

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	3,870	2,122
Fees for service	14,699	12,450
Postage and communication	994	886
Printing and stationery	797	968
Equipment and furniture	66	28
General administration expenses	2,354	2,305
Loss on re-allocation of Make good asset	91	-
	22,871	18,759

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	9,373	12,327
	9,373	12,327

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	154	490
	154	490

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(409)
Gain/(Loss) on disposal/additions during the year	80	-
	<u>80</u>	<u>(409)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(320)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(320)</u>
Total Gain/(Loss) on Disposal/Additions	<u>80</u>	<u>(729)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	45,248	44,783
Cash at bank - held by HPCA*	419,603	351,099
	<u>464,851</u>	<u>395,882</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:

	2016	2015
	\$	\$
Education and research account**	45,248	44,783
	<u>45,248</u>	<u>44,783</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	2,878	2,725
Other receivables	1,789	908
Interest receivable	4,644	1
Trade receivables	4,429	880
Less: allowance for impairment	-	-
	13,740	4,514

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2015					
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					
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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	4,098	12	104	850	5,064
Additions	310	212	37	63	622
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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,176	283	311	10,121	11,891
Accumulated depreciation and impairment	(659)	(198)	(125)	(8,750)	(9,732)
Net Carrying Amount	517	85	186	1,371	2,159
At 30 June 2015					
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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	517	85	186	1,371	2,159
Additions	3,882	-	-	326	4,208
Other ¹	(149)	(13)	(30)	(217)	(409)
Depreciation	(152)	(60)	(52)	(630)	(894)
Net Carrying Amount at End of Year	4,098	12	104	850	5,064

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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			
Net carrying amount at start of year	3,701	459	4,160
Additions	202	62	264
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	3,086	17,502	20,588
Accumulated amortisation and impairment	-	(15,494)	(15,494)
Net Carrying Amount	3,086	2,008	5,094
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	3,086	2,008	5,094
Additions	944	-	944
Other ¹	(329)	(319)	(648)
Amortisation	-	(1,230)	(1,230)
Net Carrying Amount at End of Year	3,701	459	4,160

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	22,722	7,443
Trade and other payables	40,930	24,808
	<u>63,652</u>	<u>32,251</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	79,686	75,145
	<u>79,686</u>	<u>75,145</u>

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

	2016	2015
	\$	\$
Current		
Make good	6,338	-
	<u>6,338</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	6,551
	<u>-</u>	<u>6,551</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	6,551	3,070
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(154)	(490)
Increase/(Decrease) in provisions recognised	(117)	3,883
Unwinding/change in discount rate	58	88
Carrying Amount at the End of Year	<u>6,338</u>	<u>6,551</u>

Notes to the Financial Statements (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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14.COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	5,090	13,901
Later than one year and not later than five years	-	5,880
Total (including GST)	5,090	19,781

15.RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16.CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	36,955	54,847
Depreciation and amortisation	4,450	2,124
(Increase)/Decrease in receivables	(9,227)	(862)
Increase/(Decrease) in fees in advance	4,541	3,739
Increase/(Decrease) in payables	31,401	232
Increase/(Decrease) in provisions	(4)	(402)
Net (gain)/loss on sale of plant and equipment	(80)	729
Net Cash used on Operating Activities	68,036	60,407

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	464,851	395,882
Receivables ¹	8	Loans and receivables (measured at amortised cost)	9,073	881

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	63,652	32,251

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Soraya Mir
Council Member

Date: 17 October 2016



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 report of the Osteopathy Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(72,877)	(63,964)
Other operating expenses	2(b)	(81,578)	(87,769)
Depreciation and amortisation	2(c)	(3,463)	(1,632)
Finance costs	2(d)	(45)	(68)
Other expenses	2(e)	(24,093)	(18,424)
Total Expenses Excluding Losses		(182,056)	(171,857)
REVENUE			
Registration fees		182,569	164,381
Interest revenue	5(a)	5,672	7,109
Other revenue	5(b)	118	9,800
Total Revenue		188,359	181,290
Gain/(Loss) on disposal	6	62	809
Net Result		6,365	10,242
Other comprehensive income		-	-
Total Comprehensive Income		6,365	10,242

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	264,807	225,792
Receivables	8	11,935	4,246
Total Current Assets		276,742	230,038
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		929	3,148
Motor vehicles		156	9
Furniture and fittings		69	80
Office equipment		291	653
Total Plant and equipment		1,445	3,890
Intangible assets	10	1,522	3,771
Total Non-Current Assets		2,967	7,661
Total Assets		279,709	237,699
LIABILITIES			
Current Liabilities			
Payables	11	57,377	33,171
Fees in advance	12	77,562	65,960
Provisions	13	4,869	-
Total Current Liabilities		139,808	99,131
Non-Current Liabilities			
Provisions	13	-	5,032
Total Non-Current Liabilities		-	5,032
Total Liabilities		139,808	104,163
Net Assets		139,901	133,536
EQUITY			
Accumulated funds		139,901	133,536
Total Equity		139,901	133,536

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		133,536
Net Result for the Year		6,365
Balance at 30 June 2016		<u>139,901</u>
Balance at 1 July 2014		123,294
Net result for the year		10,242
Balance at 30 June 2015		<u>133,536</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(60,239)	(62,937)
Council fees		(8,660)	(8,062)
Sitting fee costs		(41,457)	(43,648)
Audit fees		(5,650)	(5,510)
Occupancy costs		(18,714)	(13,877)
Temporary labour costs		(6,228)	(4,731)
Computer Services		(11,636)	(10,404)
Other expenses		(3,983)	(12,684)
Total Payments		(156,567)	(161,853)
Receipts			
Receipts from registration fees		191,696	170,061
Interest received		2,753	7,109
Other		-	9,800
Total Receipts		194,449	186,970
Net Cash Flows from Operating Activities	17	37,882	25,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		62	-
Purchases of plant and equipment and intangible assets		1,071	(806)
Net Cash Flows from Investing Activities		1,133	(806)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		39,015	24,311
Opening cash and cash equivalents		225,792	201,481
Closing Cash and Cash Equivalents	7	264,807	225,792

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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.

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.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

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)

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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	62,426	55,306
Superannuation	6,640	4,650
Payroll taxes	3,647	3,766
Worker's compensation insurance	164	242
	<u>72,877</u>	<u>63,964</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	18,012	13,458
Council fees	8,660	8,062
Sitting fees	41,457	43,648
NSW Civil & Administrative Tribunal fixed costs	1,571	12,360
Contracted labour	6,228	4,731
	<u>81,578</u>	<u>87,769</u>

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	16	47
Furniture and fittings	40	40
Office equipment	410	483
	<u>466</u>	<u>570</u>
Amortisation		
Leasehold improvement	2,297	117
Intangible assets	700	945
	<u>2,997</u>	<u>1,062</u>
Total Depreciation and Amortisation	<u>3,463</u>	<u>1,632</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	45	68
	45	68

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	649	3,935
Fees for service	19,898	11,200
Postage and communication	764	647
Printing and stationery	685	742
Equipment and furniture	45	9
General administration expenses	1,982	1,259
Loss on re-allocation of Make good asset	70	-
Loss on re-allocation of Make good provision	-	632
	24,093	18,424

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	5,672	7,109
	<u>5,672</u>	<u>7,109</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	118	-
Legal fee recoveries	-	9,800
	<u>118</u>	<u>9,800</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	395
Gain/(Loss) on disposal/additions during the year	62	-
	62	395
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	414
Gain/(Loss) on disposal/additions during the year	-	-
	-	414
Total Gain/(Loss) on Disposal/Additions	62	809

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	228	227
Cash at bank - held by HPCA*	264,579	225,565
	264,807	225,792

* 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:

	2016	2015
	\$	\$
Education and research account**	228	227
	228	227

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	2,706	2,548
Other receivables	3,526	1,389
Interest receivable	2,920	1
Trade receivables	2,783	308
Less: allowance for impairment	-	-
	11,935	4,246

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2015					
Gross carrying amount	3,656	184	201	6,786	10,827
Accumulated depreciation and impairment	(508)	(175)	(121)	(6,133)	(6,937)
Net Carrying Amount	3,148	9	80	653	3,890
At 30 June 2016					
Gross carrying amount	3,734	162	230	6,835	10,961
Accumulated depreciation and impairment	(2,805)	(6)	(161)	(6,544)	(9,516)
Net Carrying Amount	929	156	69	291	1,445

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	3,148	9	80	653	3,890
Additions	238	163	29	48	478
Other ¹	(160)	-	-	-	(160)
Depreciation	(2,297)	(16)	(40)	(410)	(2,763)
Net Carrying Amount at End of Year	929	156	69	291	1,445

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	517	125	137	4,452	5,231
Accumulated depreciation and impairment	(290)	(87)	(55)	(3,849)	(4,281)
Net Carrying Amount	227	38	82	603	950
At 30 June 2015					
Gross carrying amount	3,656	184	201	6,786	10,827
Accumulated depreciation and impairment	(508)	(175)	(121)	(6,133)	(6,937)
Net Carrying Amount	3,148	9	80	653	3,890

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	227	38	82	603	950
Additions	2,982	-	-	251	3,233
Other ¹	56	18	38	282	394
Depreciation	(117)	(47)	(40)	(483)	(687)
Net Carrying Amount at End of Year	3,148	9	80	653	3,890

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
Cost (gross carrying amount)	3,419	11,304	14,723
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	13,040	13,174
Accumulated amortisation and impairment	-	(11,652)	(11,652)
Net Carrying Amount	134	1,388	1,522
Year Ended 30 June 2016			
Net carrying amount at start of year	3,419	352	3,771
Additions	134	53	187
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. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	2,864	7,699	10,563
Accumulated amortisation and impairment	-	(6,816)	(6,816)
Net Carrying Amount	2,864	883	3,747
At 30 June 2015			
Cost (gross carrying amount)	3,419	11,304	14,723
Accumulated amortisation and impairment	-	(10,952)	(10,952)
Net Carrying Amount	3,419	352	3,771
Year Ended 30 June 2015			
Net carrying amount at start of year	2,864	883	3,747
Additions	810	-	810
Disposals	(255)	-	(255)
Other	-	414	414
Amortisation	-	(945)	(945)
Net Carrying Amount at End of Year	3,419	352	3,771

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	18,158	5,683
Trade and other payables	39,219	27,488
	<u>57,377</u>	<u>33,171</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	77,562	65,960
	<u>77,562</u>	<u>65,960</u>

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

	2016	2015
	\$	\$
Current		
Make good	4,869	-
	<u>4,869</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	5,032
	<u>-</u>	<u>5,032</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	5,032	1,351
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(118)	632
Increase/(Decrease) in provisions recognised	(90)	2,981
Unwinding/change in discount rate	45	68
Carrying Amount at the End of Year	<u>4,869</u>	<u>5,032</u>

Notes to the Financial Statements (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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

a. Capital Commitments

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	4,810	16,064
Later than one year and not later than five years	-	6,797
Total (including GST)	4,810	22,861

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	6,365	10,242
Depreciation and amortisation	3,463	1,632
(Increase)/Decrease in receivables	(7,688)	221
Increase/(Decrease) in fees in advance	11,602	4,766
Increase/(Decrease) in payables	24,205	8,366
Increase/(Decrease) in provisions	(3)	699
Net (gain)/loss on sale of plant and equipment	(62)	(809)
Net Cash used on Operating Activities	37,882	25,117

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	264,807	225,792
Receivables ¹	8	Loans and receivables (measured at amortised cost)	5,703	309

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	57,377	33,171

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements



Financial statements

Year ended 30 June 2016

Pharmacy Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Mr Adrian Lee
Deputy President

Date: 17 October 2016



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 report of the Pharmacy Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(909,616)	(835,392)
Other operating expenses	2(b)	(1,107,737)	(687,868)
Depreciation and amortisation	2(c)	(135,518)	(85,118)
Finance costs	2(d)	(796)	(949)
Other expenses	2(e)	(411,739)	(329,575)
Education and research expenses	3	(4,000)	(20,122)
Total Expenses Excluding Losses		(2,569,406)	(1,959,024)
REVENUE			
Registration fees		2,344,867	2,263,343
Interest revenue	5(a)	102,981	126,185
Other revenue	5(b)	259,941	242,248
Total Revenue		2,707,789	2,631,776
Gain/(Loss) on disposal	6	(2,540)	(8,949)
Net Result		135,843	663,803
Other comprehensive income		-	-
Total Comprehensive Income		135,843	663,803

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,217,199	4,457,467
Receivables	8	157,539	48,148
Total Current Assets		5,374,738	4,505,615
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		20,787	59,429
Motor vehicles		62,426	44,864
Furniture and fittings		3,350	5,732
Office equipment		4,233	9,164
Total Plant and equipment		90,796	119,189
Intangible assets	10	141,245	213,030
Total Non-Current Assets		232,041	332,219
Total Assets		5,606,779	4,837,834
LIABILITIES			
Current Liabilities			
Payables	11	762,974	460,941
Fees in advance	12	1,595,445	1,277,390
Provisions	13	86,112	-
Total Current Liabilities		2,444,531	1,738,331
Non-Current Liabilities			
Fees in advance	12	-	2,422
Provisions	13	-	70,676
Total Non-Current Liabilities		-	73,098
Total Liabilities		2,444,531	1,811,429
Net Assets		3,162,248	3,026,405
EQUITY			
Accumulated funds		3,162,248	3,026,405
Total Equity		3,162,248	3,026,405

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		3,026,405
Net Result for the Year		135,843
Balance at 30 June 2016		<u>3,162,248</u>
Balance at 1 July 2014		2,362,602
Net result for the year		663,803
Balance at 30 June 2015		<u>3,026,405</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(740,771)	(888,516)
Council fees		(163,062)	(160,078)
Sitting fee costs		(198,532)	(132,342)
Audit fees		(15,820)	(15,430)
Occupancy costs		(181,785)	(144,048)
Temporary labour costs		(506,235)	(193,094)
Computer Services		(115,995)	(81,164)
Other expenses		(218,237)	(150,060)
Total Payments		(2,140,437)	(1,764,732)
Receipts			
Receipts from registration fees		2,625,869	2,311,548
Interest received		53,833	126,191
Other		250,322	240,883
Total Receipts		2,930,024	2,678,622
Net Cash Flows from Operating Activities	17	789,587	913,890
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		33,432	13,455
Purchases of plant and equipment and intangible assets		(63,287)	(120,105)
Net Cash Flows from Investing Activities		(29,855)	(106,650)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		759,732	807,240
Opening cash and cash equivalents		4,457,467	3,650,227
Closing Cash and Cash Equivalents	7	5,217,199	4,457,467

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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, new or varied applications for pharmacy businesses and acquisition of pecuniary interest in pharmacy body corporate.

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*.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(iii) 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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	777,686	708,307
Superannuation	83,872	69,358
Payroll taxes	45,411	54,297
Worker's compensation insurance	2,647	3,430
	<u>909,616</u>	<u>835,392</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	15,820	15,430
Rent and building expenses	175,396	140,005
Council fees	163,062	160,077
Sitting fees	198,532	132,342
NSW Civil & Administrative Tribunal fixed costs	48,692	46,920
Contracted labour	506,235	193,094
	<u>1,107,737</u>	<u>687,868</u>

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	15,615	15,365
Furniture and fittings	2,887	2,887
Office equipment	5,788	6,795
	<u>24,290</u>	<u>25,047</u>
Amortisation		
Leasehold improvement	50,877	12,340
Intangible assets	60,351	47,731
	<u>111,228</u>	<u>60,071</u>
Total Depreciation and Amortisation	<u>135,518</u>	<u>85,118</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	796	949
	<u>796</u>	<u>949</u>

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	106,679	119,157
Fees for service	194,528	154,776
Postage and communication	14,164	12,634
Printing and stationery	23,944	20,003
Equipment and furniture	801	1,023
General administration expenses	55,391	21,158
Loss on re-allocation of Make good provision	16,232	824
	<u>411,739</u>	<u>329,575</u>

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Grants	4,000	18,400
Other expenses	-	1,722
Total (excluding GST)	<u>4,000</u>	<u>20,122</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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	102,981	126,185
	<u>102,981</u>	<u>126,185</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	-	1,365
Profit on re-allocation of Make good asset	9,619	-
Legal Fee Recoveries	8,669	-
External Consulting Fee Recoveries	18,624	34,709
Application Fees	213,895	196,066
Other Revenue	9,134	10,108
	<u>259,941</u>	<u>242,248</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(5,145)
Gain/(Loss) on disposal/additions during the year	(2,540)	(3,459)
	<u>(2,540)</u>	<u>(8,604)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(345)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(345)</u>
Total Gain/(Loss) on Disposal/Additions	<u>(2,540)</u>	<u>(8,949)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	27,856	31,447
Cash at bank - held by HPCA*	5,189,343	4,426,020
	<u>5,217,199</u>	<u>4,457,467</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:

	2016	2015
	\$	\$
Education and research account**	27,856	31,447
	<u>27,856</u>	<u>31,447</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	19,226	15,097
Other receivables	41,431	19,949
Interest receivable	49,161	12
Trade receivables	51,031	16,400
Less: allowance for impairment	(3,310)	(3,310)
	157,539	48,148

Movement in the Allowance for Impairment

	2016	2015
	\$	\$
Balance at beginning of year	3,310	3,310
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at end of year	3,310	3,310

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

Analysis of Trade Debtors Overdue				\$
2016	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	2,602	2,602	-	
3-6 months overdue	-	-	-	
> 6 months overdue	1,181	1,181	-	
2015				
< 3 months overdue	3,280	3,280	-	
3-6 months overdue	5,582	5,582	-	
> 6 months overdue	5,274	1,964	3,310	

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)

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 2015					
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 current reporting period is set out below:

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	64,819	58,976	16,261	93,565	233,621
Accumulated depreciation and impairment	(30,184)	(14,872)	(6,612)	(80,887)	(132,555)
Net Carrying Amount	34,635	44,104	9,649	12,678	101,066
At 30 June 2015					
Gross carrying amount	101,599	63,487	14,437	95,307	271,398
Accumulated depreciation and impairment	(89,615)	(18,623)	(8,705)	(86,143)	(152,209)
Net Carrying Amount	59,429	44,864	5,732	9,164	119,189

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	34,635	44,104	9,649	12,678	101,066
Additions	41,882	32,167	-	3,518	77,567
Disposals	-	(16,914)	-	-	(16,914)
Other ¹	(4,748)	872	(1,030)	(237)	(5,143)
Depreciation	(12,340)	(15,365)	(2,887)	(6,795)	(37,387)
Net Carrying Amount at End of Year	59,429	44,864	5,732	9,164	119,189

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	158,126	161,801	319,927
Accumulated amortisation and impairment	-	(143,240)	(143,240)
Net Carrying Amount	158,126	18,561	176,687
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	158,126	18,561	176,687
Additions	85,043	-	85,043
Disposals	(624)	-	(624)
Other ¹	(200,613)	200,268	(345)
Amortisation	-	(47,731)	(47,731)
Net Carrying Amount at End of Year	41,932	171,098	213,030

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)**11. PAYABLES**

	2016	2015
	\$	\$
Personnel services - Ministry of Health	257,269	91,071
Trade and other payables	505,705	369,870
	762,974	460,941

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	1,594,733	1,277,390
Deferred other revenue	712	-
	1,595,445	1,277,390
Non-Current		
Deferred other revenue	-	2,422
	-	2,422

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

	2016	2015
	\$	\$
Current		
Make good	86,112	-
	<u>86,112</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	70,676
	<u>-</u>	<u>70,676</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	70,676	28,385
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	16,233	(541)
Increase/(Decrease) in provisions recognised	(1,593)	41,883
Unwinding/change in discount rate	796	949
Carrying Amount at the End of Year	<u>86,112</u>	<u>70,676</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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

Notes to the Financial Statements (continued)

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	63,346	180,061
Later than one year and not later than five years	-	76,168
Total (including GST)	63,346	256,229

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	135,843	663,803
Depreciation and amortisation	135,518	85,118
(Increase)/Decrease in receivables	(109,391)	(6,493)
Increase/(Decrease) in fees in advance	315,634	44,938
Increase/(Decrease) in payables	302,034	117,167
Increase/(Decrease) in provisions	7,409	408
Net (gain)/loss on sale of plant and equipment	2,540	8,949
Net Cash used on Operating Activities	789,587	913,890

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	5,217,199	4,457,467
Receivables ¹	8	Loans and receivables (measured at amortised cost)	96,882	13,102
Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	762,974	460,941

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

The background of the cover is a dark purple color. It features a grid of small, light purple plus signs (+) arranged in a pattern that is partially obscured by a white map of New South Wales. The map is positioned on the left side of the cover, with its right edge following the coastline. The text is placed over the purple background, with the main title and subtitle on the left, and the organization's name and location below it.

Financial statements

Year ended 30 June 2016

Physiotherapy Council

of New South Wales



Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Professor Darren Rivett
Deputy President

Date: 17 October 2016



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 report of the Physiotherapy Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(172,465)	(248,862)
Other operating expenses	2(b)	(128,314)	(131,601)
Depreciation and amortisation	2(c)	(16,570)	(12,305)
Finance costs	2(d)	(108)	(204)
Other expenses	2(e)	(55,978)	(57,429)
Total Expenses Excluding Losses		(373,435)	(450,401)
REVENUE			
Registration fees		556,200	515,426
Interest revenue	5(a)	29,453	38,005
Other revenue	5(b)	4,710	1,814
Total Revenue		590,363	555,245
Gain/(Loss) on disposal	6	186	1,932
Net Result		217,114	106,776
Other comprehensive income		-	-
Total Comprehensive Income		217,114	106,776

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,449,169	1,201,069
Receivables	8	52,462	12,719
Total Current Assets		1,501,631	1,213,788
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		4,796	18,121
Motor vehicles		376	27
Furniture and fittings		1,485	2,855
Other		853	1,968
Total Plant and equipment		7,510	22,971
Intangible assets	10	4,795	11,619
Total Non-Current Assets		12,305	34,590
Total Assets		1,513,936	1,248,378
LIABILITIES			
Current Liabilities			
Payables	11	141,489	95,562
Fees in advance	12	219,321	212,265
Provisions	13	11,693	-
Total Current Liabilities		372,503	307,827
Non-Current Liabilities			
Fees in advance	12	-	1,056
Provisions	13	-	15,176
Total Non-Current Liabilities		-	16,232
Total Liabilities		372,503	324,059
Net Assets		1,141,433	924,319
EQUITY			
Accumulated funds		1,141,433	924,319
Total Equity		1,141,433	924,319

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		924,319
Net Result for the Year		217,114
Balance at 30 June 2016		<u>1,141,433</u>
Balance at 1 July 2014		817,543
Net result for the year		106,776
Balance at 30 June 2015		<u>924,319</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(151,364)	(253,563)
Council fees		(21,483)	(17,209)
Sitting fee costs		(21,182)	(25,538)
Audit fees		(6,100)	(5,950)
Occupancy costs		(43,728)	(43,527)
Computer Services		(24,630)	(23,115)
Temporary labour costs		(24,108)	(25,117)
Other expenses		(20,249)	(22,182)
Total Payments		(312,844)	(416,201)
Receipts			
Receipts from registration fees		541,104	526,779
Interest received		14,819	38,007
Other		1,335	1,469
Total Receipts		557,258	566,255
Net Cash Flows from Operating Activities	17	244,414	150,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		186	-
Purchases of plant and equipment and intangible assets		3,500	(2,393)
Net Cash Flows from Investing Activities		3,686	(2,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		248,100	147,661
Opening cash and cash equivalents		1,201,069	1,053,408
Closing Cash and Cash Equivalents	7	1,449,169	1,201,069

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 NSW Health Professional Councils agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practitioner for Council of New South Wales for the allocation of indirect pooled costs effective 1 July 2014 to 30 June 2015.

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 Practitioner 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 under 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)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(iii) 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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	145,628	217,804
Superannuation	17,442	15,282
Payroll taxes	8,983	15,016
Worker's compensation insurance	412	760
	172,465	248,862

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	6,100	5,950
Rent and building expenses	42,089	42,127
Council fees	21,483	17,209
Sitting fees	21,182	25,538
NSW Civil & Administrative Tribunal fixed costs	13,352	15,660
Contracted labour	24,108	25,117
	128,314	131,601

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	43	139
Furniture and fittings	1,439	1,439
Office equipment	1,231	1,459
	2,713	3,037
Amortisation		
Leasehold improvement	11,681	6,419
Intangible assets	2,176	2,849
	13,857	9,268
Total Depreciation and Amortisation	16,570	12,305

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	108	204
	108	204

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	9,075	10,964
Fees for service	35,002	34,407
Postage and communication	1,834	2,030
Printing and stationery	1,653	2,246
Equipment and furniture	158	130
General administration expenses	6,256	7,652
Loss on re-allocation of Make good provision	2,000	-
	55,978	57,429

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	29,453	38,005
	<u>29,453</u>	<u>38,005</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	3,375	345
Other	1,335	1,469
	<u>4,710</u>	<u>1,814</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	2,156
Gain/(Loss) on disposal/additions during the year	186	-
	<u>186</u>	<u>2,156</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(224)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(224)</u>
Total Gain/(Loss) on Disposal/Additions	<u>186</u>	<u>1,932</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	190,752	188,603
Cash at bank - held by HPCA*	1,258,417	1,012,466
	<u>1,449,169</u>	<u>1,201,069</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:

	2016	2015
	\$	\$
Education and research account**	190,751	188,603
	<u>190,751</u>	<u>188,603</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	5,705	4,969
Other receivables	6,150	2,872
Interest receivable	14,637	3
Trade receivables	25,970	4,875
Less: allowance for impairment	-	-
	52,462	12,719

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

Analysis of Trade Debtors Overdue				\$
2016	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	1,469	1,469	-	
2015				
< 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)

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 2015					
Gross carrying amount	37,576	554	7,194	20,466	65,790
Accumulated depreciation and impairment	(19,455)	(527)	(4,339)	(18,498)	(42,819)
Net Carrying Amount	18,121	27	2,855	1,968	22,971
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 current reporting period is set out below:

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	18,121	27	2,855	1,968	22,971
Additions	572	392	69	116	1,149
Other ¹	(2,216)	-	-	-	(2,216)
Depreciation	(11,681)	(43)	(1,439)	(1,231)	(14,394)
Net Carrying Amount at End of Year	4,796	376	1,485	853	7,510

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	25,346	583	6,332	20,848	53,109
Accumulated depreciation and impairment	(11,595)	(408)	(2,562)	(18,023)	(32,588)
Net Carrying Amount	13,751	175	3,770	2,825	20,521
At 30 June 2015					
Gross carrying amount	37,576	554	7,194	20,466	65,790
Accumulated depreciation and impairment	(19,455)	(527)	(4,339)	(18,498)	(42,819)
Net Carrying Amount	18,121	27	2,855	1,968	22,971

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	13,751	175	3,770	2,825	20,521
Additions	8,993	-	-	755	9,748
Other ¹	1,796	(9)	524	(153)	2,158
Depreciation	(6,419)	(139)	(1,439)	(1,459)	(9,456)
Net Carrying Amount at End of Year	18,121	27	2,855	1,968	22,971

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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
Year Ended 30 June 2016			
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	4,795

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	8,920	36,051	44,971
Accumulated amortisation and impairment	-	(31,915)	(31,915)
Net Carrying Amount	8,920	4,136	13,056
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	8,920	4,136	13,056
Additions	2,562	-	2,562
Other ¹	(925)	(225)	(1,150)
Amortisation	-	(2,849)	(2,849)
Net Carrying Amount at End of Year	10,557	1,062	11,619

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	41,781	21,091
Trade and other payables	99,708	74,471
	141,489	95,562

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	219,010	212,265
Deferred other revenue	311	-
	219,321	212,265
Non-Current		
Deferred other revenue	-	1,056
	-	1,056

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

	2016	2015
	\$	\$
Current		
Make good	11,693	-
	<u>11,693</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	15,176
	<u>-</u>	<u>15,176</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	15,176	6,325
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(3,375)	(346)
Increase/(Decrease) in provisions recognised	(216)	8,993
Unwinding/change in discount rate	108	204
Carrying Amount at the End of Year	<u>11,693</u>	<u>15,176</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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

Notes to the Financial Statements (continued)

14. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	15,378	41,814
Later than one year and not later than five years	-	17,691
Total (including GST)	15,378	59,505

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	217,114	106,776
Depreciation and amortisation	16,570	12,305
(Increase)/Decrease in receivables	(39,743)	(3,767)
Increase/(Decrease) in fees in advance	5,999	14,990
Increase/(Decrease) in payables	45,927	21,823
Increase/(Decrease) in provisions	(1,267)	(141)
Net (gain)/loss on sale of plant and equipment	(186)	(1,932)
Net Cash used on Operating Activities	244,414	150,054

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	1,449,169	1,201,069
Receivables ¹	8	Loans and receivables (measured at amortised cost)	40,607	4,878

Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	141,489	95,562

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Podiatry Council

of New South Wales





Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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: 17 October 2016

Ms Kristy Robson
Deputy President

Date: 17 October 2016



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 report of the Podiatry Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(98,252)	(80,740)
Other operating expenses	2(b)	(45,375)	(66,777)
Depreciation and amortisation	2(c)	(4,628)	(2,190)
Finance costs	2(d)	(61)	(90)
Other expenses	2(e)	(29,118)	(25,515)
Total Expenses Excluding Losses		(177,434)	(175,312)
REVENUE			
Registration fees		258,403	220,255
Interest revenue	5(a)	7,840	8,286
Other revenue	5(b)	42	316
Total Revenue		266,285	228,857
Gain/(Loss) on disposal	6	82	(495)
Net Result		88,933	53,050
Other comprehensive income		-	-
Total Comprehensive Income		88,933	53,050

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	398,883	282,797
Receivables	8	12,339	3,279
Total Current Assets		411,222	286,076
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		1,259	4,197
Motor vehicles		212	12
Furniture and fittings		124	153
Office equipment		389	870
Total Plant and equipment		1,984	5,232
Intangible assets	10	1,865	2,588
Total Non-Current Assets		3,849	7,820
Total Assets		415,071	293,896
LIABILITIES			
Current Liabilities			
Payables	11	62,125	48,675
Fees in advance	12	112,935	94,041
Provisions	13	6,606	-
Total Current Liabilities		181,666	142,716
Non-Current Liabilities			
Provisions	13	-	6,708
Total Non-Current Liabilities		-	6,708
Total Liabilities		181,666	149,424
Net Assets		233,405	144,472
EQUITY			
Accumulated funds		233,405	144,472
Total Equity		233,405	144,472

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		144,472
Net Result for the Year		88,933
Balance at 30 June 2016		<u>233,405</u>
Balance at 1 July 2014		91,422
Net result for the year		53,050
Balance at 30 June 2015		<u>144,472</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(82,296)	(84,029)
Council fees		(8,402)	(7,994)
Sitting fee costs		(955)	(45,517)
Audit fees		(5,650)	(5,510)
Occupancy costs		(14,107)	(14,888)
Temporary labour costs		(8,126)	(7,890)
Computer Services		(8,602)	(4,841)
NCAT Fixed Costs		(8,639)	(7,020)
Travel expenses		(13,138)	(11,423)
Other expenses		(10,771)	(6,014)
Total Payments		(160,686)	(195,126)
Receipts			
Receipts from registration fees		273,900	240,454
Interest received		3,593	8,287
Total Receipts		277,493	248,741
Net Cash Flows from Operating Activities	17	116,807	53,615
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		82	-
Purchases of plant and equipment and intangible assets		(803)	(1,246)
Net Cash Flows from Investing Activities		(721)	(1,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		116,086	52,369
Opening cash and cash equivalents		282,797	230,428
Closing Cash and Cash Equivalents	7	398,883	282,797

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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

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.

Notes to the Financial Statements (continued)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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.

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.

Notes to the Financial Statements (continued)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

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)

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. Loans and Receivables

Loans and 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(iii) 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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	84,182	69,234
Superannuation	8,967	6,095
Payroll taxes	4,880	5,091
Worker's compensation insurance	223	320
	98,252	80,740

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	5,650	5,510
Rent and building expenses	13,603	14,464
Council fees	8,402	7,994
Sitting fees	955	23,899
NSW Civil & Administrative Tribunal fixed costs	8,639	7,020
Contracted labour	8,126	7,890
	45,375	66,777

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	21	61
Furniture and fittings	68	68
Office equipment	547	645
	636	774
Amortisation		
Leasehold improvement	3,114	156
Intangible assets	878	1,260
	3,992	1,416
Total Depreciation and Amortisation	4,628	2,190

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	61	90
	61	90

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	13,793	12,767
Fees for service	11,037	8,888
Postage and communication	1,045	1,057
Printing and stationery	831	991
Equipment and furniture	64	19
General administration expenses	2,323	1,793
Loss on re-allocation of Make good provision	25	-
	29,118	25,515

3. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2016.

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

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	7,840	8,286
	<u>7,840</u>	<u>8,286</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	42	316
	<u>42</u>	<u>316</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(288)
Gain/(Loss) on disposal/additions during the year	82	-
	<u>82</u>	<u>(288)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(207)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>(207)</u>
Total Gain/(Loss) on Disposal/Additions	<u>82</u>	<u>(495)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	63,126	62,452
Cash at bank - held by HPCA*	335,757	220,345
	<u>398,883</u>	<u>282,797</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:

	2016	2015
	\$	\$
Education and research account**	63,126	62,452
	<u>63,126</u>	<u>62,452</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	2,752	691
Other receivables	1,942	2,587
Interest receivable	4,247	1
Trade receivables	3,398	-
Less: allowance for impairment	-	-
	12,339	3,279

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

There were no Trade Debtor's 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	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	220	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 current reporting period is set out below:

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	4,197	12	153	870	5,232
Additions	323	221	39	66	649
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:

a. Adjustments required to make good asset/liability in accordance with AASB 137.

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	1,133	273	373	9,756	11,535
Accumulated depreciation and impairment	(635)	(191)	(133)	(8,434)	(9,393)
Net Carrying Amount	498	82	240	1,322	2,142
At 30 June 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

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	498	82	240	1,322	2,142
Additions	3,975	-	-	334	4,309
Other ¹	(120)	(9)	(19)	(141)	(289)
Depreciation	(156)	(61)	(68)	(645)	(930)
Net Carrying Amount at End of Year	4,197	12	153	870	5,232

1. Other includes:

- a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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
Year Ended 30 June 2016			
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	181	1,684	1,865

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	1,208	16,870	18,078
Accumulated amortisation and impairment	-	(14,935)	(14,935)
Net Carrying Amount	1,208	1,935	3,143
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	1,208	1,935	3,143
Additions	976	-	976
Other ¹	(65)	(206)	(271)
Amortisation	-	(1,260)	(1,260)
Net Carrying Amount at End of Year	2,119	469	2,588

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)

11. PAYABLES

	2016	2015
	\$	\$
Personnel services - Ministry of Health	23,169	7,436
Trade and other payables	38,956	41,239
	<u>62,125</u>	<u>48,675</u>

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	112,935	94,041
	<u>112,935</u>	<u>94,041</u>

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

	2016	2015
	\$	\$
Current		
Make good	6,606	-
	<u>6,606</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	6,708
	<u>-</u>	<u>6,708</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	6,708	2,960
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(41)	(317)
Increase/(Decrease) in provisions recognised	(122)	3,975
Unwinding/change in discount rate	61	90
Carrying Amount at the End of Year	<u>6,606</u>	<u>6,708</u>

Notes to the Financial Statements (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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

14. COMMITMENTS FOR EXPENDITURE

a. Capital Commitments

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	4,456	12,211
Later than one year and not later than five years	-	5,166
Total (including GST)	4,456	17,377

15. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	88,933	53,050
Depreciation and amortisation	4,628	2,190
(Increase)/Decrease in receivables	(9,061)	1,983
Increase/(Decrease) in fees in advance	18,895	20,066
Increase/(Decrease) in payables	13,450	(23,943)
Increase/(Decrease) in provisions	44	(226)
Net (gain)/loss on sale of plant and equipment	(82)	495
Net Cash used on Operating Activities	116,807	53,615

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

Financial Assets Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	398,883	282,797
Receivables ¹	8	Loans and receivables (measured at amortised cost)	7,645	1

Financial Liabilities Class	Notes	Category	Carrying Amount	Carrying Amount
			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	62,125	48,675

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements

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Financial statements

Year ended 30 June 2016

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Psychology Council

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Statement by members of the Council

YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

Professor Alexander Blaszczyński
President

Date: 17 October 2016

Associate Professor William Warren
Deputy President

Date: 17 October 2016



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 report of the Psychology Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, 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 report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Other Information

The members of the Council are responsible for the Other Information, which comprises the information in the Council's annual report for the year ended 30 June 2016, other than the financial report and my Independent Auditor's Report thereon.

My opinion on the financial report does not cover the Other Information. Accordingly, I do not express any form of assurance conclusion on the Other Information. However, I must read the Other Information and consider whether it is materially inconsistent with the financial report, the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I must report that fact.

I have nothing to report in this regard.

The Council's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. 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 report on any website where they may be presented.



Peter Barnes
Director, Financial Audit Services

20 October 2016
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(428,061)	(257,375)
Other operating expenses	2(b)	(512,427)	(572,644)
Depreciation and amortisation	2(c)	(42,497)	(25,748)
Finance costs	2(d)	(426)	(600)
Other expenses	2(e)	(208,083)	(183,692)
Education and research expenses	3	(19,920)	(45,343)
Total Expenses Excluding Losses		(1,211,414)	(1,085,402)
REVENUE			
Registration fees		1,195,682	1,129,823
Interest revenue	5(a)	57,444	77,764
Other revenue	5(b)	2,526	739
Total Revenue		1,255,652	1,208,326
Gain/(Loss) on disposal	6	547	(11,445)
Net Result		44,785	111,479
Other comprehensive income		-	-
Total Comprehensive Income		44,785	111,479

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,669,083	2,455,876
Receivables	8	81,613	34,521
Total Current Assets		2,750,696	2,490,397
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		12,645	41,096
Motor vehicles		1,479	82
Furniture and fittings		2,601	4,699
Office equipment		2,605	5,788
Total Plant and equipment		19,330	51,665
Intangible assets	10	11,279	16,893
Total Non-Current Assets		30,609	68,558
Total Assets		2,781,305	2,558,955
LIABILITIES			
Current Liabilities			
Payables	11	345,714	199,726
Fees in advance	12	542,452	509,422
Provisions	13	46,042	-
Total Current Liabilities		934,208	709,148
Non-Current Liabilities			
Fees in advance	12	-	2,855
Provisions	13	-	44,640
Total Non-Current Liabilities		-	47,495
Total Liabilities		934,208	756,643
Net Assets		1,847,097	1,802,312
EQUITY			
Accumulated funds		1,847,097	1,802,312
Total Equity		1,847,097	1,802,312

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Accumulated Funds \$
Balance at 1 July 2015		1,802,312
Net Result for the Year		44,785
Balance at 30 June 2016		<u>1,847,097</u>
Balance at 1 July 2014		1,690,833
Net result for the year		111,479
Balance at 30 June 2015		<u>1,802,312</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(354,078)	(264,903)
Council fees		(16,487)	(16,888)
Sitting fee costs		(104,054)	(139,116)
Audit fees		(7,120)	(6,940)
Occupancy costs		(102,987)	(99,563)
Temporary labour costs		(210,925)	(249,221)
Computer Services		(54,624)	(46,758)
Health assessment fees		(66,182)	(36,483)
NCAT fixed costs		(74,606)	(63,960)
Other expenses		(39,276)	(93,622)
Total Payments		(1,030,339)	(1,017,454)
Receipts			
Receipts from registration fees		1,216,513	1,155,276
Interest received		29,359	77,906
Other		1,443	738
Total Receipts		1,247,315	1,233,920
Net Cash Flows from Operating Activities	17	216,976	216,466
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		547	-
Purchases of plant and equipment and intangible assets		(4,317)	(6,893)
Net Cash Flows from Investing Activities		(3,770)	(6,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		213,206	209,573
Opening cash and cash equivalents		2,455,876	2,246,303
Closing Cash and Cash Equivalents	7	2,669,082	2,455,876

The accompanying notes form part of these financial statements.

Notes to the 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 2016 have been authorised for issue by the Council on 17 October 2016.

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.

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 under 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)

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 the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 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 2016 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)

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:

	2015/16	2014/15
Plant and equipment	25%	20% - 25%
Furniture and fittings	20%	16% - 20%
Motor vehicles	25%	25% - 29%
Leasehold improvements	17.02% - 27.86%	17% - 27.8%

Notes to the Financial Statements (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. Loans and Receivables

Loans and 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.

I. 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.

Notes to the Financial Statements (continued)

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), recreation 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, discounted to today's present value.

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.

Notes to the Financial Statements (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 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 2015-16 and have been applied for the first time as follows: AASB 2015-3, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 July 2015. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

(iii) 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 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

AASB 2010-7 regarding Financial Instruments has mandatory application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life. The change is not expected to materially impact the financial statements.

AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016. The change is not expected to materially impact the financial statements.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB124 & AASB 1049]. This application takes place from 1 July 2016 and will require significant additional disclosures to be incorporated into the financial statements.

AASB 16, New Australian Accounting Standard – Leases requires lessees entities to bring all leases onto the balance sheet, thereby increasing the transparency surrounding such arrangements and making the lessee's balance sheet better reflect the economics of its transactions. This application takes place from 1 January 2019 and has been assessed to have a material impact on 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:

	2016	2015
	\$	\$
Salaries and wages (including recreation leave)	365,312	218,809
Superannuation	40,866	16,402
Payroll taxes	20,570	20,283
Worker's compensation insurance	1,313	1,881
	<u>428,061</u>	<u>257,375</u>

b. Other Operating Expenses

	2016	2015
	\$	\$
Auditor's remuneration	7,120	6,940
Rent and building expenses	99,235	96,519
Council fees	16,487	16,888
Sitting fees	104,054	139,116
NSW Civil & Administrative Tribunal fixed costs	74,606	63,960
Contracted labour	210,925	249,221
	<u>512,427</u>	<u>572,644</u>

c. Depreciation and Amortisation Expense

	2016	2015
	\$	\$
Depreciation		
Motor vehicles	141	408
Furniture and fittings	2,368	2,368
Office equipment	3,641	4,292
	<u>6,150</u>	<u>7,068</u>
Amortisation		
Leasehold improvement	30,932	10,298
Intangible assets	5,415	8,382
	<u>36,347</u>	<u>18,680</u>
Total Depreciation and Amortisation	<u>42,497</u>	<u>25,748</u>

Notes to the Financial Statements (continued)**d. Finance Costs**

	2016	2015
	\$	\$
Unwinding of discount rate on make good provision	426	600
	<u>426</u>	<u>600</u>

e. Other Expenses

	2016	2015
	\$	\$
Subsistence and transport	32,780	32,417
Fees for service	144,457	114,728
Postage and communication	7,220	5,893
Printing and stationery	6,387	11,179
Equipment and furniture	687	183
General administration expenses	14,725	17,736
Loss on re-allocation of Make good provision	1,827	1,556
	<u>208,083</u>	<u>183,692</u>

3. EDUCATION AND RESEARCH**Education and Research Expenses**

	2016	2015
	\$	\$
Grants	-	24,900
Other - education and research project	19,920	20,443
Total (excluding GST)	<u>19,920</u>	<u>45,343</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**

	2016	2015
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	57,444	77,764
	<u>57,444</u>	<u>77,764</u>

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

	2016	2015
	%	%
Average Interest Rate	1.87	3.20

(b) OTHER REVENUE

	2016	2015
	\$	\$
Profit on re-allocation of Make good provision	1,083	-
Other	1,443	739
	<u>2,526</u>	<u>739</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2016	2015
	\$	\$
Plant and equipment		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	(12,468)
Gain/(Loss) on disposal/additions during the year	547	-
	<u>547</u>	<u>(12,468)</u>
Intangible assets		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	-	1,023
Gain/(Loss) on disposal/additions during the year	-	-
	<u>-</u>	<u>1,023</u>
Total Gain/(Loss) on Disposal/Additions	<u>547</u>	<u>(11,445)</u>

Included in the above Gain/(Loss) on disposal for 2015 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 health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets. Refer Note 1 (d).

7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	106,320	126,816
Cash at bank - held by HPCA*	2,562,763	2,329,060
	<u>2,669,083</u>	<u>2,455,876</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:

	2016	2015
	\$	\$
Education and research account**	106,320	126,816
	<u>106,320</u>	<u>126,816</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2016	2015
	\$	\$
Prepayments	9,495	7,633
Other receivables	20,753	12,952
Interest receivable	27,955	(131)
Trade receivables	23,872	14,529
Less: allowance for impairment	(462)	(462)
	81,613	34,521

Movement in the Allowance for Impairment

Balance at 1 July 2015	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 2016	462	462

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2016 and has remitted the monies to HPCA in July 2016.

Analysis of Trade Debtors Overdue				\$
2016	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	1,332	1,332	-	
3-6 months overdue	-	-	-	
> 6 months overdue	462	-	462	
2015				
< 3 months overdue	-	-	-	
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)

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 2015					
Gross carrying amount	72,960	1,631	11,837	60,197	146,625
Accumulated depreciation and impairment	(31,864)	(1,549)	(7,138)	(54,409)	(94,960)
Net Carrying Amount	41,096	82	4,699	5,788	51,665
At 30 June 2016					
Gross carrying amount	75,441	1,538	12,107	60,656	149,742
Accumulated depreciation and impairment	(62,796)	(59)	(9,506)	(58,051)	(130,412)
Net Carrying Amount	12,645	1,479	2,601	2,605	19,330

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Net carrying amount at start of year	41,096	82	4,699	5,788	51,665
Additions	2,250	1,538	270	458	4,516
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	2,601	2,605	19,330

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2014					
Gross carrying amount	65,370	1,478	16,326	52,843	136,017
Accumulated depreciation and impairment	(29,892)	(1,035)	(6,588)	(45,683)	(83,198)
Net Carrying Amount	35,478	443	9,738	7,160	52,819
At 30 June 2015					
Gross carrying amount	72,960	1,631	11,837	60,197	146,625
Accumulated depreciation and impairment	(31,864)	(1,549)	(7,138)	(54,409)	(94,960)
Net Carrying Amount	41,096	82	4,699	5,788	51,665

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	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
Year Ended 30 June 2015					
Net carrying amount at start of year	35,478	443	9,738	7,160	52,819
Additions	26,454	-	-	2,225	28,679
Other ¹	(10,538)	47	(2,671)	695	(12,467)
Depreciation	(10,298)	(408)	(2,368)	(4,292)	(17,366)
Net Carrying Amount at End of Year	41,096	82	4,699	5,788	51,665

1. Other includes:

a. Adjustments required to 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.

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2015			
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	112,488	113,850
Accumulated amortisation and impairment	-	(102,571)	(102,571)
Net Carrying Amount	1,362	9,917	11,279
Year Ended 30 June 2016			
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	11,279

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2014			
Cost (gross carrying amount)	9,102	91,380	100,482
Accumulated amortisation and impairment	-	(80,897)	(80,897)
Net Carrying Amount	9,102	10,483	19,585
At 30 June 2015			
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
Year Ended 30 June 2015			
Net carrying amount at start of year	9,102	10,483	19,585
Additions	5,694	-	5,694
Other ¹	(1,026)	1,022	(4)
Amortisation	-	(8,382)	(8,382)
Net Carrying Amount at End of Year	13,770	3,123	16,893

1. Other includes:

- a. The intangible WIP was amended before transfer to the intangibles to reflect the correct allocation to each Council as at 1 July 2015.

Notes to the Financial Statements (continued)**11. PAYABLES**

	2016	2015
	\$	\$
Personnel services - Ministry of Health	97,571	24,902
Trade and other payables	248,143	174,824
	345,714	199,726

12. FEES IN ADVANCE

	2016	2015
	\$	\$
Current		
Registration fees in advance	541,612	509,422
Deferred other revenue	840	-
	542,452	509,422
Non-Current		
Deferred other revenue	-	2,855
	-	2,855

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

	2016	2015
	\$	\$
Current		
Make good	46,042	-
	<u>46,042</u>	<u>-</u>
	\$	\$
Non-Current		
Make good	-	44,640
	<u>-</u>	<u>44,640</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	2016	2015
	\$	\$
Carrying amount at the beginning of year	44,640	16,031
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	1,827	1,556
Increase/(Decrease) in provisions recognised	(851)	26,453
Unwinding/change in discount rate	426	600
Carrying Amount at the End of Year	<u>46,042</u>	<u>44,640</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 is 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.

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2016, taking into account the updated discount rate and inflation rates that are required under TC 11/17.

The lease arrangements for the Pitt Street building will expire in November 2016.

Notes to the Financial Statements (continued)

14.COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2016	2015
	\$	\$
Not later than one year	35,832	107,082
Later than one year and not later than five years	-	45,298
Total (including GST)	35,832	152,380

15.RELATED PARTY TRANSACTIONS

The Council has only one related party, being the HPCA, an executive agency of the MOH.

The Council's accounts are managed by the MOH. Executive and administrative support functions are provided by the HPCA. All accounting transactions as disclosed on Statement of Comprehensive Income are carried out by the HPCA on behalf of the Council.

16.CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2016.

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

	2016	2015
	\$	\$
Net Result	44,785	111,479
Depreciation and amortisation	42,497	25,748
(Increase)/Decrease in receivables	(47,092)	(4,202)
Increase/(Decrease) in fees in advance	30,175	28,960
Increase/(Decrease) in payables	145,989	40,881
Increase/(Decrease) in provisions	1,169	2,155
Net (gain)/loss on sale of plant and equipment	(547)	11,445
Net Cash used on Operating Activities	216,976	216,466

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

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Cash and cash equivalents	7	N/A	2,669,083	2,455,876
Receivables ¹	8	Loans and receivables (measured at amortised cost)	51,365	13,936
Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2016	2015
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	345,714	199,726

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)

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, receivables, and authority deposits. 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 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.

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 Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

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 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 2015 - 2.0% to June 30 2016 - 1.75%.

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 2016.

End of Audited Financial Statements