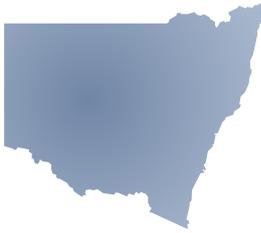


FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015



DENTAL COUNCIL
OF NEW SOUTH WALES



STATEMENT BY MEMBERS OF THE COUNCIL

YEAR ENDED 30 JUNE 2015

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 2015 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 2010*, 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
President

Date: 19 October 2015

Mr David Owen
Deputy President

Date: 19 October 2015



INDEPENDENT AUDITOR'S REPORT

Dental Council of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Dental Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2015, 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.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for preparing financial statements that give 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Council, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence 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, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

20 October 2015
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	(848,511)	(832,845)
Other operating expenses	2(b)	(717,922)	(742,284)
Depreciation and amortisation	2(c)	(38,888)	(94,802)
Finance costs	2(d)	(1,017)	(1,308)
Other expenses	2(e)	(164,546)	(179,664)
Education and research expenses	3	(139,477)	23,098
Total Expenses Excluding Losses		(1,910,361)	(1,827,805)
REVENUE			
Registration fees		2,261,730	1,831,588
Interest revenue	5(a)	76,257	53,953
Other revenue	5(b)	1,144	15,228
Total Revenue		2,339,131	1,900,769
Gain/(Loss) on disposal/additions	6	(47,544)	(32,586)
Net Result		381,226	40,378
Total Comprehensive Income		381,226	40,378

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,397,860	1,896,411
Receivables	8	33,879	27,113
Total Current Assets		2,431,739	1,923,524
Non-Current Assets			
Plant and equipment	9		
Leasehold improvements		63,730	68,850
Motor vehicles		138	855
Furniture and fittings		7,221	20,248
Office equipment		9,820	13,811
Total plant and equipment		80,909	103,764
Intangible assets	10	27,132	31,082
Total Non-Current Assets		108,041	134,846
Total Assets		2,539,780	2,058,370
LIABILITIES			
Current Liabilities			
Payables	11	375,035	373,338
Fees in advance	12	930,326	873,954
Total Current Liabilities		1,305,361	1,247,292
Non-Current Liabilities			
Fees in advance	12	3,825	6,525
Provisions	13	75,737	30,922
Total Non-Current Liabilities		79,562	37,447
Total Liabilities		1,384,923	1,284,739
Net Assets		1,154,857	773,631
EQUITY			
Accumulated funds		1,154,857	773,631
Total Equity		1,154,857	773,631

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity
for the year ended 30 June 2015**

	Notes	Accumulated Funds \$
Balance at 1 July 2014		773,631
Net Result for the Year		381,226
Balance at 30 June 2015		<u>1,154,857</u>
Balance at 1 July 2013		733,253
Net result for the year		40,378
Balance at 30 June 2014		<u>773,631</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(892,016)	(809,343)
Council fees		(49,676)	(43,508)
Sitting fee costs		(198,654)	(163,319)
Audit fees		(15,430)	(15,210)
Occupancy costs		(146,010)	(136,855)
Consultants/Inspectors costs		(122,225)	(193,110)
Temporary labour costs		(159,410)	(180,538)
Other expenses		(292,056)	(157,348)
Total Payments		(1,875,477)	(1,699,231)
Receipts			
Receipts from registration fees		2,315,354	2,178,007
Interest received		76,258	57,315
Other		60	4,719
Total Receipts		2,391,672	2,240,041
Net Cash Flows from Operating Activities	17	516,195	540,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	-
Purchases of plant and equipment and intangible assets		(14,746)	(15,804)
Net Cash Flows from Investing Activities		(14,746)	(15,804)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		501,449	525,006
Opening cash and cash equivalents		1,896,411	1,371,405
Closing Cash and Cash Equivalents	7	2,397,860	1,896,411

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 2015 have been authorised for issue by the Council on 15 October 2015.

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 2015 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their historical cost at the date of acquisition.

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. The minimum capitalisation threshold limits applied to the Council for the asset are \$475 (2013/14 - \$489) (all Council shared use asset), or \$743 (2013/2014 - \$770) (Pitt Street shared use asset), whichever is applicable.

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:

Plant and equipment 20% - 25%

Furniture and fittings 16% - 20%

Motor vehicles 25% - 29%

Leasehold improvements 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.

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.

Notes to the Financial Statements (continued)

o. Cash and cash equivalents

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

Bank overdrafts are included within liabilities.

p. Adoption of New and Revised Accounting Standards

A number of new standards were applied from 1 July 2014, including AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The application of these new standards did not have a significant impact on the financial statements.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Council.

NSW Treasury issued TC15/03 circular which states none of the new revised Standards of Interpretations are to be adopted early.

The standards that are relevant to the Council are as follows:

- a) AASB 9, AASB 2010-7 and AASB Financial Instruments 2012-6 regarding financial instruments (2015/2016)
- b) AASB 2014-4 regarding acceptable methods of depreciation and amortisation

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:

	2015	2014
	\$	\$
Salaries and wages (including recreation leave)	723,367	680,998
Superannuation	65,645	103,883
Payroll taxes	55,931	41,775
Worker's compensation insurance	3,568	6,189
	848,511	832,845

b. Other Operating Expenses

	2015	2014
	\$	\$
Auditor's remuneration	15,430	15,210
Rent and building expenses	141,987	134,633
Dental Tribunal expenses	122,225	193,110
Council fees	49,676	43,508
Sitting fees	198,654	162,285
NSW Civil & Administrative Tribunal fixed costs	30,540	13,000
Contracted labour	159,410	180,538
	717,922	742,284

c. Depreciation and Amortisation Expense

	2015	2014
	\$	\$
Depreciation		
Motor vehicles	692	713
Furniture and fittings	3,437	6,612
Office equipment	7,281	13,494
	11,410	20,819
Amortisation		
Leasehold improvement	13,256	54,420
Intangible assets	14,222	19,563
	27,478	73,983
Total Depreciation and Amortisation	38,888	94,802

Notes to the Financial Statements (continued)

d. Finance Costs

	2015	2014
	\$	\$
Unwinding of discount rate on make good provision	1,017	1,308
	1,017	1,308

e. Other Expenses

	2015	2014
	\$	\$
Subsistence and transport	26,161	19,941
Funding contributions	-	-
Fees for service	94,245	106,775
Postage and communication	13,353	15,348
Printing and stationery	11,297	17,492
Equipment and furniture	117	30
General administration expenses	19,373	20,078
	164,546	179,664

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

	2015	2014
	\$	\$
Grants	118,277	(41,418)
Other expenses	21,200	18,320
Total (excluding GST)	139,477	(23,098)

Excluded from the above Education & Research is \$21,819 which is a restricted asset quarantined for dental technicians after de-registration of the profession from 1 July 2010. These surplus 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 Prosthetists. 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 until July 2015 to spend the remaining funds. The Council has spent the funds by the agreed date and hence no contingent liability note is required as at 30 June 2015.

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

	2015	2014
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	76,257	53,953
	<u>76,257</u>	<u>53,953</u>

The guaranteed credit interest rate is calculated on daily balances as per the RBA cash rate plus an agreed fixed margin for five years.

	2015	2014
	%	%
Average Interest Rate	3.2	2.59

(b) OTHER REVENUE

	2015	2014
	\$	\$
Make good revenue resulting from decrease in make good provision	-	5,779
Profit on re-allocation of Make good	1,084	4,731
Practitioner fine	-	4,400
Other Revenue	60	318
	<u>1,144</u>	<u>15,228</u>

Notes to the Financial Statements (continued)

6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2015	2014
	\$	\$
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)	(27,445)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>(46,844)</u>	<u>(27,445)</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)	(5,141)
Gain/(Loss) on disposal/additions during the year	-	-
	<u>(700)</u>	<u>(5,141)</u>
Total Gain/(Loss) on Disposal/Additions	<u>(47,544)</u>	<u>(32,586)</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

	2015	2014
	\$	\$
Cash at bank and on hand	599,675	719,752
Cash at bank - held by HPCA*	1,798,185	1,176,659
	<u>2,397,860</u>	<u>1,896,411</u>

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

The Council operates the bank accounts shown below:

	2015	2014
	\$	\$
Education and research account**	577,856	592,045
Dental Technician's Education account	21,819	127,707
	<u>599,675</u>	<u>719,752</u>

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

Notes to the Financial Statements (continued)

8. RECEIVABLES

	2015	2014
	\$	\$
Prepayments	15,384	9,608
Other receivables	14,325	13,382
Interest receivable	5	6
Trade receivables	4,165	4,117
Less: allowance for impairment	-	-
	33,879	27,113

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2015 and has remitted the monies to HPCA in July 2015.

There were no Trade Debtor's past due.

Analysis of Trade Debtors Overdue		\$		
2015	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	-	-	-	
2014				
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	50	50	-	

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 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 current 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

Notes to the Financial Statements (continued)

9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
At 1 July 2013					
Gross carrying amount	149,627	3,331	38,086	109,905	300,948
Accumulated depreciation and impairment	(6,839)	(1,528)	(7,617)	(84,346)	(100,330)
Net Carrying Amount	142,788	1,803	30,469	25,558	200,618
At 30 June 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

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 2014					
Net carrying amount at start of year	142,788	1,803	30,469	25,558	200,618
Additions	-	-	1,677	4,153	5,830
Other ¹	(19,518)	(235)	(5,286)	(2,406)	(27,445)
Depreciation	(54,420)	(713)	(6,612)	(13,494)	(75,239)
Net Carrying Amount at End of Year	68,850	855	20,248	13,811	103,764

1. Other includes:

- a. Adjustments required to opening balances due to the agreed Cost Allocation Methodology as at 1 July 2014 & 1 July 2013.
- b. 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 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			
	Software Work in Progress	Software	Total
	\$	\$	\$
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

Notes to the Financial Statements (continued)

10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
At 1 July 2013			
Cost (gross carrying amount)	887	199,840	200,727
Accumulated amortisation and impairment	-	(154,916)	(154,916)
Net Carrying Amount	887	44,924	45,811
At 30 June 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
Year Ended 30 June 2014			
Net carrying amount at start of year	887	44,924	45,811
Additions	9,975	-	9,975
Other ¹	-	(5,141)	(5,141)
Amortisation	-	(19,563)	(19,563)
Net Carrying Amount at End of Year	10,862	20,220	31,082

1. Other includes:

a. Adjustments required to opening balances due to the agreed Cost Allocation Methodology as at 1 July 2014 & 1 July 2013.

Notes to the Financial Statements (continued)

11. PAYABLES

	2015	2014
	\$	\$
Personnel services - Ministry of Health	57,083	104,156
Trade and other payables	317,952	269,182
	<u>375,035</u>	<u>373,338</u>

12. FEES IN ADVANCE

	2015	2014
	\$	\$
Current		
Registration fees in advance	930,326	873,954
	<u>930,326</u>	<u>873,954</u>
Non-current		
Registration fees in advance	3,825	6,525
	<u>3,825</u>	<u>6,525</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

	2015	2014
	\$	\$
Non-Current		
Make good	75,737	30,922
	<u>75,737</u>	<u>30,922</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:

	2015	2014
	\$	\$
Carrying amount at the beginning of year	30,922	40,124
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	(1,084)	(4,731)
Increase in provisions recognised	44,882	(5,779)
Unwinding/change in discount rate	1,017	1,308
Carrying Amount at the End of Financial Year	<u>75,737</u>	<u>30,922</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 2015, taking into account the updated discount rate and inflation rates that are required under TC 11/17 and an updated estimate of the cost per square metre to make good the leased areas.

The impact of the changes to the three inputs to the overall lease make good provision has been to increase the required provision as at 30 June 2015.

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:

	2015	2014
	\$	\$
Not later than one year	170,189	159,514
Later than one year and not later than five years	71,991	240,216
Total (including GST)	242,180	399,730

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 2015.

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

	2015	2014
	\$	\$
Net result	381,226	40,378
Depreciation and amortisation	38,888	94,802
Increase/(Decrease) in receivables	(6,766)	(10,381)
Increase/(Decrease) in fees in advance	53,672	340,222
Increase/(Decrease) in payables	1,698	52,406
Increase/(Decrease) in provisions	(67)	(9,203)
Net gain/(loss) on sale of plant and equipment	47,544	32,586
Net Cash used on Operating Activities	516,195	540,810

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
			2015	2014
			\$	\$
Cash and cash equivalents	7	N/A	2,397,860	1,896,411
Receivables ¹	8	Loans and receivables (measured at amortised cost)	4,170	4,123
Financial Liabilities Class	Notes	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$	\$
Payables ²	11	Financial liabilities (measured at amortised cost)	375,035	373,338

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. The Council has an arrangement with the Westpac Bank where all cash and cash equivalents are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate + basis points margin. 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 decreased over the year as follows - June 30 2014 - 2.5% to June 30 2015 - 2.0%.

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 2015.

End of Audited Financial Statements