PART 3

Financial Statements for Health Professional Councils

Aboriginal and Torres Strait Islander Health Practice Council of NSW

Aboriginal and Torres Strait Islander Health Practice Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

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Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Mr Christopher O'Brien
President

Date: 12 October 2018

Ms Rosemary MacDougal
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	5,553	15,099
Other Operating Expenses	3	2,113	10,787
Depreciation and Amortisation	1(m), 4	30	209
Finance Costs	1(g), 5	-	14
Total Expenses Excluding Losses		**7,696**	**26,109**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(u),10	49	-
Registration Fees	1(h), 7	5,472	3,366
Investment Revenue	1(h),8	574	384
Grants and Other Contributions	1(h),9	-	25,000
Other Income		-	60
Total Revenue		**6,095**	**28,810**
Net Result	19	**(1,601)**	**2,701**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(1,601)**	**2,701**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	11	36,043	37,943
Receivables	12	243	768
Total Current Assets		**36,286**	**38,711**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	13	40	59
Leasehold Improvements	13	38	49
Total Property, Plant & Equipment		**78**	**108**
Total Non-Current Assets		**78**	**108**
Total Assets		**36,364**	**38,819**
LIABILITIES			
Current Liabilities			
Payables	14	3,547	4,824
Other	16	2,288	1,865
Total Current Liabilities		**5,835**	**6,689**
Non-Current Liabilities			
Provisions	15	1,134	1,134
Total Non-Current Liabilities		**1,134**	**1,134**
Total Liabilities		**6,969**	**7,823**
Net Assets		**29,395**	**30,996**
EQUITY			
Accumulated funds	21	29,395	30,996
Total Equity		**29,395**	**30,996**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Notes	Accumulated Funds $
Balance at 1 July 2017		31,340
Correction of Prior Period Errors	21	(344)
Total Equity at 1 July 2017		**30,996**
Net Result for the year		(1,601)
Balance at 30 June 2018		**29,395**
Balance at 1 July 2016		28,295
Net Result for the year		2,701
Balance at 30 June 2017		**30,996**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(6,487)	(16,541)
Other		(2,770)	(17,180)
Total Payments		**(9,257)**	**(33,721)**
Receipts			
Registration Fees		5,751	6,506
Interest Received		574	377
Grants and Contributions		-	25,000
Other		1,032	60
Total Receipts		**7,357**	**31,943**
Net Cash Flows from Operating Activities	19	**(1,900)**	**(1,778)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		-	(36)
Net Cash Flows from Investing Activities		**-**	**(36)**
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,900)	(1,814)
Opening cash and cash equivalents	11	37,943	39,757
Closing Cash and Cash Equivalents	11	**36,043**	**37,943**

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

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

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($3,210) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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 2018 registration fee.

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investment Revenue

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

Grants and Contributions

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

i) 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.

j) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

k) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

l) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

m) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	7.66% - 20.11%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

n) Revaluation of Non-Current Assets

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.

o) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

p) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

r) Maintenance

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

s) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

t) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

u) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

v) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.
If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

w) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

x) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has one operating lease for the offices on Pitt Street to consider under the new accounting standard. The lease will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

The deferral of some revenues, in particular grant income for the Council may occur in the future. A liability will be recognised when revenue is received and subsequently released to match expenditure. This will smooth out the impact on the net result of the Council over the period the revenue is released.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	4,635	13,094
Superannuation - Defined Benefit Plans	1	-
Superannuation - Defined Contribution Plans	422	1,260
Long Service Leave	186	-
Workers' Compensation Insurance	-	40
Payroll Taxes	309	705
	5,553	**15,099**

3. OTHER OPERATING EXPENSES		
Consultancies	23	127
Contractors	234	2,681
Domestic Supplies and Services	12	79
Food Supplies	4	6
Information Management Expenses (Software licences, support and maintenance)	369	1,647
Maintenance (See 3(b) below)	10	470
Motor Vehicle Expenses	2	33
Postal and Telephone Costs	18	185
Printing and Stationery	-	134
Rental	-	1,483
Staff Related Costs	5	278
Travel Related Costs	-	17
Other (See 3(a) below)	1,436	3,647
	2,113	**10,787**

a. Other includes		
Membership/Professional Fees	2	1
Security Services	-	11
Auditor's Remuneration	1,428	3,174
General Administration Expenses	6	461
	1,436	**3,647**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	-	30
New/Replacement Equipment under $5,000	7	164
Repairs Maintenance/Non Contract	3	276
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	10	470
	10	**470**

Notes to the Financial Statements continued

	2018	2017
	$	$
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	19	17
Depreciation - Leasehold Improvements	11	192
	30	**209**
5. FINANCE COSTS		
Other Interest Charges	-	14
	-	**14**

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

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

7. REGISTRATION FEES		
Registration Fees	5,472	3,366
	5,472	**3,366**
8. INVESTMENT REVENUE		
Interest	574	384
	574	**384**
9. GRANTS AND OTHER CONTRIBUTIONS		
Other Grants	-	25,000
	-	**25,000**
10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES		
The following liabilities and expenses have been assumed by the Crown Entity:		
Superannuation-defined benefit	1	-
Long Service Leave	48	-
	49	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
11. CASH AND CASH EQUIVALENTS		
Cash at bank - held by HPCA*	36,043	37,943
	36,043	**37,943**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	36,043	37,943
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**36,043**	**37,943**

Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. Refer to Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

12. RECEIVABLES

Current		
Trade and Other Receivables	-	314
Goods and Services Tax	64	104
Interest Receivable	-	157
Prepayments	179	193
	243	**768**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 20.

Notes to the Financial Statements continued

	2018	2017
	$	$

13. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	77	77
Less: Accumulated Depreciation and Impairment	37	18
Net Carrying Amount	**40**	**59**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	64	64
Less: Accumulated Depreciation and Impairment	26	15
Net Carrying Amount	**38**	**49**
Total Property, Plant and Equipment		
At Net Carrying Amount	**78**	**108**

13. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	59	49	**108**
Depreciation Expense	(19)	(11)	**(30)**
Net carrying amount at end of year	**40**	**38**	**78**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	47	194	**241**
Additions	41	-	**41**
Write Off of Assets	(12)	47	**35**
Depreciation Expense	(17)	(192)	**(209)**
Net carrying amount at end of year	**59**	**49**	**108**

Notes to the Financial Statements continued

	2018	2017
	$	$
14. PAYABLES		
Current		
Personnel Services - Ministry of Health	231	1,548
Taxation and Payroll Deductions	338	4
Creditors	511	761
Accrued Expenditure	2,467	2,511
	3,547	**4,824**
Aggregate Personnel Services and Related On-Costs		
Liability - Purchase of Personnel Services	569	1,552
	569	**1,552**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

15. PROVISIONS		
Non-Current		
Make Good	1,134	1,134
	1,134	**1,134**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	1,134	1,051
Increase/(Decrease) in provisions recognised	-	70
Unwinding/change in discount rate	-	13
Carrying amount at the end of financial year	**1,134**	**1,134**
16. OTHER LIABILITIES		
Current		
Income in Advance	2,288	1,865
	2,288	**1,865**

Notes to the Financial Statements continued

	2018	2017
	$	$

17. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	58
Total Capital Expenditure Commitments (Including GST)	**-**	**58**

b) Operating Lease Commitments

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

Within one year	-	2,163
Later than one year and not later than five years	-	8,140
Total Operating Lease Commitments (Including GST)	**-**	**10,303**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of nil as at 30 June 2018 includes input tax credits of nil that are expected to be recoverable from the Australian Taxation Office (2017: $942).

18. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	(1,900)	(1,778)
Depreciation and Amortisation	(30)	(209)
Write off of Non-Current Assets	-	(37)
(Increase)/ Decrease Income in Advance	(423)	(866)
(Increase)/ Decrease in Provisions	-	(15)
Increase / (Decrease) in Receivables	(525)	(2,290)
(Increase)/ Decrease in Payables from Operating Activities	1,277	7,896
Net Result	**(1,601)**	**2,701**

Notes to the Financial Statements continued

20. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 11)	N/A	36,043	37,943
Receivables (note 12)*	Loans and receivables (at amortised cost)	-	471
		36,043	**38,414**
Financial Liabilities			
Payables (note 14)**	Financial liabilities measured at amortised cost	3,209	4,820
		3,209	**4,820**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

20. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	471
Past due but not impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total	**-**	**471**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

20. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	**Fixed Interest Rate**	**Variable Interest Rate**	**Non - Interest Bearing**	**< 1 Yr**	**1-5 Yr**	**> 5Yr**
2018	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Payables:							
- Creditors [2]	3,209	-	-	3,209	3,209	-	-
	3,209	-	-	3,209	3,209	-	-
2017							
Payables:							
- Creditors [2]	4,820	-	-	4,820	4,820	-	-
	4,820	-	-	4,820	4,820	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

20. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	36,043	(360)	(360)	360	360
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	3,209	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	37,943	(379)	(379)	379	379
Receivables	471	-	-	-	-
Financial Liabilities					
Payables*	4,820	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

	2018	2017
	$	$
21. CORRECTION OF ERRORS RELATING TO A PREVIOUS REPORTING PERIOD		
Auditor Fee was under accrued by $344 at end of financial year FY16-17 . Details of the amount and financial statement lines affected are outlined below:		
Adjustment to Equity arising from under accrued Audit Fee	-	(344)
In accordance with AASB 108- Accounting Polices, changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.		
These amounted to the following equity adjustments:		
- Adjustment to opening equity - 01/07/2017 (relating to adjustment for the 30/06/2017 reporting year end and prior periods)	-	(344)
Total prior period adjustments - prior period errors	**-**	**(344)**

22. RELATED PARTY TRANSACTIONS

The Council obtains key management personnel services from the NSW Ministry of Health. No compensation was paid for key management personnel services for the current and prior year as no Council meetings were held.

23. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Chinese Medicine Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Chinese Medicine Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Chinese Medicine Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Chinese Medicine Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Professor Danform Lim
President

Date: 12 October 2018

Ms Christine Berle
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	100,352	72,594
Other Operating Expenses	3	108,225	92,772
Depreciation and Amortisation	1(n), 4	1,783	1,935
Education and Research	5	5,900	9,091
Finance Costs	1(g), 6	-	67
Total Expenses Excluding Losses		**216,260**	**176,459**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	2,742	-
Registration Fees	1(h), 8	472,971	480,491
Investment Revenue	1(h), 9	31,897	28,970
Other Income		2,220	2
Total Revenue		**509,830**	**509,463**
Gain / (Loss) on Disposal	11	**(36)**	**-**
Net Result	21	**293,534**	**333,004**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**293,534**	**333,004**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	2,221,420	1,929,323
Receivables	13	3,729	23,029
Total Current Assets		**2,225,149**	**1,952,352**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	14	563	289
Leasehold Improvements	14	3,440	373
Total Property, Plant & Equipment		**4,003**	**662**
Intangible Assets	15	**187**	**1,612**
Total Non-Current Assets		**4,190**	**2,274**
Total Assets		**2,229,339**	**1,954,626**
LIABILITIES			
Current Liabilities			
Payables	16	33,070	33,862
Other	18	186,739	204,768
Total Current Liabilities		**219,809**	**238,630**
Non-Current Liabilities			
Provisions	17	5,652	5,652
Total Non-Current Liabilities		**5,652**	**5,652**
Total Liabilities		**225,461**	**244,282**
Net Assets		**2,003,878**	**1,710,344**
EQUITY			
Accumulated funds		2,003,878	1,710,344
Total Equity		**2,003,878**	**1,710,344**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	1,710,344
Net Result for the year	293,534
Balance at 30 June 2018	**2,003,878**
Balance at 1 July 2016	1,377,340
Net Result for the year	333,004
Balance at 30 June 2017	**1,710,344**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(102,727)	(106,247)
Education and Research		(6,406)	-
Other		(112,292)	(91,603)
Total Payments		**(221,425)**	**(197,850)**
Receipts			
Registration fees		475,533	491,365
Interest Received		31,897	30,170
Other		9,827	2
Total Receipts		**517,257**	**521,537**
Net Cash Flows from Operating Activities	21	**295,832**	**323,687**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	2,215
Purchases of Property, Plant and Equipment and Intangibles		(3,735)	(761)
Net Cash Flows from Investing Activities		**(3,735)**	**1,454**
Net Increase/(Decrease) in Cash and Cash Equivalents		292,097	325,141
Opening cash and cash equivalents	12	1,929,323	1,604,182
Closing Cash and Cash Equivalents	12	**2,221,420**	**1,929,323**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

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

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($29,046) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

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Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	79,559	62,897
	Superannuation - Defined Benefit Plans	54	-
	Superannuation - Defined Contribution Plans	6,762	5,722
	Long Service Leave	7,908	-
	Redundancies	605	-
	Workers' Compensation Insurance	278	223
	Payroll Taxes	5,186	3,752
		100,352	**72,594**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	94	-
	Consultancies	397	1,312
	Contractors	16,260	9,378
	Domestic Supplies and Services	649	722
	Food Supplies	1,899	2,000
	Fuel, Light and Power	458	-
	Information Management Expenses (Software licences, support and maintenance)	15,175	17,133
	Insurance	4	6
	Maintenance (See 3(b) below)	7,977	2,857
	Motor Vehicle Expenses	16	96
	Postal and Telephone Costs	2,348	1,236
	Printing and Stationery	1,225	762
	Rental	10,633	13,212
	Staff Related Costs	1,275	1,504
	Travel Related Costs	1,378	1,220
	Other (See 3(a) below)	48,437	41,334
		108,225	**92,772**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	5	-
Legal Services	50	-
Membership/Professional Fees	16	11
Security Services	9	2
Auditor's Remuneration	6,381	5,790
General Administration Expenses	216	1,087
Sitting Fees	20,192	21,684
NSW Civil & Administrative Tribunal Fixed Costs	10,975	-
Council Fees	10,593	12,760
	48,437	**41,334**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	780	(67)
New/Replacement Equipment under $5,000	3,055	793
Repairs Maintenance/Non Contract	4,142	2,131
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	7,977	2,857
	7,977	**2,857**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	138	183
Depreciation - Leasehold Improvements	220	968
Amortisation - Intangible Assets	1,425	784
	1,783	**1,935**
5. EDUCATION AND RESEARCH		
Education and Research	**5,900**	9,091
	5,900	9,091
6. FINANCE COSTS		
Other Interest Charges	-	67
	-	**67**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	472,971	480,491
	472,971	**480,491**

9. INVESTMENT REVENUE

Interest	31,897	28,970
	31,897	**28,970**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	54	-
Long Service Leave	2,688	-
	2,742	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	766	-
Accumulated Depreciation	(730)	-
Written Down Value	**36**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(36)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	21,975	27,159
Cash at Bank - Held by HPCA*	2,199,445	1,902,164
	2,221,420	**1,929,323**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	2,221,420	1,929,323
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**2,221,420**	**1,929,323**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	21,975	27,159
	21,975	**27,159**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	4,059
Goods and Services Tax	943	551
Interest Receivable	-	15,229
Prepayments	2,786	3,190
	3,729	**23,029**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	790	378
Less: Accumulated Depreciation and Impairment	227	89
Net Carrying Amount	**563**	**289**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	3,728	1,171
Less: Accumulated Depreciation and Impairment	288	798
Net Carrying Amount	**3,440**	**373**
Total Property, Plant and Equipment		
At Net Carrying Amount	**4,003**	**662**

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	289	373	**662**
Additions	412	3,408	**3,820**
Disposals	-	(36)	**(36)**
Depreciation Expense	(138)	(220)	**(358)**
Movement in WIP	-	(85)	**(85)**
Net carrying amount at end of year	**563**	**3,440**	**4,003**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	573	1,002	**1,575**
Additions	204	-	**204**
Write Off of Assets	(305)	254	**(51)**
Depreciation Expense	(183)	(968)	**(1,151)**
Movement in WIP	-	85	**85**
Net carrying amount at end of year	**289**	**373**	**662**

Notes to the Financial Statements continued

15. INTANGIBLE ASSESTS

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.

	2018 $	2017 $
Intangibles		
Cost (Gross Carrying Amount)	3,176	3,176
Less Accumulated Amortisation and Impairment	2,989	1,564
Total Intangible Assets at Net Carrying Amount	**187**	**1,612**

INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	1,612	1,612
Amortisation (Recognised in Depreciation and Amortisation)	(1,425)	(1,425)
Carrying amount at the end of year	**187**	**187**
2017		
Net carrying amount at start of year	4,395	4,395
Additions (From Internal Development or Acquired Separately)	63	63
Write Off of Intangible Assts	(2,062)	(2,062)
Amortisation (Recognised in Depreciation and Amortisation)	(784)	(784)
Net carrying amount at end of year	**1,612**	**1,612**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	6,698	19,426
Taxation and Payroll Deductions	8,619	984
Creditors	5,637	3,161
Accrued Expenditure	12,116	10,291
	33,070	**33,862**
Aggregate Personnel Services and Related On-Costs		
Liability - Purchase of Personnel Services	15,317	20,410
	15,317	**20,410**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	5,652	5,652
	5,652	**5,652**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	5,652	5,239
Increase/(Decrease) in provisions recognised	-	345
Unwinding/change in discount rate	-	68
Carrying amount at the end of financial year	**5,652**	**5,652**
18. OTHER LIABILITIES		
Current		
Income in Advance	186,739	204,768
	186,739	**204,768**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	285
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**285**

b) Operating Lease Commitments

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

Within one year	11,535	16,553
Later than one year and not later than five years	29,885	62,279
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**41,420**	**78,832**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $41,420 as at 30 June 2018 includes input tax credits of $3,755 that are expected to be recoverable from the Australian Taxation Office (2017: $7,192).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	295,832	323,687
Depreciation and Amortisation	(1,783)	(1,935)
(Increase)/ Decrease Income in Advance	18,029	(9,574)
(Increase)/ Decrease in Provisions	-	(67)
Increase / (Decrease) in Receivables	(19,300)	(1,885)
(Increase)/ Decrease in Payables from Operating Activities	792	22,778
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(36)	-
Net Result	**293,534**	**333,004**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	2,221,420	1,929,323
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	19,288
		2,221,420	**1,948,611**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	24,451	32,878
		24,451	**32,878**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	19,287
Past due but not impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	1
> 6 months overdue	-	-
Impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**19,288**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	24,451	-	-	24,451	24,451	-	-
	24,451	-	-	24,451	24,451	-	-
2017							
Payables:							
- Creditors [2]	32,878	-	-	32,878	32,878	-	-
	32,878	-	-	32,878	32,878	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	2,221,420	(22,214)	(22,214)	22,214	22,214
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	24,451	-		-	-
2017					
Financial Assets					
Cash and Cash Equivalents	1,929,323	(19,293)	(19,293)	19,293	19,293
Receivables	19,288	-	-	-	-
Financial Liabilities					
Payables*	32,878	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the year the Council obtained key management personnel services from the NSW Ministry of Health and incurred $22,020 (2017: $12,196) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Chiropractic Council of NSW

Chiropractic Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Chiropractic Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Chiropractic Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

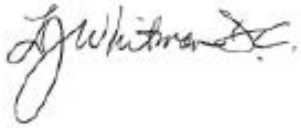
Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Chiropractic Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Chiropractic Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Dr Wayne Minter AM
President

Date: 12 October 2018



Dr Lawrence Whitman
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	100,122	85,484
Other Operating Expenses	3	130,691	157,602
Depreciation and Amortisation	1(n), 4	1,762	2,298
Education and Research	5	3,000	-
Finance Costs	1(g), 6	-	79
Total Expenses Excluding Losses		**235,575**	**245,463**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	2,294	-
Registration Fees	1(h), 8	318,094	203,946
Investment Revenue	1(h), 9	14,705	14,065
Other Income		-	2
Total Revenue		**335,093**	**218,013**
Gain / (Loss) on Disposal	11	**(41)**	**-**
Net Result	21	**99,477**	**(27,450)**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**99,477**	**(27,450)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	1,048,582	870,469
Receivables	13	3,942	14,035
Total Current Assets		**1,052,524**	**884,504**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	14	1,150	339
Leasehold Improvements	14	5,243	467
Total Property, Plant & Equipment		**6,393**	**806**
Intangible Assets	15	**803**	**2,031**
Total Non-Current Assets		**7,196**	**2,837**
Total Assets		**1,059,720**	**887,341**
LIABILITIES			
Current Liabilities			
Payables	16	28,766	29,754
Other	18	159,855	85,965
Total Current Liabilities		**188,621**	**115,719**
Non-Current Liabilities			
Provisions	17	6,604	6,604
Total Non-Current Liabilities		**6,604**	**6,604**
Total Liabilities		**195,225**	**122,323**
Net Assets		**864,495**	**765,018**
EQUITY			
Accumulated funds		864,495	765,018
Total Equity		**864,495**	**765,018**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	765,018
Net Result for the year	99,477
Balance at 30 June 2018	**864,495**
Balance at 1 July 2016	792,468
Net Result for the year	(27,450)
Balance at 30 June 2017	**765,018**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(99,291)	(148,094)
Education and Research		(3,274)	-
Other		(141,360)	(153,474)
Total Payments		**(243,925)**	**(301,568)**
Receipts			
Registration fees		321,096	219,439
Interest Received		14,705	16,389
Other		92,399	2
Total Receipts		**428,200**	**235,830**
Net Cash Flows from Operating Activities	21	**184,275**	**(65,738)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	570
Purchases of Property, Plant and Equipment and Intangibles		(6,162)	(2,206)
Net Cash Flows from Investing Activities		**(6,162)**	**(1,636)**
Net Increase/(Decrease) in Cash and Cash Equivalents		178,113	(67,374)
Opening cash and cash equivalents	12	870,469	937,843
Closing Cash and Cash Equivalents	12	**1,048,582**	**870,469**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($40,963) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

x) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	83,948	74,500
	Superannuation - Defined Benefit Plans	66	-
	Superannuation - Defined Contribution Plans	6,785	6,615
	Long Service Leave	3,553	-
	Redundancies	715	-
	Workers' Compensation Insurance	325	270
	Payroll Taxes	4,730	4,099
		100,122	**85,484**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	145	-
	Consultancies	340	1,246
	Contractors	26,158	22,292
	Domestic Supplies and Services	690	860
	Food Supplies	2,055	1,914
	Fuel, Light and Power	532	-
	Information Management Expenses (Software licences, support and maintenance)	16,557	16,347
	Insurance	5	5
	Maintenance (See 3(b) below)	9,804	3,439
	Motor Vehicle Expenses	16	142
	Postal and Telephone Costs	2,380	1,282
	Printing and Stationery	1,106	758
	Rental	12,728	17,470
	Staff Related Costs	5,469	9,465
	Travel Related Costs	744	3,919
	Other (See 3(a) below)	51,962	78,463
		130,691	**157,602**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Legal Services	58	-
Membership/Professional Fees	18	10
Security Services	10	47
Auditor's Remuneration	6,381	5,790
General Administration Expenses	1,301	1,675
Sitting Fees	25,451	41,804
NSW Civil & Administrative Tribunal Fixed Costs	10,975	20,405
Council Fees	7,768	8,732
	51,962	**78,463**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	922	(42)
New/Replacement Equipment under $5,000	3,840	927
Repairs Maintenance/Non Contract	5,042	2,554
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	9,804	3,439
	9,804	**3,439**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	219	211
Depreciation - Leasehold Improvements	315	1,131
Amortisation - Intangible Assets	1,228	956
	1,762	**2,298**
5. EDUCATION AND RESEARCH		
Education and Research	3,000	-
	3,000	**-**
6. FINANCE COSTS		
Other Interest Charges	-	79
	-	**79**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	318,094	203,946
	318,094	**203,946**

9. INVESTMENT REVENUE

Interest	14,705	14,065
	14,705	**14,065**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	66	-
Long Service Leave	2,228	-
	2,294	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	881	-
Accumulated Depreciation	(840)	-
Written Down Value	**41**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(41)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	18,798	24,035
Cash at Bank - Held by HPCA*	1,029,784	846,434
	1,048,582	**870,469**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	1,048,582	870,469
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**1,048,582**	**870,469**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	18,798	24,035
	18,798	**24,035**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	3,400
Goods and Services Tax	1,563	1,020
Interest Receivable	-	7,045
Prepayments	2,379	2,570
	3,942	**14,035**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	1,473	443
Less: Accumulated Depreciation and Impairment	323	104
Net Carrying Amount	**1,150**	**339**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	5,635	1,384
Less: Accumulated Depreciation and Impairment	392	917
Net Carrying Amount	**5,243**	**467**
Total Property, Plant and Equipment		
At Net Carrying Amount	**6,393**	**806**

Notes to the Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	339	467	**806**
Additions	1,030	5,263	**6,293**
Disposals	-	(41)	**(41)**
Depreciation Expense	(219)	(315)	**(534)**
WIP Movements	-	(131)	**(131)**
Net carrying amount at end of year	**1,150**	**5,243**	**6,393**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	662	1,170	**1,832**
Additions	238	-	**238**
Write Off of Assets	(350)	297	**(53)**
Depreciation Expense	(211)	(1,131)	**(1,342)**
WIP Movements	-	131	**131**
Net carrying amount at end of year	**339**	**467**	**806**

Notes to the Financial Statements continued

	2018	2017
	$	$

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	3,928	3,928
Less Accumulated Amortisation and Impairment	3,125	1,897
Total Intangible Assets at Net Carrying Amount	**803**	**2,031**

15. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	2,031	2,031
Amortisation (Recognised in Depreciation and Amortisation)	(1,228)	(1,228)
Carrying amount at the end of year	**803**	**803**
2017		
Net carrying amount at start of year	1,829	1,829
Additions (From Internal Development or Acquired Separately)	172	172
Write Off of Intangible Assts	986	986
Amortisation (Recognised in Depreciation and Amortisation)	(956)	(956)
Net carrying amount at end of year	**2,031**	**2,031**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	2,741	10,910
Taxation and Payroll Deductions	6,974	238
Creditors	5,810	4,938
Accrued Expenditure	13,241	13,668
	28,766	**29,754**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	9,715	11,148
	9,715	**11,148**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	6,604	6,604
	6,604	**6,604**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	6,604	6,122
Increase/(Decrease) in provisions recognised	-	404
Unwinding/change in discount rate	-	78
Carrying amount at the end of financial year	**6,604**	**6,604**
18. OTHER LIABILITIES		
Current		
Income in Advance	159,855	85,965
	159,855	**85,965**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	333
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**333**

b) Operating Lease Commitments

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

Within one year	16,743	19,409
Later than one year and not later than five years	43,381	73,024
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**60,124**	**92,433**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $60,124 as at 30 June 2018 includes input tax credits of $5,451 that are expected to be recoverable from the Australian Taxation Office (2017: $8,433).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	184,275	(65,738)
Depreciation and Amortisation	(1,762)	(2,298)
(Increase)/ Decrease Income in Advance	(73,890)	(5,406)
(Increase)/ Decrease in Provisions	-	(79)
Increase / (Decrease) in Receivables	(10,093)	(12,708)
(Increase)/ Decrease in Payables from Operating Activities	988	59,344
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(41)	-
Write off of Non-Current Assets	-	(565)
Net Result	**99,477**	**(27,450)**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	1,048,582	870,469
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	10,445
		1,048,582	**880,914**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	21,792	29,516
		21,792	**29,516**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	10,443
Past due but not impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	2
> 6 months overdue	-	-
Impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**10,445**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	21,792	-	-	21,792	21,792	-	-
	21,792	-	-	21,792	21,792	-	-
2017							
Payables:							
- Creditors [2]	29,516	-	-	29,516	29,516	-	-
	29,516	-	-	29,516	29,516	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	1,048,582	(10,486)	(10,486)	10,486	10,486
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	21,792	-		-	-
2017					
Financial Assets					
Cash and Cash Equivalents	870,469	(8,705)	(8,705)	8,705	8,705
Receivables	10,445	-	-	-	-
Financial Liabilities					
Payables*	29,516	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

	2018	2017
	$	$
- NSW Ministry of Health	12,595	11,136
- Independent Pricing and Regulatory Tribunal	1,532	-
	14,127	**11,136**

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Dental Council of NSW

Dental Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Dental Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Dental Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

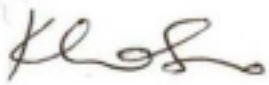
Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Dental Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Dental Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Conjoint Associate Professor F Shane Fryer OAM
President

Date: 12 October 2018



Dr Kavita Lobo
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	1,073,897	1,001,641
Other Operating Expenses	3	1,549,714	1,203,780
Depreciation and Amortisation	1(n), 4	15,898	24,396
Education and Research	5	17,358	-
Finance Costs	1(g), 6	-	1,056
Total Expenses Excluding Losses		**2,656,867**	**2,230,873**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	10,727	-
Registration Fees	1(h), 8	2,990,943	3,010,150
Investment Revenue	1(h), 9	61,826	52,359
Other Income		792	5,369
Total Revenue		**3,064,288**	**3,067,878**
Gain / (Loss) on Disposal	11	**(3,481)**	**-**
Net Result	21	**403,940**	**837,005**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**403,940**	**837,005**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	3,858,621	3,836,497
Receivables	13	27,847	88,268
Total Current Assets		**3,886,468**	**3,924,765**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	14	10,706	4,306
Leasehold Improvements	14	54,302	9,548
Total Property, Plant & Equipment		**65,008**	**13,854**
Intangible Assets	15	**3,621**	**12,960**
Total Non-Current Assets		**68,629**	**26,814**
Total Assets		**3,955,097**	**3,951,579**
LIABILITIES			
Current Liabilities			
Payables	16	308,645	379,048
Other	18	1,063,362	1,393,381
Total Current Liabilities		**1,372,007**	**1,772,429**
Non-Current Liabilities			
Provisions	17	88,468	88,468
Total Non-Current Liabilities		**88,468**	**88,468**
Total Liabilities		**1,460,475**	**1,860,897**
Net Assets		**2,494,622**	**2,090,682**
EQUITY			
Accumulated funds		2,494,622	2,090,682
Total Equity		**2,494,622**	**2,090,682**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	2,090,682
Net Result for the year	403,940
Balance at 30 June 2018	**2,494,622**
Balance at 1 July 2016	1,253,677
Net Result for the year	837,005
Balance at 30 June 2017	**2,090,682**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(1,214,242)	(1,318,769)
Education and Research		(18,515)	-
Other		(1,572,339)	(1,211,252)
Total Payments		**(2,805,096)**	**(2,530,021)**
Receipts			
Registration fees		2,688,882	3,468,866
Interest Received		61,826	51,041
Other		137,706	5,369
Total Receipts		**2,888,414**	**3,525,276**
Net Cash Flows from Operating Activities	21	**83,318**	**995,255**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	3,717
Purchases of Property, Plant and Equipment and Intangibles		(61,194)	(4,529)
Net Cash Flows from Investing Activities		**(61,194)**	**(812)**
Net Increase/(Decrease) in Cash and Cash Equivalents		22,124	994,443
Opening cash and cash equivalents	12	3,836,497	2,842,054
Closing Cash and Cash Equivalents	12	**3,858,621**	**3,836,497**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($299,515) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	888,743	876,645
Superannuation - Defined Benefit Plans	944	-
Superannuation - Defined Contribution Plans	75,874	74,467
Long Service Leave	27,027	-
Redundancies	10,011	-
Workers' Compensation Insurance	3,971	253
Payroll Taxes	67,327	50,276
	1,073,897	**1,001,641**

3. OTHER OPERATING EXPENSES		
Advertising	1,456	-
Consultancies	1,301	6,784
Contractors	479,512	328,141
Domestic Supplies and Services	5,448	6,255
Food Supplies	12,195	10,208
Fuel, Light and Power	6,519	-
Information Management Expenses (Software licences, support and maintenance)	142,401	116,992
Insurance	786	2,209
Maintenance (See 3(b) below)	102,703	34,594
Motor Vehicle Expenses	255	(47)
Postal and Telephone Costs	19,211	11,533
Printing and Stationery	14,373	10,884
Rental	122,810	133,020
Staff Related Costs	31,606	45,886
Travel Related Costs	18,289	18,448
Other (See 3(a) below)	590,849	478,873
	1,549,714	**1,203,780**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	15	-
Legal Services	22,371	50,166
Membership/Professional Fees	226	37
Security Services	125	6
Auditor's Remuneration	17,832	16,220
General Administration Expenses	20,441	13,018
Sitting Fees	400,523	315,870
NSW Civil & Administrative Tribunal Fixed Costs	62,195	29,249
Council Fees	67,121	54,307
	590,849	**478,873**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	8,030	(130)
New/Replacement Equipment under $5,000	44,989	11,302
Repairs Maintenance/Non Contract	49,684	23,422
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	102,703	34,594
	102,703	**34,594**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	2,328	2,560
Depreciation - Leasehold Improvements	4,231	15,994
Amortisation - Intangible Assets	9,339	5,842
	15,898	**24,396**
5. EDUCATION AND RESEARCH		
Education and Research	17,358	-
	17,358	**-**
6. FINANCE COSTS		
Other Interest Charges	-	1,056
	-	**1,056**

Notes to the Financial Statements continued

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

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

	2018	2017
	$	$
8. REGISTRATION FEES		
Registration Fees	2,990,943	3,010,150
	2,990,943	**3,010,150**
9. INVESTMENT REVENUE		
Interest	61,826	52,359
	61,826	**52,359**
10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES		
The following liabilities and expenses have been assumed by the Crown Entity:		
Superannuation-defined benefit	944	-
Long Service Leave	9,783	-
	10,727	**-**
11. GAIN / (LOSS) ON DISPOSAL		
Property, Plant and Equipment	58,753	-
Accumulated Depreciation	(55,272)	-
Written Down Value	**3,481**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(3,481)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	430,781	446,055
Cash at Bank - Held by HPCA*	3,427,840	3,390,442
	3,858,621	**3,836,497**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	3,858,621	3,836,497
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**3,858,621**	**3,836,497**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	430,781	446,055
	430,781	**446,055**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	35,077
Goods and Services Tax	16,251	5,129
Interest Receivable	-	33,277
Prepayments	11,596	14,785
	27,847	**88,268**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	14,373	5,645
Less: Accumulated Depreciation and Impairment	3,667	1,339
Net Carrying Amount	**10,706**	**4,306**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	58,822	65,108
Less: Accumulated Depreciation and Impairment	4,520	55,560
Net Carrying Amount	**54,302**	**9,548**
Total Property, Plant and Equipment		
At Net Carrying Amount	**65,008**	**13,854**

Notes to the Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	4,306	9,548	**13,854**
Additions	8,728	53,807	**62,535**
Disposals	-	(3,481)	**(3,481)**
Depreciation Expense	(2,328)	(4,232)	**(6,560)**
Movements in WIP	-	(1,340)	**(1,340)**
Net carrying amount at end of year	**10,706**	**54,302**	**65,008**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	11,420	20,403	**31,823**
Additions	2,906	-	**2,906**
Reclassifications to Intangibles	(7,460)	3,799	**(3,661)**
Depreciation Expense	(2,560)	(15,994)	**(18,554)**
Movements in WIP	-	1,340	**1,340**
Net carrying amount at end of year	**4,306**	**9,548**	**13,854**

Notes to the Financial Statements continued

	2018	2017
	$	$

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	24,471	24,471
Less Accumulated Amortisation and Impairment	20,850	11,511
Total Intangible Assets at Net Carrying Amount	**3,621**	**12,960**

15. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	12,960	12,960
Amortisation (Recognised in Depreciation and Amortisation)	(9,339)	(9,339)
Carrying amount at the end of year	**3,621**	**3,621**
2017		
Net carrying amount at start of year	23,581	23,581
Additions (From Internal Development or Acquired Separately)	1,844	1,844
Write Off of Intangible Assts	(6,623)	(6,623)
Amortisation (Recognised in Depreciation and Amortisation)	(5,842)	(5,842)
Net carrying amount at end of year	**12,960**	**12,960**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	34,791	258,149
Taxation and Payroll Deductions	85,805	13,255
Creditors	109,268	20,593
Accrued Expenditure	78,781	87,051
	308,645	**379,048**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	120,596	271,404
	120,596	**271,404**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	88,468	88,468
	88,468	**88,468**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	88,468	82,011
Increase/(Decrease) in provisions recognised	-	5,401
Unwinding/change in discount rate	-	1,056
Carrying amount at the end of financial year	**88,468**	**88,468**
18. OTHER LIABILITIES		
Current		
Income in Advance	1,063,362	1,393,381
	1,063,362	**1,393,381**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	4,069
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**4,069**

b) Operating Lease Commitments

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

Within one year	180,215	186,358
Later than one year and not later than five years	466,912	701,153
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**647,127**	**887,511**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $647,127 as at 30 June 2018 includes input tax credits of $58,664 that are expected to be recoverable from the Australian Taxation Office (2017: $81,053).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	83,318	995,255
Depreciation and Amortisation	(15,898)	(24,396)
(Increase)/ Decrease Income in Advance	330,019	(425,730)
(Increase)/ Decrease in Provisions	-	(1,056)
Increase / (Decrease) in Receivables	(60,421)	(40,762)
(Increase)/ Decrease in Payables from Operating Activities	70,403	333,694
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(3,481)	-
Net Result	**403,940**	**837,005**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	3,858,621	3,836,497
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	68,354
		3,858,621	**3,904,851**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	222,840	365,793
		222,840	**365,793**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	68,332
Past due but not impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	22
> 6 months overdue	-	-
Impaired[1,2]	-	-
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**68,354**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	222,840	-	-	222,840	222,840	-	-
	222,840	-	-	222,840	222,840	-	-
2017							
Payables:							
- Creditors [2]	365,793	-	-	365,793	365,793	-	-
	365,793	-	-	365,793	365,793	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	3,858,621	(38,586)	(38,586)	38,586	38,586
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	222,840	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	3,836,497	(38,365)	(38,365)	38,365	38,365
Receivables	68,354	-	-	-	-
Financial Liabilities					
Payables*	365,793	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $201,931 (2017: $134,359) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Medical Radiation Practice Council of NSW

Medical Radiation Practice Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Medical Radiation Practice Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Medical Radiation Practice Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Medical Radiation Practice Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Ms Tracy Vitucci
President

Date: 12 October 2018

Mr Warren Stretton
Council Member

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	**43,496**	38,013
Other Operating Expenses	3	**95,259**	86,175
Depreciation and Amortisation	1(n), 4	**2,880**	2,776
Education and Research	5	**3,866**	-
Finance Costs	1(g), 6	**-**	48
Total Expenses Excluding Losses		**145,501**	127,012
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	**875**	-
Registration Fees	1(h), 8	**343,861**	360,620
Investment Revenue	1(h), 9	**29,350**	27,339
Other Income		**-**	2,789
Total Revenue		**374,086**	390,748
Gain / (Loss) on Disposal	11	**(31)**	-
Net Result	21	**228,554**	263,736
Total other comprehensive income			
TOTAL COMPREHENSIVE INCOME		**228,554**	263,736

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	**2,029,602**	1,794,975
Receivables	13	**4,343**	21,437
Total Current Assets		**2,033,945**	**1,816,412**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	14	383	172
Leasehold Improvements	14	2,163	266
Total Property, Plant & Equipment		**2,546**	**438**
Intangible Assets	15	**1,282**	**3,930**
Total Non-Current Assets		**3,828**	**4,368**
Total Assets		**2,037,773**	**1,820,780**
LIABILITIES			
Current Liabilities			
Payables	16	22,295	22,065
Other	18	132,281	144,072
Total Current Liabilities		**154,576**	**166,137**
Non-Current Liabilities			
Provisions	17	4,057	4,057
Total Non-Current Liabilities		**4,057**	**4,057**
Total Liabilities		**158,633**	**170,194**
Net Assets		**1,879,140**	**1,650,586**
EQUITY			
Accumulated funds		1,879,140	1,650,586
Total Equity		**1,879,140**	**1,650,586**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	1,650,586
Net Result for the year	228,554
Balance at 30 June 2018	**1,879,140**
Balance at 1 July 2016	1,386,850
Net Result for the year	263,736
Balance at 30 June 2017	**1,650,586**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(42,825)	(56,345)
Education and Research		(4,192)	-
Other		(102,010)	(84,621)
Total Payments		**(149,027)**	**(140,966)**
Receipts			
Registration fees		344,864	350,551
Interest Received		29,350	29,425
Other		11,811	2,789
Total Receipts		**386,025**	**382,765**
Net Cash Flows from Operating Activities	21	**236,998**	**241,799**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	585
Purchases of Property, Plant and Equipment and Intangibles		(2,371)	(2,153)
Net Cash Flows from Investing Activities		**(2,371)**	**(1,568)**
Net Increase/(Decrease) in Cash and Cash Equivalents		234,627	240,231
Opening cash and cash equivalents	12	1,794,975	1,554,744
Closing Cash and Cash Equivalents	12	**2,029,602**	**1,794,975**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

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

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($45,229) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	35,924	33,211
Superannuation - Defined Benefit Plans	56	-
Superannuation - Defined Contribution Plans	2,832	2,688
Long Service Leave	1,555	-
Redundancies	657	-
Workers' Compensation Insurance	139	126
Payroll Taxes	2,333	1,988
	43,496	**38,013**

3. OTHER OPERATING EXPENSES		
Advertising	48	-
Consultancies	992	3,124
Contractors	20,150	16,828
Domestic Supplies and Services	806	738
Food Supplies	3,046	1,507
Fuel, Light and Power	227	-
Information Management Expenses (Software licences, support and maintenance)	14,065	22,509
Insurance	2	16
Maintenance (See 3(b) below)	3,810	1,339
Motor Vehicle Expenses	20	151
Postal and Telephone Costs	3,004	889
Printing and Stationery	625	332
Rental	4,319	5,131
Staff Related Costs	5,994	2,978
Travel Related Costs	11,825	7,951
Other (See 3(a) below)	26,326	22,682
	95,259	**86,175**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	10	-
Legal Services	19	220
Membership/Professional Fees	8	29
Security Services	4	5
Auditor's Remuneration	6,381	5,790
General Administration Expenses	187	831
Sitting Fees	8,531	3,056
Council Fees	11,186	12,751
	26,326	**22,682**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	285	(3)
New/Replacement Equipment under $5,000	1,705	424
Repairs Maintenance/Non Contract	1,820	918
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	-	-
	3,810	**1,339**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	88	136
Depreciation - Leasehold Improvements	144	697
Amortisation - Intangible Assets	2,648	1,943
	2,880	**2,776**
5. EDUCATION AND RESEARCH		
Education and Research	3,866	-
	3,866	**-**
6. FINANCE COSTS		
Other Interest Charges	-	48
	-	**48**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	343,861	360,620
	343,861	**360,620**

9. INVESTMENT REVENUE

Interest	29,350	27,339
	29,350	**27,339**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	56	-
Long Service Leave	819	-
	875	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	656	-
Accumulated Depreciation	(625)	-
Written Down Value	**31**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(31)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	51,025	53,718
Cash at Bank - Held by HPCA*	1,978,577	1,741,257
	2,029,602	**1,794,975**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	2,029,602	1,794,975
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**2,029,602**	**1,794,975**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	51,025	53,718
	51,025	**53,718**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	2,665
Goods and Services Tax	990	1,189
Interest Receivable	-	13,931
Prepayments	3,353	3,652
	4,343	**21,437**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	526	227
Less: Accumulated Depreciation and Impairment	143	55
Net Carrying Amount	**383**	**172**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	2,356	940
Less: Accumulated Depreciation and Impairment	193	674
Net Carrying Amount	**2,163**	**266**
Total Property, Plant and Equipment		
At Net Carrying Amount	**2,546**	**438**

Notes to the Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	172	266	**438**
Additions	299	2,125	**2,424**
Write Off of Assets	-	(31)	**(31)**
Depreciation Expense	(88)	(144)	**(232)**
Movements in WIP	-	(53)	**(53)**
Net carrying amount at end of year	**383**	**2,163**	**2,546**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	457	724	**1,181**
Additions	102	-	**102**
Write Off of Assets	(251)	186	**(65)**
Movements in WIP	-	53	**53**
Net carrying amount at end of year	**172**	**266**	**438**

Notes to the Financial Statements continued

	2018	2017
	$	$

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	7,816	7,816
Less Accumulated Amortisation and Impairment	6,534	3,886
Total Intangible Assets at Net Carrying Amount	**1,282**	**3,930**

15. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	3,930	3,930
Amortisation (Recognised in Depreciation and Amortisation)	(2,648)	(2,648)
Carrying amount at the end of year	**1,282**	**1,282**
2017		
Net carrying amount at start of year	4,735	4,735
Additions (From Internal Development or Acquired Separately)	63	63
Write Off of Intangible Assts	1,075	1,075
Amortisation (Recognised in Depreciation and Amortisation)	(1,943)	(1,943)
Net carrying amount at end of year	**3,930**	**3,930**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	1,438	5,383
Taxation and Payroll Deductions	3,984	231
Creditors	3,072	8,520
Accrued Expenditure	13,801	7,931
	22,295	**22,065**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	5,422	5,614
	5,422	**5,614**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	4,057	4,057
	4,057	**4,057**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	4,057	3,760
Increase/(Decrease) in provisions recognised	-	248
Unwinding/change in discount rate	-	49
Carrying amount at the end of financial year	**4,057**	**4,057**
18. OTHER LIABILITIES		
Current		
Income in Advance	132,281	144,072
	132,281	**144,072**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	142
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**142**

b) Operating Lease Commitments

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

Within one year	8,434	6,425
Later than one year and not later than five years	21,852	24,173
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**30,286**	**30,598**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $30,286 as at 30 June 2018 includes input tax credits of $2,745 that are expected to be recoverable from the Australian Taxation Office (2017: $2,795).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	236,998	241,799
Depreciation and Amortisation	(2,880)	(2,776)
(Increase)/ Decrease Income in Advance	11,791	12,426
(Increase)/ Decrease in Provisions	-	(48)
Increase / (Decrease) in Receivables	(17,094)	(4,242)
(Increase)/ Decrease in Payables from Operating Activities	(230)	16,577
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(31)	-
Net Result	**228,554**	**263,736**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	2,029,602	1,794,975
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	16,596
		2,029,602	**1,811,571**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	18,311	21,834
		18,311	**21,834**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	16,595
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	1
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total	**-**	**16,596**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	18,311	-	-	18,311	18,311	-	-
	18,311	-	-	18,311	18,311	-	-
2017							
Payables:							
- Creditors [2]	21,834	-	-	21,834	21,834	-	-
	21,834	-	-	21,834	21,834	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	2,029,602	(20,296)	(20,296)	20,296	20,296
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	18,311	-		-	-
2017					
Financial Assets					
Cash and Cash Equivalents	1,794,975	(17,950)	(17,950)	17,950	17,950
Receivables	16,596	-	-	-	-
Financial Liabilities					
Payables*	21,834	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

	2018	2017
	$	$
- Calvary Mater Newcastle Hospital	2,434	2,318
- Hunter New England Local Health District	-	2,190
- Sydney Children's Hospitals Network	1,314	-
- NSW Ministry of Health	10,494	11,309
	14,242	**15,817**

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

NMC
Nursing & Midwifery Council

Nursing & Midwifery Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Nursing and Midwifery Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Nursing and Midwifery Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Nursing & 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 & Midwifery Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Adjunct Professor John G Kelly
President

Date: 12 October 2018

Dr Bethne Hart
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	3,506,961	3,005,495
Other Operating Expenses	3	3,952,603	3,875,082
Depreciation and Amortisation	1(n), 4	56,275	83,897
Education and Research	5	326,531	55,268
Finance Costs	1(g), 6	-	3,106
Total Expenses Excluding Losses		**7,842,370**	**7,022,848**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v)(ii), 10	16,318	-
Registration Fees	1(h), 8	8,187,726	7,866,105
Investment Revenue	1(h), 9	198,694	191,173
Other Income		50	387
Total Revenue		**8,402,788**	**8,057,665**
Gain / (Loss) on Disposal	11	**(22,954)**	**-**
Other Gains / (Losses)	12	**(131)**	**-**
Net Result	22	**537,333**	**1,034,817**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**537,333**	**1,034,817**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	13	15,893,940	14,890,602
Receivables	14	73,024	530,906
Total Current Assets		**15,966,964**	**15,421,508**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	15	26,122	25,207
Leasehold Improvements	15	153,098	43,975
Total Property, Plant & Equipment		**179,220**	**69,182**
Intangible Assets	16	**12,321**	**42,516**
Total Non-Current Assets		**191,541**	**111,698**
Total Assets		**16,158,505**	**15,533,206**
LIABILITIES			
Current Liabilities			
Payables	17	786,141	706,770
Other	19	6,788,728	6,780,133
Total Current Liabilities		**7,574,869**	**7,486,903**
Non-Current Liabilities			
Provisions	18	260,250	260,250
Total Non-Current Liabilities		**260,250**	**260,250**
Total Liabilities		**7,835,119**	**7,747,153**
Net Assets		**8,323,386**	**7,786,053**
EQUITY			
Accumulated funds		8,323,386	7,786,053
Total Equity		**8,323,386**	**7,786,053**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	7,786,053
Net Result for the year	537,333
Balance at 30 June 2018	**8,323,386**
Balance at 1 July 2016	6,751,236
Net Result for the year	1,034,817
Balance at 30 June 2017	**7,786,053**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(3,459,559)	(3,853,997)
Education and Research		(357,894)	-
Other		(4,260,224)	(4,275,752)
Total Payments		**(8,077,677)**	**(8,129,749)**
Receipts			
Registration fees		8,261,351	8,094,619
Interest Received		198,694	212,234
Other		780,042	387
Total Receipts		**9,240,087**	**8,307,240**
Net Cash Flows from Operating Activities	22	**1,162,410**	**177,491**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	6,963
Purchases of Property, Plant and Equipment and Intangibles		(159,072)	(12,693)
Net Cash Flows from Investing Activities		**(159,072)**	**(5,730)**
Net Increase/(Decrease) in Cash and Cash Equivalents		1,003,338	171,761
Opening cash and cash equivalents	13	14,890,602	14,718,841
Closing Cash and Cash Equivalents	13	**15,893,940**	**14,890,602**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

The Nursing & 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($1,509,377) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	20% - 25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	2,922,702	2,595,093
	Superannuation - Defined Benefit Plans	10,843	-
	Superannuation - Defined Contribution Plans	247,301	245,187
	Long Service Leave	103,433	-
	Redundancies	27,107	-
	Workers' Compensation Insurance	12,196	9,460
	Payroll Taxes	183,379	155,755
		3,506,961	**3,005,495**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	4,507	-
	Consultancies	47,241	127,382
	Contractors	1,336,867	1,236,736
	Domestic Supplies and Services	25,782	25,752
	Food Supplies	17,978	16,386
	Fuel, Light and Power	20,027	-
	Information Management Expenses (Software licences, support and maintenance)	392,102	471,248
	Insurance	171	312
	Maintenance (See 3(b) below)	293,212	99,843
	Motor Vehicle Expenses	763	6,164
	Postal and Telephone Costs	54,486	37,401
	Printing and Stationery	42,766	32,323
	Rental	327,186	348,854
	Staff Related Costs	451,629	472,679
	Travel Related Costs	109,232	128,503
	Other (See 3(a) below)	828,654	871,499
		3,952,603	**3,875,082**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	5	-
Legal Services	48,338	29,206
Membership/Professional Fees	6,299	4,723
Security Services	383	270
Auditor's Remuneration	19,648	17,840
General Administration Expenses	40,631	64,709
Sitting Fees	561,538	521,602
NSW Civil & Administrative Tribunal Fixed Costs	124,390	201,360
Council Fees	27,422	31,789
	828,654	**871,499**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	20,956	25
New/Replacement Equipment under $5,000	136,296	36,034
Repairs Maintenance/Non Contract	135,960	63,784
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	293,212	99,843
	293,212	**99,843**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	10,592	13,371
Depreciation - Leasehold Improvements	15,488	50,686
Amortisation - Intangible Assets	30,195	19,840
	56,275	**83,897**
5. EDUCATION AND RESEARCH		
Education and Research	326,531	55,268
	326,531	**55,268**
6. FINANCE COSTS		
Other Interest Charges	-	3,106
	-	**3,106**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	8,187,726	7,866,105
	8,187,726	**7,866,105**

9. INVESTMENT REVENUE

Interest	198,694	191,173
	198,694	**191,173**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	10,843	-
Long Service Leave	5,475	-
	16,318	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	323,695	-
Accumulated Depreciation	(300,741)	-
Written Down Value	**22,954**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(22,954)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. OTHER GAINS / (LOSSES)		
Impairment of Receivables	(131)	-
	(131)	**-**
13. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	1,104,066	415,010
Cash at Bank - Held by HPCA*	14,789,874	14,475,592
	15,893,940	**14,890,602**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	15,893,940	14,890,602
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**15,893,940**	**14,890,602**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	1,103,566	414,510
	1,103,566	**414,510**

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

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to the Financial Statements continued

	2018	2017
	$	$
14. RECEIVABLES		
Current		
Trade and Other Receivables	99	385,378
Goods and Services Tax	48,794	35,431
Interest Receivable	-	80,467
Less Allowance for Impairment	-	(1,347)
Prepayments	24,131	30,977
	73,024	**530,906**

a) Movement in the Allowance for Impairment		
Balance at Commencement of Reporting Period	(1,347)	-
Amounts written off during the period	131	(1,347)
Amounts recovered during the period	1,347	-
(Increase)/decrease in Allowance Recognised in the Net Result	(131)	-
Balance at 30 June 2018	**-**	**(1,347)**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Notes to the Financial Statements continued

	2018	2017
	$	$

15. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	53,962	42,455
Less: Accumulated Depreciation and Impairment	27,840	17,248
Net Carrying Amount	**26,122**	**25,207**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	165,971	342,101
Less: Accumulated Depreciation and Impairment	12,873	298,126
Net Carrying Amount	**153,098**	**43,975**
Total Property, Plant and Equipment		
At Net Carrying Amount	**179,220**	**69,182**

Notes to the Financial Statements continued

15. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	25,207	43,975	**69,182**
Additions	11,507	151,333	**162,840**
Disposals	-	(22,954)	**(22,954)**
Depreciation Expense	(10,592)	(15,488)	**(26,080)**
Movements in WIP	-	(3,768)	**(3,768)**
Net carrying amount at end of year	**26,122**	**153,098**	**179,220**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	65,925	81,389	**147,314**
Additions	8,925	-	**8,925**
Write Off of Assets	(36,272)	9,504	**(26,768)**
Depreciation Expense	(13,371)	(50,686)	**(64,057)**
Movements in WIP	-	3,768	**3,768**
Net carrying amount at end of year	**25,207**	**43,975**	**69,182**

Notes to the Financial Statements continued

	2018	2017
	$	$

16. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	81,829	81,829
Less Accumulated Amortisation and Impairment	69,508	39,313
Total Intangible Assets at Net Carrying Amount	**12,321**	**42,516**

16. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	42,516	42,516
Amortisation (Recognised in Depreciation and Amortisation)	(30,195)	(30,195)
Carrying amount at the end of year	**12,321**	**12,321**
2017		
Net carrying amount at start of year	71,686	71,686
Additions (From Internal Development or Acquired Separately)	4,098	4,098
Write Off of Intangible Assts	(13,428)	(13,428)
Amortisation (Recognised in Depreciation and Amortisation)	(19,840)	(19,840)
Net carrying amount at end of year	**42,516**	**42,516**

Notes to the Financial Statements continued

	2018	2017
	$	$
17. PAYABLES		
Current		
Personnel Services - Ministry of Health	152,761	300,814
Taxation and Payroll Deductions	187,541	7,232
Creditors	277,181	166,362
Accrued Expenditure	168,658	232,362
	786,141	**706,770**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	340,302	308,046
	340,302	**308,046**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 23.

18. PROVISIONS		
Non-Current		
Make Good	260,250	260,250
	260,250	**260,250**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	260,250	241,254
Increase/(Decrease) in provisions recognised	-	15,891
Unwinding/change in discount rate	-	3,105
Carrying amount at the end of financial year	**260,250**	**260,250**
19. OTHER LIABILITIES		
Current		
Income in Advance	6,788,728	6,780,133
	6,788,728	**6,780,133**

Notes to the Financial Statements continued

	2018	2017
	$	$

20. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	12,498
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**12,498**

b) Operating Lease Commitments

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

Within one year	495,624	493,798
Later than one year and not later than five years	1,284,089	1,857,861
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**1,779,713**	**2,351,659**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $1,779,713 as at 30 June 2018 includes input tax credits of $161,336 that are expected to be recoverable from the Australian Taxation Office (2017: $214,923).

21. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	1,162,410	177,491
Depreciation and Amortisation	(56,275)	(83,897)
Impairment of Receivables	(131)	-
(Increase)/ Decrease Income in Advance	(8,595)	(143,128)
(Increase)/ Decrease in Provisions	-	(3,106)
Increase / (Decrease) in Receivables	(457,751)	(150,967)
(Increase)/ Decrease in Payables from Operating Activities	(79,371)	1,238,424
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(22,954)	-
Net Result	**537,333**	**1,034,817**

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 13)	N/A	15,893,940	14,890,602
Receivables (note 14)*	Loans and receivables (at amortised cost)	99	464,498
		15,894,039	**15,355,100**
Financial Liabilities			
Payables (note 17)**	Financial liabilities measured at amortised cost	598,600	699,538
		598,600	**699,538**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	463,902
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	465
> 6 months overdue	99	131
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	1,347
Total[1,2]	**99**	**465,845**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	598,600	-	-	598,600	598,600	-	-
	598,600	-	-	598,600	598,600	-	-
2017							
Payables:							
- Creditors [2]	699,538	-	-	699,538	699,538	-	-
	699,538	-	-	699,538	699,538	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	15,893,940	(158,939)	(158,939)	158,939	158,939
Receivables	99	-	-	-	-
Financial Liabilities					
Payables*	598,600	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	14,890,602	(148,906)	(148,906)	148,906	148,906
Receivables	464,498	-	-	-	-
Financial Liabilities					
Payables*	699,538	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

24. RELATED PARTY TRANSACTIONS

	2018	2017
	$	$
- NSW Ministry of Health	108,829	90,059
- Nepean Blue Mountains Local Health District	4,850	6,836
- NSW Nurses Association	2,124	5,134
- St Vincent's Hospital	2,940	2,128
	118,743	**104,157**

25. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Occupational Therapy Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Occupational Therapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Occupational Therapy Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

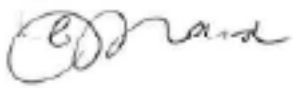
Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Occupational Therapy Council of New South Wales, we declare on behalf of the Council that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Occupational Therapy Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Mr Kim Nguyen
President

Date: 12 October 2018



Ms Carolyn Fozzard
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	64,513	55,986
Other Operating Expenses	3	80,110	89,547
Depreciation and Amortisation	1(l), 4	2,520	2,656
Finance Costs	1(g), 6	-	53
Total Expenses Excluding Losses		**147,143**	**148,242**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(e)(ii),10	1,354	-
Registration Fees	1(h), 8	255,878	226,251
Investment Revenue	1(h), 9	14,917	14,112
Other Income		-	1,937
Total Revenue		**272,149**	**242,300**
Gain / (Loss) on Disposal	11	**(43)**	**-**
Net Result	21	**124,963**	**-**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**124,963**	**94,058**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	1,027,126	906,401
Receivables	13	3,764	13,389
Total Current Assets		**1,030,890**	**919,790**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	14	391	228
Leasehold Improvements	14	3,079	323
Total Property, Plant and Equipment		3,470	551
Intangible Assets	15	1,216	3,439
Total Non-Current Assets		4,686	3,990
Total Assets		**1,035,576**	**923,780**
LIABILITIES			
Current Liabilities			
Payables	16	18,243	24,150
Other	18	88,010	95,270
Total Current Liabilities		**106,253**	**119,420**
Non-Current Liabilities			
Provisions	17	4,464	4,464
Total Non-Current Liabilities		**4,464**	**4,464**
Total Liabilities		**110,717**	**123,884**
Net Assets		**924,859**	**799,896**
EQUITY			
Accumulated funds		924,859	799,896
Total Equity		**924,859**	**799,896**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	799,896
Net Result for the year	124,963
Balance at 30 June 2018	**924,859**
Balance at 1 July 2016	705,838
Net Result for the year	94,058
Balance at 30 June 2017	**799,896**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(67,118)	(78,030)
Other		(88,799)	(92,959)
Total Payments		**(155,917)**	**(170,989)**
Receipts			
Registration fees		256,732	239,556
Interest Received		14,917	15,394
Other		8,252	1,937
Total Receipts		**279,901**	**256,887**
Net Cash Flows from Operating Activities	21	**123,984**	**85,898**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	772
Purchases of Property, Plant and Equipment and Intangibles		(3,259)	(2,867)
Net Cash Flows from Investing Activities		**(3,259)**	**(2,095)**
Net Increase/(Decrease) in Cash and Cash Equivalents		120,725	83,803
Opening cash and cash equivalents	12	906,401	822,598
Closing Cash and Cash Equivalents	12	**1,027,126**	**906,401**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

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

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($46,109) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	54,201	48,973
	Superannuation - Defined Benefit Plans	43	-
	Superannuation - Defined Contribution Plans	4,375	4,325
	Long Service Leave	2,158	-
	Redundancies	467	-
	Workers' Compensation Insurance	219	8
	Payroll Taxes	3,050	2,680
		64,513	**55,986**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	74	-
	Consultancies	1,076	3,235
	Contractors	24,268	17,995
	Domestic Supplies and Services	839	686
	Food Supplies	939	1,080
	Fuel, Light and Power	359	-
	Information Management Expenses (Software licences, support and maintenance)	14,769	22,882
	Insurance	42	132
	Maintenance (See 3(b) below)	4,544	1,276
	Motor Vehicle Expenses	24	138
	Postal and Telephone Costs	2,199	1,031
	Printing and Stationery	827	517
	Rental	3,526	4,016
	Staff Related Costs	4,770	9,537
	Travel Related Costs	1,877	1,762
	Other (See 3(a) below)	19,977	25,260
		80,110	**89,547**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Legal Services	15	-
Membership/Professional Fees	13	30
Security Services	7	35
Auditor's Remuneration	6,381	5,790
General Administration Expenses	201	675
Sitting Fees	5,145	5,970
Council Fees	8,215	12,760
	19,977	**25,260**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	304	(82)
New/Replacement Equipment under $5,000	2,497	645
Repairs Maintenance/Non Contract	1,743	713
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	4,544	1,276
	4,544	**1,276**

4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	103	184
Depreciation - Leasehold Improvements	194	769
Amortisation - Intangible Assets	2,223	1,703
	2,520	**2,656**

5. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2018.

6. FINANCE COSTS		
Other Interest Charges	-	53
	-	**53**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	255,878	226,251
	255,878	**226,251**

9. INVESTMENT REVENUE

Interest	14,917	14,112
	14,917	**14,112**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	43	-
Long Service Leave	1,311	-
	1,354	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	916	-
Accumulated Depreciation	(873)	-
Written Down Value	**43**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(43)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	46,826	45,773
Cash at Bank - Held by HPCA*	980,300	860,628
	1,027,126	**906,401**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	1,027,126	906,401
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**1,027,126**	**906,401**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	46,826	45,773
	46,826	**45,773**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	1,710
Goods and Services Tax	877	1,195
Interest Receivable	-	7,232
Prepayments	2,887	3,252
	3,764	**13,389**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	564	298
Less: Accumulated Depreciation and Impairment	173	70
Net Carrying Amount	**391**	**228**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	3,319	1,242
Less: Accumulated Depreciation and Impairment	240	919
Net Carrying Amount	**3,079**	**323**
Total Property, Plant and Equipment		
At Net Carrying Amount	**3,470**	**551**

Notes to the Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	228	323	**551**
Additions	266	3,070	**3,336**
Write Off of Assets	-	(43)	**(43)**
Depreciation Expense	(103)	(194)	**(297)**
Movements in WIP	-	(77)	**(77)**
Net carrying amount at end of year	**391**	**3,079**	**3,470**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	585	805	**1,390**
Additions	160	-	**160**
Write Off of Assets	(333)	210	**(123)**
Depreciation Expense	(184)	(769)	**(953)**
Movements in WIP	-	77	**77**
Net carrying amount at end of year	**228**	**323**	**551**

Notes to the Financial Statements continued

	2018	2017
	$	$

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	6,846	6,846
Less Accumulated Amortisation and Impairment	5,630	3,407
Total Intangible Assets at Net Carrying Amount	**1,216**	**3,439**

15. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	3,439	3,439
Amortisation (Recognised in Depreciation and Amortisation)	(2,223)	(2,223)
Carrying amount at the end of year	**1,216**	**1,216**
2017		
Net carrying amount at start of year	3,494	3,494
Additions (From Internal Development or Acquired Separately)	46	46
Write Off of Intangible Assts	1,602	1,602
Amortisation (Recognised in Depreciation and Amortisation)	(1,703)	(1,703)
Net carrying amount at end of year	**3,439**	**3,439**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	1,712	9,213
Taxation and Payroll Deductions	3,881	318
Creditors	3,929	6,888
Accrued Expenditure	8,721	7,731
	18,243	**24,150**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	5,593	9,531
	5,593	**9,531**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	4,464	4,464
	4,464	**4,464**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	4,464	4,139
Increase/(Decrease) in provisions recognised	-	271
Unwinding/change in discount rate	-	54
Carrying amount at the end of financial year	**4,464**	**4,464**
18. OTHER LIABILITIES		
Current		
Income in Advance	88,010	95,270
	88,010	**95,270**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	224
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**224**

b) Operating Lease Commitments

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

Within one year	9,674	4,843
Later than one year and not later than five years	25,065	18,219
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**34,739**	**23,062**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $34,739 as at 30 June 2018 includes input tax credits of $3,149 that are expected to be recoverable from the Australian Taxation Office (2017: $2,117).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	123,984	85,898
Depreciation and Amortisation	(2,520)	(2,656)
(Increase)/ Decrease Income in Advance	7,260	(6,526)
(Increase)/ Decrease in Provisions	-	(53)
Increase / (Decrease) in Receivables	(9,625)	(8,523)
(Increase)/ Decrease in Payables from Operating Activities	5,907	25,918
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(43)	-
Net Result	**124,963**	**94,058**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	1,027,126	906,401
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	8,942
		1,027,126	**915,343**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	14,362	23,832
		14,362	**23,832**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	8,941
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	1
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**8,942**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	14,362	-	-	14,362	14,362	-	-
	14,362	-	-	14,362	14,362	-	-
2017							
Payables:							
- Creditors [2]	23,832	-	-	23,832	23,832	-	-
	23,832	-	-	23,832	23,832	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	1,027,126	(10,271)	(10,271)	10,271	10,271
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	14,362	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	906,401	(9,064)	(9,064)	(9,064)	(9,064)
Receivables	8,942	-	-	-	-
Financial Liabilities					
Payables*	23,832	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

	2018	2017
	$	$
- Hunter New England Local Health District	1,752	1,808
- NSW Ministry of Health	5,950	4,358
- Northern Sydney Local Health District	1,314	1,314
- Sydney Local Health District	1,442	1,314
- Western Sydney Local Health District	1,314	1,314
	11,772	**10,108**

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Optometry Council of NSW

Optometry Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Optometry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Optometry Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

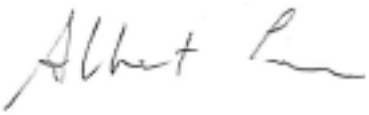
15 October 2018
SYDNEY

Statement by members of the council

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

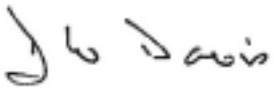
1. The accompanying financial statements exhibit a true and fair view of the financial position of the Optometry Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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



Mr Albert Lee
President

Date: 12 October 2018



Mr John Davis
Council Member

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	116,717	88,980
Other Operating Expenses	3	74,955	71,070
Depreciation and Amortisation	1(n), 4	1,513	2,336
Finance Costs	1(g), 6	-	82
Total Expenses Excluding Losses		**193,185**	**162,468**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	2,496	-
Registration Fees	1(h), 8	222,252	209,587
Investment Revenue	1(h), 9	8,206	7,555
Other Income		-	2
Total Revenue		**232,954**	**217,144**
Gain / (Loss) on Disposal	11	**(41)**	**-**
Net Result	21	**39,728**	**54,676**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**39,728**	**54,676**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	548,934	496,544
Receivables	13	3,331	9,797
Total Current Assets		**552,265**	**506,341**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	14	491	351
Leasehold Improvements	14	1,741	385
Total Property, Plant and Equipment		2,232	736
Intangible Assets	15	762	1,980
Total Non-Current Assets		2,994	2,716
Total Assets		**555,259**	**509,057**
LIABILITIES			
Current Liabilities			
Payables	16	29,965	26,007
Other	18	91,425	88,909
Total Current Liabilities		**121,390**	**114,916**
Non-Current Liabilities			
Provisions	17	6,837	6,837
Total Non-Current Liabilities		**6,837**	**6,837**
Total Liabilities		**128,227**	**121,753**
Net Assets		**427,032**	**387,304**
EQUITY			
Accumulated funds		427,032	387,304
Total Equity		**427,032**	**387,304**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	387,304
Net Result for the year	39,728
Balance at 30 June 2018	**427,032**
Balance at 1 July 2016	332,628
Net Result for the year	54,676
Balance at 30 June 2017	**387,304**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(114,868)	(106,965)
Other		(76,518)	(90,938)
Total Payments		**(191,386)**	**(197,903)**
Receipts			
Registration fees		224,652	222,998
Interest Received		8,206	8,093
Other		12,750	2
Total Receipts		**245,608**	**231,093**
Net Cash Flows from Operating Activities	21	**54,222**	**33,190**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Financial Assets		-	548
Purchases of Property, Plant and Equipment and Intangibles		(1,832)	(2,045)
Net Cash Flows from Investing Activities		**(1,832)**	**(1,497)**
Net Increase/(Decrease) in Cash and Cash Equivalents		52,390	31,693
Opening cash and cash equivalents	12	496,544	464,851
Closing Cash and Cash Equivalents	12	**548,934**	**496,544**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($29,443) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	93,168	77,092
Superannuation - Defined Benefit Plans	62	-
Superannuation - Defined Contribution Plans	7,931	7,022
Long Service Leave	8,727	-
Redundancies	743	-
Workers' Compensation Insurance	337	261
Payroll Taxes	5,749	4,605
	116,717	**88,980**

3. OTHER OPERATING EXPENSES		
Advertising	113	-
Consultancies	351	1,249
Contractors	14,452	10,069
Domestic Supplies and Services	606	674
Food Supplies	365	313
Fuel, Light and Power	553	-
Information Management Expenses (Software licences, support and maintenance)	14,978	16,031
Insurance	5	5
Maintenance (See 3(b) below)	7,644	3,033
Motor Vehicle Expenses	17	149
Postal and Telephone Costs	2,318	1,337
Printing and Stationery	1,047	785
Rental	10,128	11,882
Staff Related Costs	719	2,113
Travel Related Costs	2,634	3,590
Other (See 3(a) below)	19,025	19,840
	74,955	**71,070**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	5	-
Legal Services	49	-
Membership/Professional Fees	19	34
Security Services	11	2
Auditor's Remuneration	6,381	5,790
General Administration Expenses	1,133	1,131
Sitting Fees	3,085	2,109
NSW Civil & Administrative Tribunal Fixed Costs	-	2,042
Council Fees	8,342	8,732
	19,025	**19,840**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	652	21
New/Replacement Equipment under $5,000	3,120	937
Repairs Maintenance/Non Contract	3,872	2,075
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	7,644	3,033
	7,644	**3,033**

4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	145	214
Depreciation - Leasehold Improvements	150	1,171
Amortisation - Intangible Assets	1,218	951
	1,513	**2,336**

5. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2018.

6. FINANCE COSTS		
Other Interest Charges	-	82
	-	**82**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	222,252	209,587
	222,252	**209,587**

9. INVESTMENT REVENUE

Interest	8,206	7,555
	8,206	**7,555**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	62	-
Long Service Leave	2,434	-
	2,496	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	875	-
Accumulated Depreciation	(834)	-
Written Down Value	**41**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(41)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	47,036	45,980
Cash at Bank - Held by HPCA*	501,898	450,564
	548,934	**496,544**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	548,934	496,544
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**548,934**	**496,544**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	47,036	45,980
	47,036	**45,980**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	2,642
Goods and Services Tax	992	565
Interest Receivable	-	4,106
Prepayments	2,339	2,484
	3,331	**9,797**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	744	459
Less: Accumulated Depreciation and Impairment	253	108
Net Carrying Amount	**491**	**351**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	1,975	1,304
Less: Accumulated Depreciation and Impairment	234	919
Net Carrying Amount	**1,741**	**385**
Total Property, Plant and Equipment		
At Net Carrying Amount	**2,232**	**736**

Notes to the Financial Statements continued

14. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	351	385	**736**
Additions	285	1,586	**1,871**
Write Off of Assets	-	(41)	**(41)**
Depreciation Expense	(145)	(150)	**(295)**
Movement in WIP	-	(39)	**(39)**
Net carrying amount at end of year	**491**	**1,741**	**2,232**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	672	1,209	**1,881**
Additions	246	-	**246**
Write Off of Assets	(353)	308	**(45)**
Depreciation Expense	(214)	(1,171)	**(1,385)**
Movement in WIP	-	39	**39**
Net carrying amount at end of year	**351**	**385**	**736**

Notes to the Financial Statements continued

	2018	2017
	$	$

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	3,874	3,874
Less Accumulated Amortisation and Impairment	3,112	1,894
Total Intangible Assets at Net Carrying Amount	**762**	**1,980**

15. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	1,980	1,980
Amortisation (Recognised in Depreciation and Amortisation)	(1,218)	(1,218)
Carrying amount at the end of year	**762**	**762**
2017		
Net carrying amount at start of year	1,832	1,832
Additions (From Internal Development or Acquired Separately)	112	112
Write Off of Intangible Assts	987	987
Amortisation (Recognised in Depreciation and Amortisation)	(951)	(951)
Net carrying amount at end of year	**1,980**	**1,980**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	7,742	14,854
Taxation and Payroll Deductions	6,976	482
Creditors	5,732	2,906
Accrued Expenditure	9,515	7,765
	29,965	**26,007**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	14,718	15,336
	14,718	**15,336**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	6,837	6,837
	6,837	**6,837**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	6,837	6,338
Increase/(Decrease) in provisions recognised	-	418
Unwinding/change in discount rate	-	81
Carrying amount at the end of financial year	**6,837**	**6,837**
18. OTHER LIABILITIES		
Current		
Income in Advance	91,425	88,909
	91,425	**88,909**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	345
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**345**

b) Operating Lease Commitments

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

Within one year	8,807	16,247
Later than one year and not later than five years	22,816	61,126
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**31,623**	**77,373**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $31,623 as at 30 June 2018 includes input tax credits of $2,867 that are expected to be recoverable from the Australian Taxation Office (2017: $7,065).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	54,222	33,190
Depreciation and Amortisation	(1,513)	(2,336)
(Increase)/ Decrease Income in Advance	(2,516)	(9,223)
(Increase)/ Decrease in Provisions	-	(82)
Increase / (Decrease) in Receivables	(6,466)	(4,519)
(Increase)/ Decrease in Payables from Operating Activities	(3,958)	37,646
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(41)	-
Net Result	**39,728**	**54,676**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	548,934	496,544
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	6,748
		548,934	**503,292**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	22,989	25,525
		22,989	**25,525**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	6,746
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	2
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**6,748**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	22,989	-	-	22,989	22,989	-	-
	22,989	-	-	22,989	22,989	-	-
2017							
Payables:							
- Creditors [2]	25,525	-	-	25,525	25,525	-	-
	25,525	-	-	25,525	25,525	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	548,934	(5,489)	(5,489)	5,489	5,489
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	22,989	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	496,544	(4,965)	(4,965)	4,965	4,965
Receivables	6,748	-	-	-	-
Financial Liabilities					
Payables*	25,525	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $13,212 (2017: $8,197) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Osteopathy Council of NSW

Osteopathy Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Osteopathy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Osteopathy Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Osteopathy Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Ms Anne Cooper
President

Date: 12 October 2018

Dr Kerrin Murnane
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	86,560	64,942
Other Operating Expenses	3	87,720	87,251
Depreciation and Amortisation	1(n), 4	1,323	1,936
Finance Costs	1(g), 6	-	63
Total Expenses Excluding Losses		**175,603**	**154,192**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	2,098	-
Registration Fees	1(h), 8	201,802	192,104
Investment Revenue	1(h), 9	4,744	4,421
Other Income		-	72
Total Revenue		**208,644**	**196,597**
Gain / (Loss) on Disposal	11	**(32)**	**-**
Net Result	21	**33,009**	**42,405**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**33,009**	**42,405**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	323,588	293,467
Receivables	13	3,263	8,164
Total Current Assets		**326,851**	**301,631**
Non-Current Assets			
Property, Plant & Equipment			
Plant and Equipment	14	310	267
Leasehold Improvements	14	1,785	308
Total Property, Plant & Equipment		2,095	575
Intangible Assets	15	700	1,784
Total Non-Current Assets		2,795	2,359
Total Assets		**329,646**	**303,990**
LIABILITIES			
Current Liabilities			
Payables	16	30,638	36,662
Other	18	78,441	79,770
Total Current Liabilities		**109,079**	**116,432**
Non-Current Liabilities			
Provisions	17	5,252	5,252
Total Non-Current Liabilities		5,252	5,252
Total Liabilities		114,331	121,684
Net Assets		**215,315**	**182,306**
EQUITY			
Accumulated funds		215,315	182,306
Total Equity		**215,315**	**182,306**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	182,306
Net Result for the year	33,009
Balance at 30 June 2018	**215,315**
Balance at 1 July 2016	139,901
Net Result for the year	42,405
Balance at 30 June 2017	**182,306**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(95,384)	(88,314)
Other		(89,609)	(82,768)
Total Payments		**(184,993)**	**(171,082)**
Receipts			
Registration fees		203,857	196,278
Interest Received		4,744	4,849
Other		8,304	72
Total Receipts		**216,905**	**201,199**
Net Cash Flows from Operating Activities	21	**31,912**	**30,117**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment and Intangibles		(1,791)	(1,457)
Net Cash Flows from Investing Activities		**(1,791)**	**(1,457)**
Net Increase/(Decrease) in Cash and Cash Equivalents		30,121	28,660
Opening cash and cash equivalents	12	293,467	264,807
Closing Cash and Cash Equivalents	12	**323,588**	**293,467**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($28,251) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	68,357	56,013
Superannuation - Defined Benefit Plans	30	-
Superannuation - Defined Contribution Plans	5,945	5,358
Long Service Leave	7,198	-
Redundancies	351	-
Workers' Compensation Insurance	255	201
Payroll Taxes	4,424	3,370
	86,560	**64,942**

3. OTHER OPERATING EXPENSES		
Advertising	181	-
Consultancies	111	523
Contractors	8,961	5,551
Domestic Supplies and Services	395	531
Food Supplies	21	28
Fuel, Light and Power	421	-
Information Management Expenses (Software licences, support and maintenance)	12,452	12,458
Insurance	4	2
Maintenance (See 3(b) below)	6,364	2,526
Motor Vehicle Expenses	10	102
Postal and Telephone Costs	2,828	1,099
Printing and Stationery	795	919
Rental	8,636	11,805
Staff Related Costs	6,298	6,241
Travel Related Costs	2,310	438
Other (See 3(a) below)	37,933	45,028
	87,720	**87,251**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Legal Services	41	4,450
Membership/Professional Fees	15	3
Security Services	8	1
Auditor's Remuneration	6,381	5,790
General Administration Expenses	252	483
Sitting Fees	15,577	19,445
NSW Civil & Administrative Tribunal Fixed Costs	7,317	6,124
Council Fees	8,342	8,732
	37,933	**45,028**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	592	11
New/Replacement Equipment under $5,000	2,480	723
Repairs Maintenance/Non Contract	3,292	1,792
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	6,364	2,526
	6,364	**2,526**

4. DEPRECIATION AND AMORTISATION

Depreciation - Plant and Equipment	103	164
Depreciation - Leasehold Improvements	136	900
Amortisation - Intangible Assets	1,084	872
	1,323	**1,936**

5. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2018.

6. FINANCE COSTS

Other Interest Charges	-	63
	-	**63**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	201,802	192,104
	201,802	**192,104**

9. INVESTMENT REVENUE

Interest	4,744	4,421
	4,744	**4,421**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	30	-
Long Service Leave	2,068	-
	2,098	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	677	-
Accumulated Depreciation	(645)	-
Written Down Value	**32**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(32)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	231	228
Cash at Bank - Held by HPCA*	323,357	293,239
	323,588	**293,467**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	323,588	293,467
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**323,588**	**293,467**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	231	228
	231	**228**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	2,871
Goods and Services Tax	972	393
Interest Receivable	-	2,490
Prepayments	2,291	2,410
	3,263	**8,164**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	495	349
Less: Accumulated Depreciation and Impairment	185	82
Net Carrying Amount	**310**	**267**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	1,981	1,013
Less: Accumulated Depreciation and Impairment	196	705
Net Carrying Amount	**1,785**	**308**
Total Property, Plant and Equipment		
At Net Carrying Amount	**2,095**	**575**

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	267	308	**575**
Additions	146	1,687	**1,833**
Disposals	-	(32)	**(32)**
Depreciation Expense	(103)	(136)	**(239)**
Movement in WIP	-	(42)	**(42)**
Net carrying amount at end of year	**310**	**1,785**	**2,095**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	516	929	**1,445**
Write Off of Assets	(85)	237	**152**
Depreciation Expense	(164)	(900)	**(1,064)**
Movement in WIP	-	42	**42**
Net carrying amount at end of year	**267**	**308**	**575**

Notes to the Financial Statements continued

15. INTANGIBLE ASSESTS

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.

	2018	2017
	$	$
Intangibles		
Cost (Gross Carrying Amount)	3,525	3,525
Less Accumulated Amortisation and Impairment	2,825	1,741
Total Intangible Assets at Net Carrying Amount	**700**	**1,784**

INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	1,784	1,784
Amortisation (Recognised in Depreciation and Amortisation)	(1,084)	(1,084)
Carrying amount at the end of year	**700**	**700**
2017		
Net carrying amount at start of year	1,522	1,522
Additions (From Internal Development or Acquired Separately)	56	56
Write Off of Intangible Assts	1,078	1,078
Amortisation (Recognised in Depreciation and Amortisation)	(872)	(872)
Net carrying amount at end of year	**1,784**	**1,784**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	6,211	21,574
Taxation and Payroll Deductions	5,656	1,194
Creditors	4,529	5,709
Accrued Expenditure	14,242	8,185
	30,638	**36,662**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	11,867	22,768
	11,867	**22,768**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	5,252	5,252
	5,252	**5,252**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	5,252	4,869
Increase/(Decrease) in provisions recognised	-	320
Unwinding/change in discount rate	-	63
Carrying amount at the end of financial year	**5,252**	**5,252**
18. OTHER LIABILITIES		
Current		
Income in Advance	78,441	79,770
	78,441	**79,770**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	262
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**262**

b) Operating Lease Commitments

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

Within one year	9,054	13,781
Later than one year and not later than five years	23,458	51,849
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**32,512**	**65,630**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $32,512 as at 30 June 2018 includes input tax credits of $2,947 that are expected to be recoverable from the Australian Taxation Office (2017: $5,990).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	31,912	30,117
Depreciation and Amortisation	(1,323)	(1,936)
(Increase)/ Decrease Income in Advance	1,329	(2,208)
(Increase)/ Decrease in Provisions	-	(63)
Increase / (Decrease) in Prepayments and Other Assets	(4,901)	(4,220)
(Increase)/ Decrease in Payables from Operating Activities	6,024	20,715
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(32)	-
Net Result	**33,009**	**42,405**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	323,588	293,467
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	5,361
		323,588	**298,828**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	24,982	35,468
		24,982	**35,468**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	5,360
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	1
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**5,361**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	24,982	-	-	24,982	24,982	-	-
	24,982	-	-	24,982	24,982	-	-
2017							
Payables:							
- Creditors [2]	35,468	-	-	35,468	35,468	-	-
	35,468	-	-	35,468	35,468	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	323,588	(3,236)	(3,236)	3,236	3,236
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	24,982	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	293,467	(2,935)	(2,935)	2,935	2,935
Receivables	5,361	-	-	-	-
Financial Liabilities					
Payables*	35,468	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $11,933 (2017: $7,777) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Paramedicine Council of NSW

Paramedicine Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Paramedicine Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Paramedicine Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the period 8 January 2018 to 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the period 8 January 2018 to 30 June 2018, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the period 8 January 2018 to 30 June 2018 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the period ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Executive Officer of the Council is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Executive Officer's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Executive Officer of the Council is responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

16 October 2018
SYDNEY

Paramedicine Council of New South Wales
Period ended 30 June 2018

Statement by Executive Officer of the council

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, I declare that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Paramedicine Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Ms Asha Mears
Executive Officer

Date: 1s October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $
EXPENSES EXCLUDING LOSSES		
Operating Expenses		
Other Operating Expenses	2	7,837
Total Expenses Excluding Losses		**7,837**
REVENUE		
Investment Revenue	1(f), 4	51
Grants and Other Contributions	1(f), 5	50,000
Total Revenue		**50,051**
Net Result	9	**42,214**
Total other comprehensive income		**-**
TOTAL COMPREHENSIVE INCOME		**42,214**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $
ASSETS		
Current Assets		
Cash and cash equivalents	6	42,214
Total Current Assets		**42,214**
Total Assets		**42,214**
LIABILITIES		
Total Liabilities		-
Net Assets		**42,214**
EQUITY		
Accumulated funds		42,214
Total Equity		**42,214**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 8 January 2018	-
Net Result for the period	42,214
Balance at 30 June 2018	**42,214**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Other		(7,837)
Total Payments		**(7,837)**
Receipts		
Interest Received		51
Grants and Contributions		50,000
Total Receipts		**50,051**
Net Cash Flows from Operating Activities	9	**42,214**
Net Increase/(Decrease) in Cash and Cash Equivalents		42,214
Opening cash and cash equivalents	6	-
Closing Cash and Cash Equivalents	6	**42,214**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Reporting Entity

The Paramedicine Council of New South Wales (the Council) established on 8 January 2018 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) Comparative Information

No Comparative information as this is the first year of operation. The Council was established on 8 January 2018.

d) Statement of Compliance

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

e) Significant Accounting Judgements, Estimates and Assumptions

The Council will start cost sharing with the other Health Professional Councils from 1 July 2018.

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

f) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

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

Grants and Contributions
Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

g) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

h) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

j) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

k) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those applied by HPCA to the other Councils in the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has one operating lease for the offices on Pitt Street to consider under the new accounting standard. The lease will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

The deferral of some revenues, in particular grant income for the Council may occur in the future. A liability will be recognised when revenue is received and subsequently released to match expenditure. This will smooth out the impact on the net result of the Council over the period the revenue is released.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018
	$
2. OTHER OPERATING EXPENSES	
Contractors	7,837
	7,837

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

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

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

4. INVESTMENT REVENUE	
Interest	51
	51
5. GRANTS AND OTHER CONTRIBUTIONS	
Other Grants	50,000
	50,000
6. CASH AND CASH EQUIVALENTS	
Cash at Bank and On Hand	-
Cash at Bank - Held by HPCA*	42,214
	42,214

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	42,214
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**42,214**

Refer to Note 10 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to the Financial Statements continued

	2018 $
7. COMMITMENTS FOR EXPENDITURE	
a) Capital Commitments	
Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:	
Within one year	-
Later than one year and not later than five years	-
Later than five years	-
Total Capital Expenditure Commitments (Including GST)	**-**
b) Operating Lease Commitments	
Future non-cancellable operating lease rentals not provided for and payable:	
Within one year	11,163
Later than one year and not later than five years	28,922
Later than five years	-
Total Operating Lease Commitments (Including GST)	**40,085**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $40,085 as at 30 June 2018 includes input tax credits of $3,634 that are expected to be recoverable from the Australian Taxation Office.

8. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	42,214
Depreciation and Amortisation	-
(Increase)/ Decrease Income in Advance	-
(Increase)/ Decrease in Provisions	-
Increase / (Decrease) in Receivables	-
(Increase)/ Decrease in Payables from Operating Activities	-
Net Result	**42,214**

Notes to the Financial Statements continued

10. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $
Financial Assets		
Cash and Cash Equivalents (note 6)	N/A	42,214
Receivables (note n/a)*	Loans and receivables (at amortised cost)	-
		42,214
Financial Liabilities		
Payables (note n/a)**	Financial liabilities measured at amortised cost	-
		-

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures).
Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

10. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018
	$
Neither past due nor impaired	-
Past due but not impaired[1,2]	
< 3 months overdue	-
3 - 6 months overdue	-
> 6 months overdue	-
Impaired[1,2]	
< 3 months overdue	-
3 - 6 months overdue	-
> 6 months overdue	-
Total[1,2]	**-**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

10. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

10. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council holds all 'at call' cash deposits with the Treasury Banking System. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	42,214	(422)	(422)	422	422
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	-	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

11. RELATED PARTY TRANSACTIONS

The Council was established on 8 January 2018 by legislation. It is anticipated that proposed council members will be appointed by the Governor in October 2018. Therefore there were no key management personnel and no key management personnel compensation was paid for the year ended 30 June 2018.

12. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Pharmacy Council of New South Wales

Protecting the public
Regulating pharmacists and pharmacies

Pharmacy Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Pharmacy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Pharmacy Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Pharmacy Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Mr Stuart Ludington
President

Date: 12 October 2018

Mr Adrian Lee
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	1,400,134	1,019,724
Other Operating Expenses	3	1,718,232	1,527,165
Depreciation and Amortisation	1(n), 4	91,084	96,736
Education and Research	5	12,913	15,861
Finance Costs	1(g), 6	-	1,109
Total Expenses Excluding Losses		**3,222,363**	**2,660,595**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	25,986	-
Registration Fees and Application Fees	1(h), 8	2,833,993	3,022,787
Investment Revenue	1(h), 9	76,777	81,170
Other Income		9,506	13,106
Total Revenue		**2,946,262**	**3,117,063**
Gain / (Loss) on Disposal	11	**4,930**	**-**
Other Gains/(Losses)		**-**	**3,310**
Net Result	22	**(271,171)**	**459,778**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(271,171)**	**459,778**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	13	4,930,357	5,129,972
Receivables	14	43,139	113,117
Total Current Assets		**4,973,496**	**5,243,089**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	15	62,909	47,737
Leasehold Improvements	15	72,641	9,907
Total Property, Plant and Equipment		**135,550**	**57,644**
Intangible Assets	16	**23,709**	**88,347**
Total Non-Current Assets		**159,259**	**145,991**
Total Assets		**5,132,755**	**5,389,080**
LIABILITIES			
Current Liabilities			
Payables	17	321,550	362,804
Other	19	1,367,457	1,311,357
Total Current Liabilities		**1,689,007**	**1,674,161**
Non-Current Liabilities			
Provisions	18	92,893	92,893
Total Non-Current Liabilities		**92,893**	**92,893**
Total Liabilities		**1,781,900**	**1,767,054**
Net Assets		**3,350,855**	**3,622,026**
EQUITY			
Accumulated funds		3,350,855	3,622,026
Total Equity		**3,350,855**	**3,622,026**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	3,622,026
Net Result for the year	(271,171)
Balance at 30 June 2018	**3,350,855**
Balance at 1 July 2016	3,162,248
Net Result for the year	459,778
Balance at 30 June 2017	**3,622,026**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(1,449,180)	(1,450,766)
Education and Research		(13,995)	-
Other		(1,819,230)	(1,490,998)
Total Payments		**(3,282,405)**	**(2,941,764)**
Receipts			
Registration and Application fees		2,844,800	2,427,058
Interest Received		76,777	90,076
Other		260,635	351,834
Total Receipts		**3,182,212**	**2,868,968**
Net Cash Flows from Operating Activities	22	**(100,193)**	**(72,796)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		42,537	-
Purchases of Property, Plant and Equipment and Intangibles		(141,959)	(14,431)
Net Cash Flows from Investing Activities		**(99,422)**	**(14,431)**
Net Increase/(Decrease) in Cash and Cash Equivalents		(199,615)	(87,227)
Opening cash and cash equivalents	13	5,129,972	5,217,199
Closing Cash and Cash Equivalents	13	**4,930,357**	**5,129,972**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($423,779) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration and Application Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Revenue also 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	1,140,096	892,352
	Superannuation - Defined Benefit Plans	1,018	-
	Superannuation - Defined Contribution Plans	97,720	71,056
	Long Service Leave	71,090	-
	Redundancies	9,901	-
	Workers' Compensation Insurance	4,382	3,208
	Payroll Taxes	75,927	53,108
		1,400,134	**1,019,724**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	1,472	-
	Consultancies	2,110	10,688
	Contractors	402,312	483,576
	Domestic Supplies and Services	6,313	7,365
	Food Supplies	19,806	15,978
	Fuel, Light and Power	7,196	-
	Information Management Expenses (Software licences, support and maintenance)	155,006	144,321
	Insurance	1,546	1,203
	Maintenance (See 3(b) below)	114,394	40,357
	Motor Vehicle Expenses	16,860	7,832
	Postal and Telephone Costs	21,556	21,417
	Printing and Stationery	22,033	15,535
	Rental	131,365	143,338
	Inspection Costs	52,306	33,805
	Staff Related Costs	90,457	56,840
	Travel Related Costs	73,255	76,111
	Other (See 3(a) below)	600,245	468,799
		1,718,232	**1,527,165**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	539	-
Legal Services	95,216	7,520
Membership/Professional Fees	2,821	2,577
Security Services	138	363
Auditor's Remuneration	17,865	16,220
General Administration Expenses	14,375	8,816
Sitting Fees	275,924	211,328
NSW Civil & Administrative Tribunal Fixed Costs	36,585	54,423
Council Fees	156,782	167,552
	600,245	**468,799**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	7,473	995
New/Replacement Equipment under $5,000	52,255	14,452
Repairs Maintenance/Non Contract	54,666	24,910
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	114,394	40,357
	114,394	**40,357**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	21,369	19,130
Depreciation - Leasehold Improvements	5,077	16,675
Amortisation - Intangible Assets	64,638	60,931
	91,084	**96,736**
5. EDUCATION AND RESEARCH		
Education and Research	12,913	15,861
	12,913	**15,861**
6. FINANCE COSTS		
Other Interest Charges	-	1,109
	-	**1,109**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	2,790,155	3,002,993
Other	43,838	19,794
	2,833,993	**3,022,787**

9. INVESTMENT REVENUE

Interest	76,777	81,170
	76,777	**81,170**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	1,018	-
Long Service Leave	24,967	-
	25,985	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	120,982	-
Accumulated Depreciation	(83,375)	-
Written Down Value	**37,607**	**-**
Proceeds from Disposal	42,537	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**4,930**	**-**

12. OTHER GAINS / (LOSSES)

Impairment of Receivables	-	3,310
	-	**3,310**

Notes to the Financial Statements continued

	2018	2017
	$	$
13. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	98,361	10,194
Cash at Bank - Held by HPCA*	4,831,996	5,119,778
	4,930,357	**5,129,972**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	4,930,357	5,129,972
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**4,930,357**	**5,129,972**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	98,361	10,194
	98,361	**10,194**

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

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

14. RECEIVABLES

Current		
Trade and Other Receivables	17,116	48,556
Goods and Services Tax	15,901	9,328
Interest Receivable	-	40,255
Prepayments	10,122	14,978
	43,139	**113,117**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Notes to the Financial Statements continued

	2018	2017
	$	$

15. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	76,990	72,353
Less: Accumulated Depreciation and Impairment	14,081	24,616
Net Carrying Amount	**62,909**	**47,737**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	78,119	61,778
Less: Accumulated Depreciation and Impairment	5,478	51,871
Net Carrying Amount	**72,641**	**9,907**
Total Property, Plant and Equipment		
At Net Carrying Amount	**135,550**	**57,644**

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	47,737	9,907	**57,644**
Additions	70,907	72,866	**143,773**
Disposals	(34,366)	(3,241)	**(37,607)**
Depreciation Expense	(21,369)	(5,077)	**(26,446)**
Movement in WIP	-	(1,814)	**(1,814)**
Net carrying amount at end of year	**62,909**	**72,641**	**135,550**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	70,009	20,787	**90,796**
Additions	3,207	-	**3,207**
Write Off of Assets	(6,349)	3,981	**(2,368)**
Depreciation Expense	(19,130)	(16,675)	**(35,805)**
Movement in WIP	-	1,814	**1,814**
Net carrying amount at end of year	**47,737**	**9,907**	**57,644**

Notes to the Financial Statements continued

	2018	2017
	$	$

16. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	244,694	244,694
Less Accumulated Amortisation and Impairment	220,985	156,347
Total Intangible Assets at Net Carrying Amount	**23,709**	**88,347**

16. INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	88,347	88,347
Amortisation (Recognised in Depreciation and Amortisation)	(64,638)	(64,638)
Carrying amount at the end of year	**23,709**	**23,709**
2017		
Net carrying amount at start of year	141,245	141,245
Additions (From Internal Development or Acquired Separately)	1,367	1,367
Write Off of Intangible Assts	6,666	6,666
Amortisation (Recognised in Depreciation and Amortisation)	(60,931)	(60,931)
Net carrying amount at end of year	**88,347**	**88,347**

Notes to the Financial Statements continued

	2018	2017
	$	$
17. PAYABLES		
Current		
Personnel Services - Ministry of Health	69,159	199,194
Taxation and Payroll Deductions	62,959	7,589
Creditors	87,535	42,766
Accrued Expenditure	101,897	113,255
	321,550	**362,804**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	132,118	206,783
	132,118	**206,783**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 23.

18. PROVISIONS		
Non-Current		
Make Good	92,893	92,893
	92,893	**92,893**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	92,893	86,112
Increase/(Decrease) in provisions recognised	-	5,672
Unwinding/change in discount rate	-	1,109
Carrying amount at the end of financial year	**92,893**	**92,893**
19. OTHER LIABILITIES		
Current		
Income in Advance	1,367,457	1,311,357
	1,367,457	**1,311,357**

Notes to the Financial Statements continued

	2018	2017
	$	$

20. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	4,490
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**4,490**

b) Operating Lease Commitments

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

Within one year	227,099	194,704
Later than one year and not later than five years	588,381	732,554
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**815,480**	**927,258**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $815,480 as at 30 June 2018 includes input tax credits of $73,926 that are expected to be recoverable from the Australian Taxation Office (2017: $84,704).

21. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	(100,193)	(72,796)
Depreciation and Amortisation	(91,084)	(96,736)
(Increase)/ Decrease Income in Advance	(56,100)	283,376
(Increase)/ Decrease in Provisions	-	(6,781)
Increase / (Decrease) in Receivables	(69,978)	(44,422)
(Increase)/ Decrease in Payables from Operating Activities	41,254	400,171
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	4,930	-
Write off of Non-Current Assets	-	(3,034)
Net Result	**(271,171)**	**459,778**

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 13)	N/A	4,930,357	5,129,972
Receivables (note 14)*	Loans and receivables (at amortised cost)	17,116	88,811
		4,947,473	**5,218,783**
Financial Liabilities			
Payables (note 17)**	Financial liabilities measured at amortised cost	258,591	355,215
		258,591	**355,215**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	73,994
Past due but not impaired[1,2]		
< 3 months overdue	-	4,637
3 - 6 months overdue	4,435	8,588
> 6 months overdue	12,681	1,592
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**17,116**	**88,811**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	258,591	-	-	258,591	258,591	-	-
	258,591	-	-	258,591	258,591	-	-
2017							
Payables:							
- Creditors [2]	355,215	-	-	355,215	355,215	-	-
	355,215	-	-	355,215	355,215	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	4,930,357	(49,304)	(49,304)	49,304	49,304
Receivables	17,116	-	-	-	-
Financial Liabilities					
Payables*	258,591	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	5,129,972	(51,300)	(51,300)	51,300	51,300
Receivables	88,811	-	-	-	-
Financial Liabilities					
Payables*	355,215	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

24. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $311,620 (2017: $253,093) for these services.

25. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Physiotherapy Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Physiotherapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Physiotherapy Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Physiotherapy Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Professor Darren Rivett
President

Date: 12 October 2018

Ms Elizabeth Ward
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	183,722	168,047
Other Operating Expenses	3	217,403	222,473
Depreciation and Amortisation	1(n), 4	4,493	5,769
Education and Research	5	10,909	-
Finance Costs	1(g), 6	-	151
Total Expenses Excluding Losses		**416,527**	**396,440**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(e)(ii), 10	2,557	-
Registration Fees	1(h), 8	611,762	573,433
Investment Revenue	1(h), 9	26,837	23,994
Other Income		30	9
Total Revenue		**641,186**	**597,436**
Gain / (Loss) on Disposal	11	**(1,680)**	**-**
Net Result	21	**222,979**	**200,996**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**222,979**	**200,996**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	1,843,049	1,621,231
Receivables	13	7,597	32,984
Total Current Assets		**1,850,646**	**1,654,215**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	14	935	648
Leasehold Improvements	14	4,704	2,780
Total Property, Plant and Equipment		**5,639**	**3,428**
Intangible Assets	15	**2,066**	**5,517**
Total Non-Current Assets		**7,705**	**8,945**
Total Assets		**1,858,351**	**1,663,160**
LIABILITIES			
Current Liabilities			
Payables	16	37,154	67,585
Other	18	243,176	240,533
Total Current Liabilities		**280,330**	**308,118**
Non-Current Liabilities			
Provisions	17	12,614	12,614
Total Non-Current Liabilities		**12,614**	**12,614**
Total Liabilities		**292,944**	**320,732**
Net Assets		**1,565,407**	**1,342,428**
EQUITY			
Accumulated funds		1,565,407	1,342,428
Total Equity		**1,565,407**	**1,342,428**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	1,342,428
Net Result for the year	222,979
Balance at 30 June 2018	**1,565,407**
Balance at 1 July 2016	1,141,432
Net Result for the year	200,996
Balance at 30 June 2017	**1,342,428**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(200,333)	(209,045)
Education and Research		(11,946)	-
Other		(246,598)	(257,016)
Total Payments		**(458,877)**	**(466,061)**
Receipts			
Registration fees		620,735	616,676
Interest Received		26,837	25,723
Other		38,056	9
Total Receipts		**685,628**	**642,408**
Net Cash Flows from Operating Activities	21	**226,751**	**176,347**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment and Intangibles		(4,933)	(4,285)
Net Cash Flows from Investing Activities		**(4,933)**	**(4,285)**
Net Increase/(Decrease) in Cash and Cash Equivalents		221,818	172,062
Opening cash and cash equivalents	12	1,621,231	1,449,169
Closing Cash and Cash Equivalents	12	**1,843,049**	**1,621,231**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($86,048) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	155,229	146,517
	Superannuation - Defined Benefit Plans	144	-
	Superannuation - Defined Contribution Plans	12,465	12,975
	Long Service Leave	4,756	-
	Redundancies	1,403	-
	Workers' Compensation Insurance	623	514
	Payroll Taxes	9,102	8,041
		183,722	**168,047**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	210	-
	Consultancies	1,763	5,393
	Contractors	55,440	41,457
	Domestic Supplies and Services	2,372	2,411
	Food Supplies	3,662	2,470
	Fuel, Light and Power	1,023	-
	Information Management Expenses (Software licences, support and maintenance)	30,230	40,976
	Insurance	9	26
	Maintenance (See 3(b) below)	21,565	7,978
	Motor Vehicle Expenses	49	327
	Postal and Telephone Costs	4,465	2,435
	Printing and Stationery	2,236	1,461
	Rental	33,996	40,540
	Staff Related Costs	4,757	11,677
	Travel Related Costs	5,429	6,115
	Other (See 3(a) below)	50,197	59,207
		217,403	**222,473**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Legal Services	164	170
Membership/Professional Fees	36	48
Security Services	20	98
Auditor's Remuneration	6,875	6,250
General Administration Expenses	3,007	5,005
Sitting Fees	20,898	15,258
NSW Civil & Administrative Tribunal Fixed Costs	-	11,562
Council Fees	19,197	20,816
	50,197	**59,207**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	2,986	(729)
New/Replacement Equipment under $5,000	6,142	1,805
Repairs Maintenance/Non Contract	12,437	6,902
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	21,565	7,978
	21,565	**7,978**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	271	450
Depreciation - Leasehold Improvements	771	2,620
Amortisation - Intangible Assets	3,451	2,699
	4,493	**5,769**
5. EDUCATION AND RESEARCH		
Education and Research	10,909	-
	10,909	**-**
6. FINANCE COSTS		
Other Interest Charges	-	151
	-	**151**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	611,762	573,433
	611,762	**573,433**

9. INVESTMENT REVENUE

Interest	26,837	23,994
	26,837	**23,994**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	144	-
Long Service Leave	2,413	
	2,557	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	27,673	-
Accumulated Depreciation	(25,993)	-
Written Down Value	**1,680**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(1,680)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	186,320	194,018
Cash at Bank - Held by HPCA*	1,656,729	1,427,213
	1,843,049	**1,621,231**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	1,843,049	1,621,231
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**1,843,049**	**1,621,231**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	186,320	194,018
	186,320	**194,018**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	12,912
Goods and Services Tax	2,924	2,036
Other Debtors	-	12,909
Prepayments	4,673	5,127
	7,597	**32,984**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	1,405	847
Less: Accumulated Depreciation and Impairment	470	199
Net Carrying Amount	**935**	**648**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	5,218	28,516
Less: Accumulated Depreciation and Impairment	514	25,736
Net Carrying Amount	**4,704**	**2,780**
Total Property, Plant and Equipment		
At Net Carrying Amount	**5,639**	**3,428**

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	648	2,780	**3,428**
Additions	558	4,487	**5,045**
Write Off of Assets	-	(1,680)	**(1,680)**
Depreciation Expense	(271)	(771)	**(1,042)**
Movement in WIP	-	(112)	**(112)**
Net carrying amount at end of year	**935**	**4,704**	**5,639**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	2,714	4,796	**7,510**
Additions	455	-	**455**
Write Off of Assets	(2,071)	492	**(1,579)**
Depreciation Expense	(450)	(2,620)	**(3,070)**
Movement in WIP	-	112	**112**
Net carrying amount at end of year	**648**	**2,780**	**3,428**

Notes to the Financial Statements continued

15. INTANGIBLE ASSESTS

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.

	2018	2017
	$	$
Intangibles		
Cost (Gross Carrying Amount)	10,905	10,905
Less Accumulated Amortisation and Impairment	8,839	5,388
Total Intangible Assets at Net Carrying Amount	**2,066**	**5,517**

INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	5,517	5,517
Amortisation (Recognised in Depreciation and Amortisation)	(3,451)	(3,451)
Net carrying amount at the end of year	**2,066**	**2,066**
2017		
Net carrying amount at start of year	4,795	4,795
Additions (From Internal Development or Acquired Separately)	172	172
Write Off of Intangible Assts	3,249	3,249
Amortisation (Recognised in Depreciation and Amortisation)	(2,699)	(2,699)
Net carrying amount at end of year	**5,517**	**5,517**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	5,073	35,018
Taxation and Payroll Deductions	12,386	1,550
Creditors	7,989	11,403
Accrued Expenditure	11,706	19,614
	37,154	**67,585**
Aggregate Personnel Services and Related On-Costs	**17,459**	**36,568**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	12,614	12,614
	12,614	**12,614**

Movement in provisions

Movements in each class of provision during the financial year are set out below:

Make Good		
Carrying amount at the beginning of financial year	12,614	11,693
Increase/(Decrease) in provisions recognised	-	770
Unwinding/change in discount rate	-	151
Carrying amount at the end of financial year	**12,614**	**12,614**

18. OTHER LIABILITIES		
Current		
Income in Advance	243,176	240,533
	243,176	**240,533**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	639
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**639**

b) Operating Lease Commitments

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

Within one year	22,574	54,870
Later than one year and not later than five years	58,485	206,443
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**81,059**	**261,313**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $81,059 as at 30 June 2018 includes input tax credits of $7,348 that are expected to be recoverable from the Australian Taxation Office (2017: $23,814).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	226,751	176,347
Depreciation and Amortisation	(4,493)	(5,769)
(Increase)/ Decrease Income in Advance	(2,643)	(21,212)
(Increase)/ Decrease in Provisions	-	(151)
Increase / (Decrease) in Receivables	(25,387)	(22,123)
(Increase)/ Decrease in Payables from Operating Activities	30,431	73,904
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(1,680)	-
Net Result	**222,979**	**200,996**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	1,843,049	1,621,231
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	25,821
		1,843,049	**1,647,052**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	24,768	66,035
		24,768	**66,035**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	25,818
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	3
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**25,821**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	24,768	-	-	24,768	24,768	-	-
	24,768	-	-	24,768	24,768	-	-
2017							
Payables:							
- Creditors [2]	66,035	-	-	66,035	66,035	-	-
	66,035	-	-	66,035	66,035	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	1,843,049	(18,430)	(18,430)	18,430	18,430
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	24,768	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	1,621,231	(16,212)	(16,212)	16,212	16,212
Receivables	25,821	-	-	-	-
Financial Liabilities					
Payables*	66,035	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $37,096 (2017: $35,233) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

Podiatry Council of NSW

Podiatry Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Podiatry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Podiatry Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Podiatry Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Mr Luke Taylor
President

Date: 12 October 2018

Mr Ebenezer Banful
Council Member

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	117,487	87,037
Other Operating Expenses	3	87,767	85,586
Depreciation and Amortisation	1(n), 4	1,143	1,994
Finance Costs	1(g), 6	-	85
Total Expenses Excluding Losses		**206,397**	**174,702**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	2,591	-
Registration Fees	1(h), 8	314,659	292,061
Investment Revenue	1(h), 9	8,894	7,321
Other Income		-	1
Total Revenue		**326,144**	**299,383**
Gain / (Loss) on Disposal	11	**(42)**	**-**
Net Result	21	**119,705**	**124,681**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**119,705**	**124,681**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	638,733	508,824
Receivables	13	3,208	10,332
Total Current Assets		**641,941**	**519,156**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	14	498	361
Leasehold Improvements	14	2,168	409
Total Property, Plant and Equipment		2,666	770
Intangible Assets	15	347	1,169
Total Non-Current Assets		3,013	1,939
Total Assets		**644,954**	**521,095**
LIABILITIES			
Current Liabilities			
Payables	16	31,837	31,425
Other	18	128,200	124,458
Total Current Liabilities		**160,037**	**155,883**
Non-Current Liabilities			
Provisions	17	7,126	7,126
Total Non-Current Liabilities		7,126	7,126
Total Liabilities		167,163	163,009
Net Assets		**477,791**	**358,086**
EQUITY			
Accumulated funds		477,791	358,086
Total Equity		**477,791**	**358,086**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	358,086
Net Result for the year	119,705
Balance at 30 June 2018	**477,791**
Balance at 1 July 2016	233,405
Net Result for the year	124,681
Balance at 30 June 2017	**358,086**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(116,045)	(104,799)
Other		(93,904)	(98,735)
Total Payments		**(209,949)**	**(203,534)**
Receipts			
Registration fees		317,229	306,467
Interest Received		8,894	7,284
Other		15,994	-
Total Receipts		**342,117**	**313,751**
Net Cash Flows from Operating Activities	21	**132,168**	**110,217**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment and Intangibles		-	48
Purchases of Property, Plant and Equipment and Intangibles		(2,259)	(324)
Net Cash Flows from Investing Activities		**(2,259)**	**(276)**
Net Increase/(Decrease) in Cash and Cash Equivalents		129,909	109,941
Opening cash and cash equivalents	12	508,824	398,883
Closing Cash and Cash Equivalents	12	**638,733**	**508,824**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($35,122) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

		2018	2017
		$	$
2.	**PERSONNEL SERVICES**		
	Salaries and Wages	93,973	75,405
	Superannuation - Defined Benefit Plans	137	-
	Superannuation - Defined Contribution Plans	7,873	7,078
	Long Service Leave	8,871	-
	Redundancies	614	-
	Workers' Compensation Insurance	343	24
	Payroll Taxes	5,676	4,530
		117,487	**87,037**
3.	**OTHER OPERATING EXPENSES**		
	Advertising	146	-
	Consultancies	267	971
	Contractors	17,401	10,899
	Domestic Supplies and Services	574	720
	Food Supplies	898	570
	Fuel, Light and Power	565	-
	Information Management Expenses (Software licences, support and maintenance)	14,493	14,731
	Insurance	5	235
	Maintenance (See 3(b) below)	8,145	3,122
	Motor Vehicle Expenses	16	146
	Postal and Telephone Costs	2,354	1,313
	Printing and Stationery	1,231	800
	Rental	10,655	12,475
	Staff Related Costs	1,397	3,089
	Travel Related Costs	10,799	10,106
	Other (See 3(a) below)	18,821	26,409
		87,767	**85,586**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	5	-
Legal Services	52	-
Membership/Professional Fees	20	7
Security Services	11	1
Auditor's Remuneration	6,381	5,790
General Administration Expenses	495	775
Sitting Fees	4,738	3,625
NSW Civil & Administrative Tribunal Fixed Costs	-	7,479
Council Fees	7,119	8,732
	18,821	**26,409**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	737	(25)
New/Replacement Equipment under $5,000	3,278	975
Repairs Maintenance/Non Contract	4,130	2,172
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	8,145	3,122
	8,145	**3,122**

4. DEPRECIATION AND AMORTISATION

Depreciation - Plant and Equipment	148	220
Depreciation - Leasehold Improvements	173	1,220
Amortisation - Intangible Assets	822	554
	1,143	**1,994**

5. EDUCATION AND RESEARCH

There has been no Education and Research expenditure during the Financial Year 2018.

6. FINANCE COSTS

Other Interest Charges	-	85
	-	**85**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	314,659	292,061
	314,659	**292,061**

9. INVESTMENT REVENUE

Interest	8,894	7,321
	8,894	**7,321**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	137	-
Long Service Leave	2,454	-
	2,591	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	902	-
Accumulated Depreciation	(860)	-
Written Down Value	**42**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(42)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	65,737	64,224
Cash at Bank - Held by HPCA*	572,996	444,600
	638,733	**508,824**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	638,733	508,824
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**638,733**	**508,824**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	65,737	64,224
	65,737	**64,224**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	-	3,084
Goods and Services Tax	1,059	659
Interest Receivable	-	4,284
Prepayments	2,149	2,305
	3,208	**10,332**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$

14. PROPERTY, 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.

Plant and Equipment - Fair Value		
Gross Carrying Amount	757	472
Less: Accumulated Depreciation and Impairment	259	111
Net Carrying Amount	**498**	**361**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	2,424	1,352
Less: Accumulated Depreciation and Impairment	256	943
Net Carrying Amount	**2,168**	**409**
Total Property, Plant and Equipment		
At Net Carrying Amount	**2,666**	**770**

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	361	409	**770**
Additions	285	2,024	**2,309**
Disposals	-	(42)	**(42)**
Depreciation Expense	(148)	(173)	**(321)**
Movements in WIP	-	(50)	**(50)**
Net carrying amount at end of year	**498**	**2,168**	**2,666**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	725	1,259	**1,984**
Additions	252	-	**252**
Write Off of Assets	(396)	320	**(76)**
Depreciation Expense	(220)	(1,220)	**(1,440)**
Movements in WIP	-	50	**50**
Net carrying amount at end of year	**361**	**409**	**770**

Notes to the Financial Statements continued

15. INTANGIBLE ASSESTS

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.

	2018	2017
	$	$
Intangibles		
Cost (Gross Carrying Amount)	2,270	2,270
Less Accumulated Amortisation and Impairment	1,923	1,101
Total Intangible Assets at Net Carrying Amount	**347**	**1,169**

INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	1,169	1,169
Amortisation (Recognised in Depreciation and Amortisation)	(822)	(822)
Carrying amount at the end of year	**347**	**347**
2017		
Net carrying amount at start of year	1,865	1,865
Additions (From Internal Development or Acquired Separately)	88	88
Write Off of Intangible Assts	(230)	(230)
Amortisation (Recognised in Depreciation and Amortisation)	(554)	(554)
Net carrying amount at end of year	**1,169**	**1,169**

Notes to the Financial Statements continued

	2018	2017
	$	$
16. PAYABLES		
Current		
Personnel Services - Ministry of Health	10,556	17,090
Taxation and Payroll Deductions	6,077	660
Creditors	5,948	2,886
Accrued Expenditure	9,256	10,789
	31,837	**31,425**
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	16,633	17,750
	16,633	**17,750**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

17. PROVISIONS		
Non-Current		
Make Good	7,126	7,126
	7,126	**7,126**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	7,126	6,606
Increase/(Decrease) in provisions recognised	-	435
Unwinding/change in discount rate	-	85
Carrying amount at the end of financial year	**7,126**	**7,126**
18. OTHER LIABILITIES		
Current		
Income in Advance	128,200	124,458
	128,200	**124,458**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	352
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**352**

b) Operating Lease Commitments

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

Within one year	6,201	17,188
Later than one year and not later than five years	16,067	64,667
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**22,268**	**81,855**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $22,268 as at 30 June 2018 includes input tax credits of $2,019 that are expected to be recoverable from the Australian Taxation Office (2017: $7,473).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	132,168	110,217
Depreciation and Amortisation	(1,143)	(1,994)
(Increase)/ Decrease Income in Advance	(3,742)	(11,523)
(Increase)/ Decrease in Provisions	-	(85)
Increase / (Decrease) in Prepayments and Other Assets	(7,124)	(2,633)
(Increase)/ Decrease in Payables from Operating Activities	(412)	30,699
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(42)	-
Net Result	**119,705**	**124,681**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	638,733	508,824
Receivables (note 13)*	Loans and receivables (at amortised cost)	-	7,368
		638,733	**516,192**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	25,760	30,765
		25,760	**30,765**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	7,367
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	1
> 6 months overdue	-	-
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	-
Total[1,2]	**-**	**7,368**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	25,760	-	-	25,760	25,760	-	-
	25,760	-	-	25,760	25,760	-	-
2017							
Payables:							
- Creditors [2]	30,765	-	-	30,765	30,765	-	-
	30,765	-	-	30,765	30,765	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	638,733	(6,387)	(6,387)	6,387	6,387
Receivables	-	-	-	-	-
Financial Liabilities					
Payables*	25,760	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	508,824	(5,088)	(5,088)	5,088	5,088
Receivables	7,368	-	-	-	-
Financial Liabilities					
Payables*	30,765	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the following entities:

	2018	2017
	$	$
- NSW Ministry of Health	9,994	5,157
- South Western Sydney Local Health District	2,929	2,482
	12,923	**7,639**

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT

PSYCHOLOGY COUNCIL
of New South Wales

Psychology Council of NSW

Financial Statements

Year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

Psychology Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Psychology Council of New South Wales (the Council), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Somaiya Ahmed
Director, Financial Audit Services

15 October 2018
SYDNEY

Statement by members of the council

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Psychology Council of New South Wales as at 30 June 2018 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions issued by the NSW Treasurer.

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

Ms Gail Purkis
President

Date: 12 October 2018

Associate Professor Christopher Wilcox
Deputy President

Date: 12 October 2018

Statement of Comprehensive Income

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
EXPENSES EXCLUDING LOSSES			
Operating Expenses			
Personnel Services	2	569,656	531,107
Other Operating Expenses	3	690,937	592,902
Depreciation and Amortisation	1(n), 4	9,180	14,260
Education and Research	5	5,111	23,190
Finance Costs	1(g), 6	-	593
Total Expenses Excluding Losses		**1,274,884**	**1,162,052**
REVENUE			
Acceptance by the Crown Entity of Personnel Services	1(v), 10	10,318	-
Registration Fees	1(h), 8	1,681,705	1,429,607
Investment Revenue	1(h), 9	50,287	44,539
Other Income		102	62
Total Revenue		**1,742,412**	**1,474,208**
Gain / (Loss) on Disposal	11	**(2,700)**	**-**
Net Result	21	**464,828**	**312,156**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**464,828**	**312,156**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	12	3,482,246	2,985,963
Receivables	13	14,677	67,596
Total Current Assets		**3,496,923**	**3,053,559**
Non-Current Assets			
Property, Plant and Equipment			
Plant and Equipment	14	4,462	2,315
Leasehold Improvements	14	35,721	6,441
Total Property, Plant and Equipment		**40,183**	**8,756**
Intangible Assets	15	**2,544**	**7,799**
Total Non-Current Assets		**42,727**	**16,555**
Total Assets		**3,539,650**	**3,070,114**
LIABILITIES			
Current Liabilities			
Payables	16	160,887	152,928
Other	18	705,015	708,266
Total Current Liabilities		**865,902**	**861,194**
Non-Current Liabilities			
Provisions	17	49,667	49,667
Total Non-Current Liabilities		**49,667**	**49,667**
Total Liabilities		**915,569**	**910,861**
Net Assets		**2,624,081**	**2,159,253**
EQUITY			
Accumulated funds		2,624,081	2,159,253
Total Equity		**2,624,081**	**2,159,253**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2018

	Accumulated Funds
	$
Balance at 1 July 2017	2,159,253
Net Result for the year	464,828
Balance at 30 June 2018	**2,624,081**
Balance at 1 July 2016	1,847,097
Net Result for the year	312,156
Balance at 30 June 2017	**2,159,253**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 30 June 2018

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel Services		(572,915)	(675,347)
Education and Research		(5,545)	-
Other		(726,469)	(652,545)
Total Payments		**(1,304,929)**	**(1,327,892)**
Receipts			
Registration fees		1,695,007	1,599,910
Interest Received		50,287	48,033
Other		93,970	62
Total Receipts		**1,839,264**	**1,648,005**
Net Cash Flows from Operating Activities	21	**534,335**	**320,113**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant & Equipment and Intangibles		(38,052)	(3,233)
Net Cash Flows from Investing Activities		**(38,052)**	**(3,233)**
Net Increase/(Decrease) in Cash and Cash Equivalents		496,283	316,880
Opening cash and cash equivalents	12	2,985,963	2,669,083
Closing Cash and Cash Equivalents	12	**3,482,246**	**2,985,963**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The 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 2018 have been authorised for issue by the Council on 12 October 2018.

b) Basis of Preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and mandatory NSW Treasury accounting publications.

The financial statements of the Council have been prepared on a going concern basis.

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) 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. The comparative period is a twelve month period.

Certain prior year amounts have been reclassified for consistency with the current year presentation. 'Other expenses' ($182,695) have been reclassified to 'Other operating expenses'. There was no impact on the net result reported in 2016-17. Similarly, motor vehicles and office equipment that were separately disclosed on the Statement of Financial Position as at 30 June 2017 have now been combined and are shown as 'Plant and Equipment'. There was no impact on the net assets reported as at 30 June 2017. Elsewhere in the financial statements, a number of new line items have been included, and the comparative amounts reclassified following adoption of a new chart of accounts and new financial reporting template in 2017-18.

d) Statement of Compliance

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant Accounting Judgements, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology

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

1. Personnel services
2. Other operating expenses:
   - Rent and building expenses
   - Contracted labour
   - Postage and communication
   - Printing and stationery
3. Depreciation and amortisation

f) Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.The TMF is managed by Insurance and Care NSW (iCare).

g) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with NSW Treasury's Mandate to not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Registration Fees

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, with a further 4 Councils established on 1 July 2012 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2018 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.

Investment Revenue

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

i) 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.

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) Accounting for the Goods & Services Tax (GST)

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

- amount of GST incurred by the Council as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition 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.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

m) Capitalisation Thresholds

Individual items of Property, Plant and Equipment are capitalised where their cost is at least $5,000 or above. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

n) Depreciation of Property, Plant and Equipment

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

Details of depreciation rates initially applied for major asset categories are as follows:

Plant and Equipment	25%
Leasehold Improvements	1.32% - 27.27%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported. The depreciation rates of leasehold improvements have changed from prior year due to Pitt street office refurbishment. However all other depreciation rates remain the same.

o) Revaluation of Non-Current Assets

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.

p) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

r) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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.

s) Maintenance

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

t) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off with approval of the Council as incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

u) 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.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

v) 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.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Personnel 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 and workers' compensation insurance premiums, 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. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

w) Provision for Make Good

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year. The following revised Australian Accounting Standards are effective for the first time in 2017-18, however they have no significant impact on the 2017-18 results:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 Statement of Cash Flows to require additional disclosures for financing activities in the Statement of Cash Flows.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Council have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

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

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

AASB 16 Leases replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below $10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

AASB 15 Revenue from contracts with customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 becomes mandatory for reporting periods beginning on or after 1 January 2019 for not-for–profit entities. AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. AASB 15 permits either full retrospective or a modified retrospective approach for adoption. NSW Treasury is in the process of assessing which transition method it will mandate.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

Notes to the Financial Statements continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Potential Impact on Council's Financial Report

We are continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

A detailed assessment of the classification and measurement of all of the accounting standards is underway, the following general impacts are expected from the work conducted so far:

Leases

The Council has two leases to consider under the new accounting standard, both of which are operating leases. The lease for the offices on Pitt Street will have to adopt the new accounting standard from 1 July 2019.

The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability.

Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.

Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.

Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.

Revenue and Income of Not-for-Profit Entities

No significant impact is expected on the Council.

Financial Instruments

No significant impact is expected on the Council.

Notes to the Financial Statements continued

	2018	2017
	$	$
2. PERSONNEL SERVICES		
Salaries and Wages	475,261	462,005
Superannuation - Defined Benefit Plans	551	-
Superannuation - Defined Contribution Plans	39,774	39,865
Long Service Leave	18,050	-
Redundancies	5,932	-
Workers' Compensation Insurance	2,058	1,590
Payroll Taxes	28,030	27,647
	569,656	**531,107**

3. OTHER OPERATING EXPENSES		
Advertising	697	-
Consultancies	2,168	7,912
Contractors	242,058	134,221
Domestic Supplies and Services	3,882	4,235
Food Supplies	5,265	7,004
Fuel, Light and Power	3,379	-
Information Management Expenses (Software licences, support and maintenance)	71,251	72,463
Insurance	29	34
Maintenance (See 3(b) below)	56,451	18,834
Motor Vehicle Expenses	104	100
Postal and Telephone Costs	10,114	6,380
Printing and Stationery	6,690	5,089
Rental	65,873	73,853
Staff Related Costs	32,176	40,395
Travel Related Costs	11,971	14,505
Other (See 3(a) below)	178,829	207,877
	690,937	**592,902**

Notes to the Financial Statements continued

	2018	2017
	$	$
3. OTHER OPERATING EXPENSES continued		
a. Other includes		
Courier and Freight	5	-
Legal Services	11,338	2,131
Membership/Professional Fees	117	485
Security Services	65	10
Auditor's Remuneration	8,047	7,300
General Administration Expenses	9,287	10,637
Sitting Fees	118,923	103,122
NSW Civil & Administrative Tribunal Fixed Costs	18,293	71,432
Council Fees	12,754	12,760
	178,829	**207,877**
b. Reconciliation of Total Maintenance		
Maintenance Contracts	4,107	198
New/Replacement Equipment under $5,000	24,889	5,915
Repairs Maintenance/Non Contract	27,455	12,721
Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 3)	56,451	18,834
	56,451	**18,834**
4. DEPRECIATION AND AMORTISATION		
Depreciation - Plant and Equipment	1,103	1,450
Depreciation - Leasehold Improvements	2,822	9,193
Amortisation - Intangible Assets	5,255	3,617
	9,180	**14,260**
5. EDUCATION AND RESEARCH		
Education and Research	5,111	23,190
	5,111	**23,190**
6. FINANCE COSTS		
Other Interest Charges	-	593
	-	**593**

Notes to the Financial Statements continued

	2018	2017
	$	$

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

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

8. REGISTRATION FEES

Registration Fees	1,681,705	1,429,607
	1,681,705	**1,429,607**

9. INVESTMENT REVENUE

Interest	50,287	44,539
	50,287	**44,539**

10. ACCEPTANCE BY THE CROWN ENTITY OF PERSONNEL SERVICES

The following liabilities and expenses have been assumed by the Crown Entity:

Superannuation-defined benefit	551	-
Long Service Leave	9,767	-
	10,318	**-**

11. GAIN / (LOSS) ON DISPOSAL

Property, Plant and Equipment	45,129	-
Accumulated Depreciation	(42,429)	-
Written Down Value	**2,700**	**-**
Proceeds from Disposal	-	-
Gain/(Loss) on Disposal of Property, Plant and Equipment	**(2,700)**	**-**

Notes to the Financial Statements continued

	2018	2017
	$	$
12. CASH AND CASH EQUIVALENTS		
Cash at Bank and On Hand	76,736	80,496
Cash at Bank - Held by HPCA*	3,405,510	2,905,467
	3,482,246	**2,985,963**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (per Statement of Financial Position)	3,482,246	2,985,963
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**3,482,246**	**2,985,963**
Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System. The Council operates the bank accounts shown below:		
Education and Research Account**	76,736	80,496
	76,736	**80,496**

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

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

13. RECEIVABLES

Current		
Trade and Other Receivables	1,332	34,019
Goods and Services Tax	8,319	3,494
Interest Receivable	-	24,461
Less Allowance for Impairment	-	(462)
Prepayments	5,026	6,084
	14,677	**67,596**

a) Movement in the Allowance for Impairment		
Balance at Commencement of Reporting Period	(462)	-
Amounts written off during the period	-	(462)
Amounts recovered during the period	462	-
Balance at 30 June 2018	**-**	**(462)**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

Notes to the Financial Statements continued

14. PROPERTY, 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.

	2018 $	2017 $
Plant and Equipment - Fair Value		
Gross Carrying Amount	6,294	3,044
Less: Accumulated Depreciation and Impairment	1,832	729
Net Carrying Amount	**4,462**	**2,315**
Leasehold Improvements - Fair Value		
Gross Carrying Amount	38,515	48,842
Less: Accumulated Depreciation and Impairment	2,794	42,401
Net Carrying Amount	**35,721**	**6,441**
Total Property, Plant and Equipment		
At Net Carrying Amount	**40,183**	**8,756**

Notes to the Financial Statements continued

PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment $	Leasehold Improvements $	Total $
2018			
Net carrying amount at start of year	2,315	6,441	**8,756**
Additions	3,250	35,691	**38,941**
Disposals	-	(2,700)	**(2,700)**
Depreciation Expense	(1,103)	(2,822)	**(3,925)**
Movements in WIP	-	(889)	**(889)**
Net carrying amount at end of year	**4,462**	**35,721**	**40,183**

	Plant and Equipment $	Leasehold Improvements $	Total $
2017			
Net carrying amount at start of year	6,686	12,645	**19,331**
Additions	1,506	-	**1,506**
Write Off of Assets	(4,427)	2,100	**(2,327)**
Depreciation Expense	(1,450)	(9,193)	**(10,643)**
Movements in WIP	-	889	**889**
Net carrying amount at end of year	**2,315**	**6,441**	**8,756**

	2018 $	2017 $

15. INTANGIBLE ASSESTS

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.

Intangibles		
Cost (Gross Carrying Amount)	14,959	14,959
Less Accumulated Amortisation and Impairment	12,415	7,160
Total Intangible Assets at Net Carrying Amount	**2,544**	**7,799**

Notes to the Financial Statements continued

INTANGIBLE ASSESTS - RECONCILIATION

	Intangibles $	Total $
2018		
Net carrying amount at start of year	7,799	7,799
Amortisation (Recognised in Depreciation and Amortisation)	(5,255)	(5,255)
Net carrying amount at the end of year	**2,544**	**2,544**
2017		
Net carrying amount at start of year	11,278	11,278
Additions (From Internal Development or Acquired Separately)	817	817
Write Off of Intangible Assts	(679)	(679)
Amortisation (Recognised in Depreciation and Amortisation)	(3,617)	(3,617)
Net carrying amount at end of year	**7,799**	**7,799**

16. PAYABLES

	2018 $	2017 $
Current		
Personnel Services - Ministry of Health	17,682	66,550
Taxation and Payroll Deductions	38,198	2,732
Creditors	46,347	16,618
Accrued Expenditure	58,660	67,028
	160,887	**152,928**
Aggregate Personnel Services and Related On-Costs		
Liability - Purchase of Personnel Services	55,880	69,282
	55,880	**69,282**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

Notes to the Financial Statements continued

	2018	2017
	$	$
17. PROVISIONS		
Non-Current		
Make Good	49,667	49,667
	49,667	**49,667**
Movement in provisions		
Movements in each class of provision during the financial year are set out below:		
Make Good		
Carrying amount at the beginning of financial year	49,667	46,042
Increase/(Decrease) in provisions recognised	-	3,032
Unwinding/change in discount rate	-	593
Carrying amount at the end of financial year	**49,667**	**49,667**
18. OTHER LIABILITIES		
Current		
Income in Advance	705,015	708,266
	705,015	**708,266**

Notes to the Financial Statements continued

	2018	2017
	$	$

19. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Within one year	-	2,108
Later than one year and not later than five years	-	-
Later than five years	-	-
Total Capital Expenditure Commitments (Including GST)	**-**	**2,108**

b) Operating Lease Commitments

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

Within one year	92,650	98,845
Later than one year and not later than five years	240,043	371,896
Later than five years	-	-
Total Operating Lease Commitments (Including GST)	**332,693**	**470,741**

c) Contingent Asset Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments' of $332,693 as at 30 June 2018 includes input tax credits of $30,160 that are expected to be recoverable from the Australian Taxation Office (2017: $42,986).

20. CONTINGENT LIABILITIES AND ASSETS

There are no material contingent assets or liabilities as at 30 June 2018.

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

Net Cash Flows from Operating Activities	534,335	320,113
Depreciation and Amortisation	(9,180)	(14,260)
(Increase)/ Decrease Income in Advance	3,251	(165,814)
(Increase)/ Decrease in Provisions	-	(593)
Increase / (Decrease) in Receivables	(52,919)	(20,076)
(Increase)/ Decrease in Payables from Operating Activities	(7,959)	192,786
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(2,700)	-
Net Result	**464,828**	**312,156**

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS

The Council's principal financial instruments are outlined below. These financial instruments arise directly from the Council's operations or are required to finance its operations. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 these financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Category	Carrying Amount 2018 $	Carrying Amount 2017 $
Financial Assets			
Cash and Cash Equivalents (note 12)	N/A	3,482,246	2,985,963
Receivables (note 13)*	Loans and receivables (at amortised cost)	1,332	58,018
		3,483,578	**3,043,981**
Financial Liabilities			
Payables (note 16)**	Financial liabilities measured at amortised cost	122,689	150,196
		122,689	**150,196**

Notes
* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries, Wages and On-Costs.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default 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 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 deposited within the NSW Treasury banking system. Interest is earned on daily bank balances and the interest rate remains unchanged at 1.50% from 1 July 2017 to 30 June 2018.

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.

	2018 $	2017 $
Neither past due nor impaired	-	56,673
Past due but not impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	13
> 6 months overdue	1,332	1,332
Impaired[1,2]		
< 3 months overdue	-	-
3 - 6 months overdue	-	-
> 6 months overdue	-	462
Total[1,2]	**1,332**	**58,480**

Notes
1 Each column in the table reports "gross receivables".
2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 Financial Instruments Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(c) Liquidity Risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The HPCA on behalf of The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

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 by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
2018	$	$	$	$	$	$	$
Payables:							
- Creditors [2]	122,689	-	-	122,689	122,689	-	-
	122,689	-	-	122,689	122,689	-	-
2017							
Payables:							
- Creditors [2]	150,196	-	-	150,196	150,196	-	-
	150,196	-	-	150,196	150,196	-	-

Notes:

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

22. FINANCIAL INSTRUMENTS continued

(d) Market Risk

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

(e) Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate has not changed from 1 July 2017 and remains at 1.50% as at 30 June 2018.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect net result or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

		-1%		+1%	
	Carrying Amount	Net Result	Equity	Net Result	Equity
	$	$	$	$	$
2018					
Financial Assets					
Cash and Cash Equivalents	3,482,246	(34,822)	(34,822)	34,822	34,822
Receivables	1,332	-	-	-	-
Financial Liabilities					
Payables*	122,689	-	-	-	-
2017					
Financial Assets					
Cash and Cash Equivalents	2,985,963	(29,860)	(29,860)	29,860	29,860
Receivables	58,018	-	-	-	-
Financial Liabilities					
Payables*	150,196	-	-	-	-

*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). Prior year comparatives have been restated to include Accrued Salaries Wages, On-Costs and Payroll Deductions.

Notes to the Financial Statements continued

23. RELATED PARTY TRANSACTIONS

During the financial year, the Council obtained key management personnel services from the NSW Ministry of Health and incurred $90,060 (2017: $78,358) for these services.

24. EVENTS AFTER THE REPORTING PERIOD

There has not been any matters arising subsequent to reporting date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENT