

# **FINANCIAL** **STATEMENTS**

**YEAR ENDED 30 JUNE 2015**



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**NURSING AND MIDWIFERY  
COUNCIL OF NEW SOUTH WALES**

## **STATEMENT BY MEMBERS OF THE COUNCIL**

### **YEAR ENDED 30 JUNE 2015**

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Nursing and Midwifery Council of New South Wales as at 30 June 2015 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

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



Adj Professor John G Kelly AM  
President

Date: 19 October 2015



Dr Bethne Hart  
Deputy President

Date: 19 October 2015



## INDEPENDENT AUDITOR'S REPORT

### Nursing and Midwifery Council of New South Wales

To Members of the New South Wales Parliament

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

#### Opinion

In my opinion, the financial statements:

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

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

#### The Council's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Peter Barnes  
Director, Financial Audit Services

20 October 2015  
SYDNEY

## Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>EXPENSES EXCLUDING LOSSES</b>			
Operating expenses			
Personnel services	2(a)	(3,149,027)	(2,864,994)
Other operating expenses	2(b)	(1,923,610)	(2,043,295)
Depreciation and amortisation	2(c)	(172,447)	(243,826)
Finance costs	2(d)	(3,511)	(4,185)
Other expenses	2(e)	(985,183)	(973,199)
Education and research expenses	3	(80,004)	(62,815)
<b>Total Expenses Excluding Losses</b>		<b>(6,313,782)</b>	<b>(6,192,314)</b>
<b>REVENUE</b>			
Registration fees		7,381,672	7,019,057
Interest revenue	5(a)	279,142	203,016
Other revenue	5(b)	155	20,921
<b>Total Revenue</b>		<b>7,660,969</b>	<b>7,242,994</b>
Gain/(Loss) on disposal/additions	6	(36,048)	88,999
<b>Net Result</b>		<b>1,311,139</b>	<b>1,139,679</b>
<b>Total Comprehensive Income</b>		<b>1,311,139</b>	<b>1,139,679</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	12,269,180	10,414,645
Receivables	8	494,657	434,972
<b>Total Current Assets</b>		<b>12,763,837</b>	<b>10,849,617</b>
<b>Non-Current Assets</b>			
Plant and equipment	9		
Leasehold improvements		278,155	182,033
Motor vehicles		478	2,738
Furniture and fittings		62,636	56,356
Office equipment		33,891	44,199
Total plant and equipment		375,160	285,326
Intangible assets	10	93,621	109,891
<b>Total Non-Current Assets</b>		<b>468,781</b>	<b>395,217</b>
<b>Total Assets</b>		<b>13,232,618</b>	<b>11,244,834</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	11	1,243,060	898,835
Fees in advance	12	6,452,036	6,268,836
<b>Total Current Liabilities</b>		<b>7,695,096</b>	<b>7,167,671</b>
<b>Non-Current Liabilities</b>			
Fees in advance	12	18,709	31,917
Provisions	13	261,387	98,959
<b>Total Non-Current Liabilities</b>		<b>280,096</b>	<b>130,876</b>
<b>Total Liabilities</b>		<b>7,975,192</b>	<b>7,298,547</b>
<b>Net Assets</b>		<b>5,257,426</b>	<b>3,946,287</b>
<b>EQUITY</b>			
Accumulated funds		5,257,426	3,946,287
<b>Total Equity</b>		<b>5,257,426</b>	<b>3,946,287</b>

The accompanying notes form part of these financial statements.

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

	Notes	Accumulated Funds \$
Balance at 1 July 2014		3,946,287
Net Result for the Year		1,311,139
Balance at 30 June 2015		<u>5,257,426</u>
Balance at 1 July 2013		2,806,608
Net result for the year		1,139,679
Balance at 30 June 2014		<u>3,946,287</u>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(3,216,678)	(2,878,620)
Council fees		(26,394)	(26,864)
Audit fees		(395,415)	(510,182)
Audit fees		(16,970)	(18,853)
Occupancy costs		(457,840)	(480,293)
Consultants/Inspectors costs		(36,600)	-
Temporary labour costs		(788,019)	(938,000)
Computer services		(238,691)	(203,981)
Health Assessment Fees		(343,141)	(337,236)
NCAT Fixed Costs		(217,980)	(96,700)
Other expenses		(66,746)	(664,385)
<b>Total Payments</b>		<b>(5,804,475)</b>	<b>(6,155,114)</b>
<b>Receipts</b>			
Receipts from registration fees		7,506,856	7,284,895
Interest received		279,161	217,059
Other		155	2,429
<b>Total Receipts</b>		<b>7,786,172</b>	<b>7,504,383</b>
<b>Net Cash Flows from Operating Activities</b>	17	<b>1,981,697</b>	<b>1,349,269</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of plant and equipment and intangible assets		(127,162)	(44,958)
<b>Net Cash Flows from Investing Activities</b>		<b>(127,162)</b>	<b>(44,958)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Flows From Financing Activities		-	-
<b>Net Cash Flows from Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>1,854,535</b>	<b>1,304,311</b>
Opening cash and cash equivalents		10,414,645	9,110,334
<b>Closing Cash and Cash Equivalents</b>	7	<b>12,269,180</b>	<b>10,414,645</b>

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Reporting Entity

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

These financial statements for the year ended 30 June 2015 have been authorised for issue by the Council on 15 October 2015.

#### b. Basis of Preparation

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

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations), and
- the requirements of the *Public Finance and Audit Act 1983* and Regulation.

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

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

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

#### c. Statement of Compliance

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

#### d. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

## Notes to the Financial Statements (continued)

### e. Insurance

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

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

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

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

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

### g. Income Recognition

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

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

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

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2015 registration fee.

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

### h. Personnel Services

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

### i. Interest Revenue

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

## Notes to the Financial Statements (continued)

### j. Education and Research

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

### k. Assets

#### *i. Acquisition of Assets*

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

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

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

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

#### *ii. Capitalisation Thresholds*

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method. The minimum capitalisation threshold limits applied to the Council for the asset are \$1,638 (2013/2014 - \$1,565) (all Council shared use asset), or \$2,563 (2013/2014 - \$2,463) (Pitt Street shared use asset), whichever is applicable.

#### *iii. Impairment of Plant and Equipment*

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

#### *iv. Depreciation of Plant, Equipment and Leasehold Improvements*

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

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

Depreciation rates used are as follows:

Plant and equipment 20% - 25%

Furniture and fittings 16% - 20%

Motor vehicles 25% - 29%

Leasehold improvements 17% - 27.8%

## Notes to the Financial Statements (continued)

### *v. Fair Value of Plant and Equipment*

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

### *vi. Maintenance*

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

### *vii. Intangible Assets*

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

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

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

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

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

The Council's intangible assets are amortised using the straight line method over a period of four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

### *viii. Loans and Receivables*

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

## Notes to the Financial Statements (continued)

### **l. Liabilities**

#### *i. Trade and Other Payables*

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

#### *ii. Personnel Services – Ministry of Health*

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

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

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

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

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

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

#### *iii. Provision for Make Good*

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

### **m. Equity**

#### Accumulated Funds

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

### **n. Comparative information**

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

## Notes to the Financial Statements (continued)

### **o. Cash and cash equivalents**

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

Bank overdrafts are included within liabilities.

### **p. Adoption of New and Revised Accounting Standards**

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

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

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

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

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

## Notes to the Financial Statements (continued)

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

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

	2015	2014
	\$	\$
Salaries and wages (including recreation leave)	2,697,886	2,434,755
Superannuation	233,737	231,322
Payroll taxes	204,443	178,893
Worker's compensation insurance	12,961	20,024
	<b>3,149,027</b>	<b>2,864,994</b>

**b. Other Operating Expenses**

	2015	2014
	\$	\$
Auditor's remuneration	16,970	18,853
Rent and building expenses	442,832	452,696
Council fees	26,394	26,864
Sitting fees	395,415	510,182
NSW Civil & Administrative Tribunal fixed costs	217,980	96,700
Contracted labour	824,019	938,000
	<b>1,923,610</b>	<b>2,043,295</b>

**c. Depreciation and Amortisation Expense**

	2015	2014
	\$	\$
<b>Depreciation</b>		
Motor vehicles	2,388	2,281
Furniture and fittings	19,436	18,075
Office equipment	25,132	43,183
	<b>46,956</b>	<b>63,539</b>
<b>Amortisation</b>		
Leasehold improvement	76,407	117,681
Intangible assets	49,084	62,606
	<b>125,491</b>	<b>180,287</b>
<b>Total Depreciation and Amortisation</b>	<b>172,447</b>	<b>243,826</b>

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

	2015	2014
	\$	\$
Unwinding of discount rate on make good provision	3,511	4,185
	<u>3,511</u>	<u>4,185</u>

**e. Other Expenses**

	2015	2014
	\$	\$
Subsistence and transport	99,836	96,745
Fees for service	682,368	658,456
Postage and communication	35,513	44,274
Printing and stationery	42,830	50,370
Equipment and furniture	4,884	1,245
General administration expenses	115,731	118,568
Loss on re-allocation of Make good	4,021	3,541
	<u>985,183</u>	<u>973,199</u>

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

	2015	2014
	\$	\$
Grants	5,000	-
Other expenses	75,004	62,815
<b>Total (excluding GST)</b>	<u>80,004</u>	<u>62,815</u>

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

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

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



## Notes to the Financial Statements (continued)

## 5. (a) INTEREST REVENUE

	2015	2014
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	279,142	203,016
	<u>279,142</u>	<u>203,016</u>

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

	2015	2014
	%	%
Average Interest Rate	3.20	2,54

## (b) OTHER REVENUE

	2015	2014
	\$	\$
Make good revenue resulting from decrease in make good provision	-	18,492
Other Revenue	155	2,429
	<u>155</u>	<u>20,921</u>

## 6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS

	2015	2014
	\$	\$
<b>Plant and equipment</b>		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	(38,711)	86,328
Gain/(Loss) on disposal/additions during the year	-	-
	<u>(38,711)</u>	<u>86,328</u>
<b>Intangible assets</b>		
Net book value (disposed)/acquired during the year	-	-
Net book value (disposed)/acquired during the year - re-allocations arising from the cost sharing arrangements	2,663	2,671
Gain/(Loss) on disposal/additions during the year	-	-
	<u>2,663</u>	<u>2,671</u>
<b>Total Gain/(Loss) on Disposal/Additions</b>	<u>(36,048)</u>	<u>88,999</u>

## Notes to the Financial Statements (continued)

### 6. GAIN/(LOSS) ON DISPOSAL/ADDITIONS (continued)

Included in the above Gain/(Loss) on disposal are adjustments arising from the Council's prior year decision to adopt a significant accounting policy, an agreed cost sharing arrangement for the distribution of pooled costs between health professional Councils and to dispose or acquire of a portion of its share of the opening carrying values of the pooled assets.

Refer Note 1 (d).

### 7. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank and on hand	494,058	564,840
Cash at bank - held by HPCA*	11,775,122	9,849,805
	<b>12,269,180</b>	<b>10,414,645</b>

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

The Council operates the bank accounts shown below:

	2015	2014
	\$	\$
Education and research account**	493,558	564,340
	<b>493,558</b>	<b>564,340</b>

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

### 8. RECEIVABLES

	2015	2014
	\$	\$
Prepayments	38,979	24,748
Other receivables	44,653	43,989
Interest receivable	34	53
Trade receivables	410,991	366,182
Less: allowance for impairment	-	-
	<b>494,657</b>	<b>434,972</b>

Trade receivables have been considered for impairment.

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

## Notes to the Financial Statements (continued)

## 8. RECEIVABLES (continued)

Analysis of Trade Debtors Overdue		\$		
2015	Total	Past due but not impaired	Considered impaired	
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	1,347	1,347	-	
<b>2014</b>				
< 3 months overdue	-	-	-	
3-6 months overdue	-	-	-	
> 6 months overdue	174	174	-	

## Notes

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

## 9. PLANT AND EQUIPMENT

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

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

## Notes to the Financial Statements (continued)

### 9. PLANT AND EQUIPMENT (continued)

#### Reconciliation

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

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

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2013</b>					
Gross carrying amount	244,618	9,370	59,564	305,214	618,766
Accumulated depreciation and impairment	(11,517)	(4,298)	(11,912)	(230,785)	(258,512)
<b>Net Carrying Amount</b>	<b>233,101</b>	<b>5,072</b>	<b>47,652</b>	<b>74,429</b>	<b>360,254</b>

#### At 30 June 2014

Gross carrying amount	339,407	9,125	91,526	326,197	766,255
Accumulated depreciation and impairment	(157,374)	(6,387)	(35,170)	(281,998)	(480,929)
<b>Net Carrying Amount</b>	<b>182,033</b>	<b>2,738</b>	<b>56,356</b>	<b>44,199</b>	<b>285,326</b>

#### Reconciliation

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

## Notes to the Financial Statements (continued)

## 9. PLANT AND EQUIPMENT (continued)

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
<b>Year Ended 30 June 2014</b>					
Net carrying amount at start of year	233,101	5,072	47,652	74,429	360,254
Additions	-	-	6,674	13,290	19,964
Other <sup>1</sup>	66,613	(53)	20,105	(337)	86,328
Depreciation	(117,681)	(2,281)	(18,075)	(43,183)	(181,220)
<b>Net Carrying Amount at End of Year</b>	<b>182,033</b>	<b>2,738</b>	<b>56,356</b>	<b>44,199</b>	<b>285,326</b>

## 1. Other includes:

- Adjustments required to opening balances due to the agreed Cost Allocation Methodology as at 1 July 2014 & 1 July 2013.
- Adjustments required to make good asset/liability in accordance with AASB 137.

## 10. INTANGIBLE ASSETS

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

	Software Work in Progress	Software	Total
	\$	\$	\$
<b>At 1 July 2014</b>			
Cost (gross carrying amount)	45,184	564,083	609,267
Accumulated amortisation and impairment	-	(499,376)	(499,376)
<b>Net Carrying Amount</b>	<b>45,184</b>	<b>64,707</b>	<b>109,891</b>
<b>At 30 June 2015</b>			
Cost (gross carrying amount)	75,335	587,174	662,509
Accumulated amortisation and impairment	-	(568,888)	(568,888)
<b>Net Carrying Amount</b>	<b>75,335</b>	<b>18,286</b>	<b>93,621</b>
<b>Year Ended 30 June 2015</b>			
Net carrying amount at start of year	45,184	64,707	109,891
Additions	37,058	-	37,058
Other <sup>1</sup>	(6,907)	2,663	(4,244)
Amortisation	-	(49,084)	(49,084)
<b>Net Carrying Amount at End of Year</b>	<b>75,335</b>	<b>18,286</b>	<b>93,621</b>

## Notes to the Financial Statements (continued)

## 10. INTANGIBLE ASSETS (continued)

	Software Work in Progress	Software	Total
	\$	\$	\$
<b>At 1 July 2013</b>			
Cost (gross carrying amount)	20,190	548,589	568,779
Accumulated amortisation and impairment	-	(423,947)	(423,947)
<b>Net Carrying Amount</b>	<b>20,190</b>	<b>124,642</b>	<b>144,832</b>
<b>At 30 June 2014</b>			
Cost (gross carrying amount)	45,184	564,083	609,267
Accumulated amortisation and impairment	-	(499,376)	(499,376)
<b>Net Carrying Amount</b>	<b>45,184</b>	<b>64,707</b>	<b>109,891</b>
<b>Year Ended 30 June 2014</b>			
Net carrying amount at start of year	20,190	124,642	144,832
Additions	24,994	-	24,994
Other <sup>1</sup>	-	2,671	2,671
Amortisation	-	(62,606)	(62,606)
<b>Net Carrying Amount at End of Year</b>	<b>45,184</b>	<b>64,707</b>	<b>109,891</b>

1. Other includes:

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

## Notes to the Financial Statements (continued)

## 11. PAYABLES

	2015	2014
	\$	\$
Personnel services - Ministry of Health	227,586	308,198
Trade and other payables	1,015,474	590,637
	<u>1,243,060</u>	<u>898,835</u>

## 12. FEES IN ADVANCE

	2015	2014
	\$	\$
<b>Current</b>		
Registration fees in advance	6,452,036	6,268,836
	<u>6,452,036</u>	<u>6,268,836</u>
<b>Non-Current</b>		
Deferred other revenue	18,709	31,917
	<u>18,709</u>	<u>31,917</u>

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

## 13. PROVISIONS

	2015	2014
	\$	\$
<b>Non-Current</b>		
Make good	261,387	98,959
	<u>261,387</u>	<u>98,959</u>

**Movement in Provisions (other than personnel services)**

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

<b>Make good</b>	2015	2014
	\$	\$
Carrying amount at the beginning of year	98,959	109,725
Increase/(Decrease) in provisions recognised due to re-allocation of opening balances at beginning of year	4,021	3,541
Increase in provisions recognised	154,896	(18,492)
Unwinding/change in discount rate	3,511	4,185
<b>Carrying Amount at the End of Year</b>	<u>261,387</u>	<u>98,959</u>

## Notes to the Financial Statements (continued)

### 13. PROVISIONS (continued)

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

As required under paragraph 59 of AASB 137, provisions are required to be reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the provision. The HPCA has recalculated the estimated lease make good provision as at 30 June 2015, taking into account the updated discount rate and inflation rates that are required under TC 11/17 and an updated estimate of the cost per square metre to make good the leased areas.

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

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

### 14. COMMITMENTS FOR EXPENDITURE

#### Operating Lease Commitments

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

	2015	2014
	\$	\$
Not later than one year	447,769	538,344
Later than one year and not later than five years	189,406	810,695
<b>Total (including GST)</b>	<b>637,175</b>	<b>1,349,039</b>

### 15. RELATED PARTY TRANSACTIONS

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

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



## Notes to the Financial Statements (continued)

### 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent assets or liabilities as at 30 June 2015.

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

	2015	2014
	\$	\$
Net result	1,311,139	1,139,679
Depreciation and amortisation	172,447	243,826
Increase/(Decrease) in receivables	(59,686)	(115,559)
Increase/(Decrease) in fees in advance	169,993	335,195
Increase/(Decrease) in payables	344,225	(154,110)
Increase/(Decrease) in provisions	7,531	(10,763)
Net gain/(loss) on sale of plant and equipment	36,048	(88,999)
<b>Net Cash used on Operating Activities</b>	<b>1,981,697</b>	<b>1,349,269</b>

### 18. FINANCIAL INSTRUMENTS

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

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

#### a. Financial Instrument Categories

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2015	2014
			\$	\$
Cash and cash equivalents	7	N/A	12,269,180	10,414,645
Receivables <sup>1</sup>	8	Loans and receivables (measured at amortised cost)	411,025	366,235
Financial Liabilities	Notes	Category	Carrying Amount	Carrying Amount
Class			2015	2014
			\$	\$
Payables <sup>2</sup>	11	Financial liabilities (measured at amortised cost)	1,243,060	898,835

Notes:

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

## Notes to the Financial Statements (continued)

### b. Credit Risk

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

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

#### Cash

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

#### Receivables - Trade Debtors

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

### c. Liquidity Risk

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

### d. Market Risk

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

### e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. The Council has an arrangement with the Westpac Bank where all cash and cash equivalents are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate + basis points margin. The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The RBA Cash Rate has decreased over the year as follows - June 30 2014 - 2.5% to June 30 2015 - 2.0%.

## 19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2015.

End of Audited Financial Statements