

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015



**ABORIGINAL AND TORRES
STRAIT ISLANDER HEALTH
PRACTICE COUNCIL OF NSW**



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 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 2015 and financial performance for the year 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.

A handwritten signature in black ink that reads "L Penrith".

Ms Lisa Penrith
President

Date: 19 October 2015

A handwritten signature in black ink that reads "I Linwood".

Mr Ian Linwood
Deputy President

Date: 19 October 2015



INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprise the statement of financial position as at 30 June 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.

Emphasis of matter

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

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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:

- 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.



A T Whitfield PSM
Acting Auditor-General

20 October 2015
SYDNEY

Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Personnel services	2(a)	-	(3,564)
Other operating expenses	2(b)	(9,185)	(11,735)
Other expenses	2(c)	(52)	(2,415)
Total Expenses Excluding Losses		(9,237)	(17,714)
REVENUE			
Registration fees		1,741	1,057
Grants and contributions	1(n)	30,000	-
Interest revenue	4	312	337
Total Revenue		32,053	1,394
Gain/(Loss) on disposal		-	-
Net Result		22,816	(16,320)
Other comprehensive income		-	-
Total Comprehensive Income		22,816	(16,320)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	28,852	6,137
Receivables	6	518	200
Total Current Assets		29,370	6,337
Non-Current Assets			
Intangible assets		-	-
Total Non-Current Assets		-	-
Total Assets		29,370	6,337
LIABILITIES			
Current Liabilities			
Payables	7	4,262	4,644
Fees in advance	8	1,105	506
Total Current Liabilities		5,367	5,150
Total Liabilities		5,367	5,150
Net Assets		24,003	1,187
EQUITY			
Accumulated funds		24,003	1,187
Total Equity		24,003	1,187

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		1,187
Net Result for the Year		22,816
Balance at 30 June 2015		<u>24,003</u>
Balance at 1 July 2013		17,507
Net result for the year		(16,320)
Balance at 30 June 2014		<u>1,187</u>

The accompanying notes form part of these financial statements.

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

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(277)	(3,264)
Council fees		(6,076)	(6,327)
Sitting fee costs		(419)	(1,350)
Audit fees		(2,690)	(2,625)
Occupancy costs		-	(1,392)
Temporary labour costs		-	(47)
Other expenses		(145)	(1,215)
Total Payments		(9,607)	(16,220)
Receipts			
Receipts from registration fees		2,010	1,210
Interest received		312	337
Other	1(n)	30,000	-
Total Receipts		32,322	1,547
Net Cash Flows from Operating Activities	12	22,715	(14,673)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment			
Purchases of plant and equipment and intangible assets		-	-
Net Cash Flows from Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Flows From Financing Activities		-	-
Net Cash Flows from Financing Activities		-	-
Net Increase/(Decrease) in Cash		22,715	(14,673)
Opening cash and cash equivalents		6,137	20,810
Closing Cash and Cash Equivalents	5	28,852	6,137

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), established on 1 July 2012 as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

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

b. Basis of Preparation

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

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

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

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

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

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

c. Statement of Compliance

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

d. Significant Accounting Judgments, Estimates and Assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012.

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

During August 2014 the following NSW Health Professional Councils being Chiropractic Council of New South Wales, Occupational Therapy Council of New South Wales and Physiotherapy Council of New South Wales agreed to waive and absorb the obligation by the Aboriginal and Torres Strait Islander Health Practitioner Council of New South Wales for the allocation of direct labour costs effective 1 July 2014 to 30 June 2015.

Notes to the Financial Statements (continued)

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

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

e. Insurance

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

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

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

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

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

g. Income Recognition

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

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

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

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

Notes to the Financial Statements (continued)

h. Personnel Services

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

i. Interest Revenue

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

j. Assets

i. Acquisition of Assets

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

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 Nil (all Council shared use asset), or Nil (Pitt Street shared use asset), whichever is applicable.

iii. Depreciation of Plant, Equipment and Leasehold Improvements

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

Notes to the Financial Statements (continued)

iv. Loans and Receivables

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

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%

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.

Notes to the Financial Statements (continued)

k. Liabilities

i. Trade and Other Payables

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

ii. Personnel Services – Ministry of Health

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

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

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

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

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

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

l. Equity

Accumulated Funds

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

m. Comparative information

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

Notes to the Financial Statements (continued)

n. Grants and contributions

There were two grants received from the Ministry of Health during 2015 (\$10,000 for 2014/15 expenditures, \$20,000 for 2015/16 expenditures) which been recorded as 'income' in the year of receipt. The grants are subject to the following conditions:

- i. The grants are for the purposes of contributing to the running costs of the Council.
- ii. Other than the grant for \$10,000 for 2014/15 expenditures, if asked by the Ministry of Health, an account of the monies spent must be provided to the Ministry.
- iii. Other than the grant for \$10,000 for 2014/15 expenditures, if there are any of the unspent monies from the grants on 1 July 2015 and 1 July 2016 then, as soon as practicable after 1 July 2015 and 1 July 2016, the HPCA is to advise the Ministry of Health (Legal Branch) who will then determine whether the unspent monies should be returned to the Ministry of Health or continue to be used for the purposes of running the Aboriginal and Torres Strait Islander Health Practitioner Council.

o. Cash and cash equivalents

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

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)	-	3,074
Superannuation	-	265
Payroll taxes	-	201
Worker's compensation insurance	-	24
	-	3,564

b. Other Operating Expenses

	2015	2014
	\$	\$
Auditor's remuneration	2,690	2,625
Rent and building expenses	-	1,386
Council fees	6,076	6,327
Sitting fees	419	1,350
Contracted labour	-	47
	9,185	11,735

c. Other Expenses

	2015	2014
	\$	\$
Subsistence and transport	5	1,503
Fees for service	7	292
Postage and communication	-	50
Printing and stationery	-	537
General administration expenses	40	33
	52	2,415

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

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

Notes to the Financial Statements (continued)

4. INTEREST REVENUE

	2015	2014
	\$	\$
Interest revenue from financial assets not at fair value through profit or loss	312	337
	<u>312</u>	<u>337</u>

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

	2015	2014
	%	%
Average Interest Rate	3.2	2.69
	<u>3.2</u>	<u>2.69</u>

5. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank - held by HPCA*	28,852	6,137
	<u>28,852</u>	<u>6,137</u>

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

6. RECEIVABLES

	2015	2014
	\$	\$
Prepayments	-	16
Other receivables	158	154
Interest receivable	-	-
Trade receivables	360	30
Less: allowance for impairment	-	-
	<u>518</u>	<u>200</u>

No receivables are considered impaired.

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

There were no Trade Debtor's past due.

Notes to the Financial Statements (continued)

7. PAYABLES

	2015	2014
	\$	\$
Personnel services - Ministry of Health	-	276
Trade and other payables	4,262	4,368
	<u>4,262</u>	<u>4,644</u>

8. FEES IN ADVANCE

	2015	2014
	\$	\$
Current		
Registration fees in advance	1,105	506
	<u>1,105</u>	<u>506</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.

9. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

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

	2015	2014
	\$	\$
Not later than one year	853	434
Later than one year and not later than five years	361	654
Total (including GST)	<u>1,214</u>	<u>1,088</u>

10. 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)

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

	2015	2014
	\$	\$
Net result	22,816	(16,320)
Increase/(Decrease) in receivables	(318)	(200)
Increase/(Decrease) in fees in advance	599	183
Increase/(Decrease) in payables	(382)	1,664
Net Cash used on Operating Activities	22,715	(14,673)

13. 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	5	N/A	28,852	6,137
Receivables ¹	6	Loans and receivables (measured at amortised cost)	360	30

Financial Assets	Notes	Category	Carrying Amount	Carrying Amount
Class			2015	2014
			\$	\$
Payables ²	7	Financial liabilities (measured at amortised cost)	4,262	4,644

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%.

14. 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