



# Financial statements

Year ended 30 June 2016

## Aboriginal and Torres Strait Islander Health Practice Council

of New South Wales





## **Statement by members of the Council**

### **YEAR ENDED 30 JUNE 2016**

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

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales as at 30 June 2016 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

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

Ms Lisa Penrith  
President

Date: 17 October 2016

Ms Rosemary MacDougal  
Deputy President

Date: 17 October 2016



## INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial report of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- gives a true and fair view of the financial position of the Council as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

**Emphasis of matter**

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

**Other Information**

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

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

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

I have nothing to report in this regard.

**The Council's Responsibility for the Financial Report**

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

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

**Auditor's Responsibility for the Audit of the Financial Report**

My objectives are to:

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

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial report on any website where they may be presented.



Peter Barnes  
Director, Financial Audit Services

20 October 2016  
SYDNEY

### Statement of Comprehensive Income for the year ended 30 June 2016

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

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2016

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

### Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(14,120)	(277)
Council fees		-	(6,076)
Sitting fee costs		-	(419)
Audit fees		(2,760)	(2,690)
Other expenses		(193)	(145)
<b>Total Payments</b>		<b>(17,073)</b>	<b>(9,607)</b>
<b>Receipts</b>			
Receipts from registration fees		1,819	2,010
Interest received		273	312
Grants and contributions	1(n)	26,000	30,000
<b>Total Receipts</b>		<b>28,092</b>	<b>32,322</b>
<b>Net Cash Flows from Operating Activities</b>	<b>15</b>	<b>11,019</b>	<b>22,715</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of plant and equipment and intangible assets		(114)	-
<b>Net Cash Flows from Investing Activities</b>		<b>(114)</b>	<b>-</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>10,905</b>	<b>22,715</b>
Opening cash and cash equivalents		28,852	6,137
<b>Closing Cash and Cash Equivalents</b>	<b>5</b>	<b>39,757</b>	<b>28,852</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 Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), established on 1 July 2012 as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law).

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

#### b. Basis of Preparation

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

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

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

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

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

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

#### c. Statement of Compliance

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

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

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

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

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

The Council participated in the agreed cost sharing arrangements for the distribution of indirect pooled costs between the Health Professional Councils from 1 July 2015.

### Notes to the Financial Statements (continued)

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

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

#### e. Insurance

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

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

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

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

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

#### g. Income Recognition

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

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

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

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2016 registration fee.

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

## Notes to the Financial Statements (continued)

### **h. Personnel Services**

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

### **i. Interest Revenue**

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

### **j. Assets**

#### *i. Acquisition of Assets*

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

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

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

#### *ii. Capitalisation Thresholds*

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Shared use assets that cost over \$5,000 at the time of purchase by the HPCA are capitalised. These capitalised shared use assets are then allocated to the Council using an appropriate allocation method.

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

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

### Notes to the Financial Statements (continued)

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

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

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

Depreciation rates used are as follows:

Plant and equipment - 25%

Furniture and fittings - 20%

Motor vehicles - 25%

Leasehold improvements 77% - 100%

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

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

#### *vi. Maintenance*

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

#### *vii. Loans and Receivables*

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

## Notes to the Financial Statements (continued)

### k. Liabilities

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

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

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

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

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

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

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

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

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

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

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

### l. Equity

#### Accumulated Funds

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

## Notes to the Financial Statements (continued)

### m. Comparative information

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

### n. Grants and contributions

A grant was received from the Ministry of Health during 2016 (\$26,000 for 2016/17 expenditures) which has been recorded as 'income' in the year of receipt. The grant is subject to the following conditions:

- i. The grant is for the purpose of contributing to the running costs of the Council.
- ii. If asked by the Ministry of Health, an account of the monies spent must be provided to the Ministry.
- iii. If there are any unspent monies from the grant then, as soon as practicable after 1 July 2017, the HPCA is to advise the Ministry of Health (Legal Branch) who will then determine whether the unspent monies should be returned to the Ministry of Health or continue to be used for the purposes of running the Aboriginal and Torres Strait Islander Health Practitioner Council.

### o. Cash and cash equivalents

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

In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate.

Bank overdrafts are included within liabilities.

**Notes to the Financial Statements (continued)****p. Changes in accounting policy, including new or revised Australian Accounting Standards***(i) Effective for the first time in 2015-16*

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

*(ii) Issued but not yet effective*

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, this list is not exhaustive and excludes any standards which are not applicable to the Council. The possible impact of these Standards in the period of initial application includes: AASB 2013-9 (Part C), AASB 2014-1 and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January 2018. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The change is not expected to materially impact the financial statements.

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

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

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

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

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

**Notes to the Financial Statements (continued)****2. EXPENSES EXCLUDING LOSSES****a. Personnel Services Expenses**

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

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

**b. Other Operating Expenses**

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

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

**c. Depreciation and Amortisation Expense**

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



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

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

**e. Other Expenses**

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

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

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

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

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

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

	2016	2015
	%	%
Average Interest Rate	1.75	3.20

**4. (b) OTHER REVENUE**

	2016	2015
	\$	\$
Profit on re-allocation of Make good asset	629	-
	629	-

**5. CASH AND CASH EQUIVALENTS**

	2016	2015
	\$	\$
Cash at bank - held by HPCA*	39,757	28,852
	39,757	28,852

\* This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities. Cash comprises Cash on hand and bank balances within the NSW Treasury Banking System.

**6. RECEIVABLES**

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

No receivables are considered impaired.

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

There were no Trade Debtor's past due.

**Notes to the Financial Statements (continued)****7. PLANT AND EQUIPMENT**

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

	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2015</b>					
Gross carrying amount	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-
<b>Net Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2016</b>					
Gross carrying amount	661	35	6	10	712
Accumulated depreciation and impairment	(467)	(1)	(1)	(2)	(471)
<b>Net Carrying Amount</b>	<b>194</b>	<b>34</b>	<b>5</b>	<b>8</b>	<b>241</b>

**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 2016</b>					
Net carrying amount at start of year	-	-	-	-	-
Additions	51	35	6	10	102
Other <sup>1</sup>	610	-	-	-	610
Depreciation	(467)	(1)	(1)	(2)	(471)
<b>Net Carrying Amount at End of Year</b>	<b>194</b>	<b>34</b>	<b>5</b>	<b>8</b>	<b>241</b>

1. Other includes:

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

## Notes to the Financial Statements (continued)

## 8. INTANGIBLE ASSETS

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

	Software Work in Progress	Software	Total
	\$	\$	\$
<b>At 1 July 2015</b>			
Cost (gross carrying amount)	-	-	-
Accumulated amortisation and impairment	-	-	-
<b>Net Carrying Amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2016</b>			
Cost (gross carrying amount)	-	10	10
Accumulated amortisation and impairment	-	(3)	(3)
<b>Net Carrying Amount</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Year Ended 30 June 2016</b>			
Net carrying amount at start of year	-	-	-
Additions	-	10	10
Amortisation	-	(3)	(3)
<b>Net Carrying Amount at End of Year</b>	<b>-</b>	<b>7</b>	<b>7</b>

## 9. PAYABLES

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

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

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

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

**11. PROVISIONS**

	2016	2015
	\$	\$
<b>Current</b>		
Make good	1,051	-
	<u>1,051</u>	<u>-</u>

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

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

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

The HPCA on behalf of Councils recognised a lease make good provision on entering into lease arrangements for Level 6, 477 Pitt Street. The provision was first included in the financial statements for 30 June 2016 and is based on a market-based estimate of the cost per square metre to make good the areas of the Pitt Street building that the HPCA occupies at the end of the lease.

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

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

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

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

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

**13. RELATED PARTY TRANSACTIONS**

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

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

**14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

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

## Notes to the Financial Statements (continued)

## 16. FINANCIAL INSTRUMENTS

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

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

## a. Financial Instrument Categories

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

  

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

Notes:

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

## Notes to the Financial Statements (continued)

### b. Credit Risk

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

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

#### Cash

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

#### Receivables - Trade Debtors

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

### c. Liquidity Risk

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

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

All payables are current and will not attract interest payments.

### d. Market Risk

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

### e. Interest Rate Risk

The Council has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The RBA Cash Rate has changed over the year as follows - June 30 2015 - 2.0% to June 30 2016 - 1.75%.

## 19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to be included in the financial statements as of 30 June 2016.

End of Audited Financial Statements