



PART 2

Financial Statements

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

Chinese Medicine Council of New South Wales

Chiropractic Council of New South Wales

Dental Council of New South Wales

Medical Council of New South Wales

Medical Radiation Practice Council of New South Wales

Nursing and Midwifery Council of New South Wales

Occupational Therapy Council of New South Wales

Optometry Council of New South Wales

Osteopathy Council of New South Wales

Paramedicine Council of New South Wales

Pharmacy Council of New South Wales

Physiotherapy Council of New South Wales

Podiatry Council of New South Wales

Psychology Council of New South Wales



**Aboriginal and
Torres Strait
Islander Health
Practice Council**
of NSW

Aboriginal and Torres Strait Islander Health Practice Council of NSW

Annual Financial Statements
year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

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

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

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

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Christopher O'Brien
President
15 October 2021



Ms Rosemary MacDougal
Deputy President
15 October 2021

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

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	3,985	8,233
Other operating expenses	3	7,807	5,108
Depreciation and amortisation	4	337	488
Finance costs	5	46	5
Total expenses excluding losses		12,175	13,834
Revenue			
Acceptance by the Crown of personnel services	10	(799)	659
Registration fees	7	8,320	7,099
Investment revenue	8	101	211
Grants and other contributions	9	-	40,000
Total revenue		7,622	47,969
Operating result		(4,553)	34,135
Other gains / (losses)	11	(39)	(509)
Net result		(4,592)	33,626
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(4,592)	33,626

The accompanying notes form part of these financial statements.

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

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	60,327	67,257
Receivables	13	2,636	87
Total current assets		62,963	67,344
Non-current assets			
Property, plant & equipment			
- Plant and equipment		49	49
- Leasehold improvements		33	26
Total property, plant & equipment	14	82	75
Right-of-use assets	15	1,888	2,559
Total non-current assets		1,970	2,634
Total assets		64,933	69,978
LIABILITIES			
Current liabilities			
Payables	16	2,407	2,177
Contract liabilities	17	3,420	3,351
Lease liabilities	18	402	403
Total current liabilities		6,229	5,931
Non-current liabilities			
Lease liabilities	18	2,018	2,769
Provisions	19	1,134	1,134
Total non-current liabilities		3,152	3,903
Total liabilities		9,381	9,834
Net assets		55,552	60,144
EQUITY			
Accumulated funds		55,552	60,144
Total Equity		55,552	60,144

The accompanying notes form part of these financial statements.

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

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	60,144
Net result for the year	(4,592)
Balance at 30 June 2021	55,552

	Accumulated Funds \$
Balance at 1 July 2019	26,518
Net result for the year	33,626
Balance at 30 June 2020	60,144

The accompanying notes form part of these financial statements.

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

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(4,965)	(7,374)
Other		(7,460)	(5,356)
Finance costs		(46)	(5)
Total payments		(12,471)	(12,735)
Receipts			
Registration fees		5,907	7,830
Interest received		101	211
Grants and other contributions		-	40,000
Other		-	586
Total receipts		6,008	48,627
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	(6,463)	35,892
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(51)	(47)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(51)	(47)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(416)	(374)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(416)	(374)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,930)	35,471
Opening cash and cash equivalents	12	67,257	31,786
CLOSING CASH AND CASH EQUIVALENTS	12	60,327	67,257

The accompanying notes form part of these financial statements.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	4,040	6,427
Superannuation - defined benefit plans	-	2
Superannuation - defined contribution plans	477	612
Long service leave*	(918)	740
Redundancies	-	37
Workers' compensation insurance	19	13
Payroll taxes	367	402
	3,985	8,233

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	1	-
Consultancies	2	4
Contractors	324	1,391
Domestic supplies and services	29	13
Food supplies	11	12
Fuel, light and power	14	14
Health assessments	2,500	-
Information management expenses	134	120
Insurance	1	-
Maintenance (see Note 3 (b))	139	74
Postal and telephone costs	30	29
Printing and stationery	9	18
Staff and Council related costs	10	23
Travel related costs	2	1,064
Sitting Fees	2,112	-
Other (see Note 3 (a))	2,489	2,346
	7,807	5,108

	2021	2020
	\$	\$
(a) Other		
Legal services	2	-
Membership/professional fees	2	1
Security services	2	1
Auditor's Remuneration	2,476	2,339
General administration expenses	7	5
	2,489	2,346

(b) Reconciliation of total maintenance		
Maintenance contracts	19	4
New / replacement equipment under \$5,000	49	39
Repairs maintenance / non contract	71	31
	139	74

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	5	4
Depreciation - plant and equipment	15	6
Depreciation - right-of-use buildings	317	478
	337	488

Refer to Note 14 Property, plant and equipment and Note 15 Leases for recognition and measurement policies on depreciation.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	46	5
	46	5

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	8,320	7,099
	8,320	7,099

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021	2020
	\$	\$
Interest	101	211
	101	211

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Grants and other contributions

	2021 \$	2020 \$
Grants without sufficiently specific performance obligations	-	40,000
	-	40,000

Recognition and Measurement

Grants and other contributions

Revenue from grants with sufficiently specific performance obligations is recognised when the Council satisfies a performance obligation by transferring the promised goods or services.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations is recognised when the Council obtains control over the granted assets (e.g. cash). The Council typically receives grants from Ministry of Health in respect of funding its operations. The Council received a grant of \$40,000 in FY2019-20 that would cover the period to FY2024-25.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	2
Long service leave provision*	(799)	657
	(799)	659

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Other gains / (losses)

	2021	2020
	\$	\$
Impairment gains / (losses) on right-of-use assets	(39)	(509)
	(39)	(509)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank - held by HPCA*	60,327	67,257
	60,327	67,257

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	60,327	67,257
Closing cash and cash equivalents (per Statement of Cash Flows)	60,327	67,257

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	2,513	32
Goods and Services Tax	73	31
Prepayments	50	24
	2,636	87

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value			
Gross carrying amount	36	1,159	1,195
Less: accumulated depreciation and impairment	28	1,132	1,160
Net carrying amount	8	27	35
Year ended 30 June 2020			
Net carrying amount at beginning of year	8	27	35
Additions	47	-	47
Depreciation expense	(6)	(4)	(10)
Other adjustments	-	3	3
Net carrying amount at end of year	49	26	75
At 1 July 2020 - fair value			
Gross carrying amount	83	1,159	1,242
Less: accumulated depreciation and impairment	34	1,133	1,167
Net carrying amount	49	26	75
Year ended 30 June 2021			
Net carrying amount at beginning of year	49	26	75
Additions	15	36	51
Depreciation expense	(15)	(5)	(20)
Reclassification to right-of-use assets*	-	(21)	(21)
Other adjustments	-	(3)	(3)
Net carrying amount at end of year	49	33	82
At 30 June 2021 - fair value			
Gross carrying amount	98	50	148
Less: accumulated depreciation and impairment	49	17	66
Net carrying amount	49	33	82

*In FY2020-21, \$21 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment (continued)

Recognition and Measurement (continued)

Acquisition of property, plant and equipment

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

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

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 15.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	2,559	2,559
Reassessments ¹	(336)	(336)
Depreciation expense	(317)	(317)
Impairment losses (recognised in 'Other gains / (losses)')	(39)	(39)
Reclassification from leasehold improvements ²	21	21
Balance at 30 June 2021	1,888	1,888
Balance at 1 July 2019	3,546	3,546
Depreciation expense	(478)	(478)
Impairment losses (recognised in 'Other gains / (losses)')	(509)	(509)
Balance at 30 June 2020	2,559	2,559

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$21 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	3,172	3,546
Interest expenses	46	5
Payments	(462)	(379)
Other adjustments*	(336)	-
Balance at 30 June	2,420	3,172

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	317	478
Interest expense on lease liabilities	46	5
Impairment losses on right-of-use assets	39	509
Total amount recognised in the statement of comprehensive income	402	992

The Council had total cash outflows for leases of \$463 for the year ended 30 June 2021 (2020: \$379).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in borrowings in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	14	220
Taxation and payroll deductions	64	38
Creditors	55	27
Accrued Expenditure	2,274	1,892
	2,407	2,177
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	78	258
	78	258

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	3,420	3,351
	3,420	3,351

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 15)	402	403
	402	403
Non-current		
Lease liabilities (see Note 15)	2,018	2,769
	2,018	2,769

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 15 Leases for recognition and measurement policies on lease liabilities.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	1,134	1,134
Total non-current provisions	1,134	1,134
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	1,134	1,134
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	1,134	1,134

Recognition and Measurement

Provision for make good

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

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	(6,463)	35,892
Depreciation and amortisation expense	(337)	(488)
(Increase) / decrease in unearned revenue	-	2,620
Increase / (decrease) in prepayments and other assets	2,549	(163)
Decrease / (increase) in payables	(233)	(375)
Decrease / (increase) in contract liabilities	(69)	(3,351)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(39)	(509)
Net result	(4,592)	33,626

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount	Carrying Amount
		2021	2020
		\$	\$
Financial assets			
Cash and cash equivalents (Note 12)	Amortised cost	60,327	67,257
Receivables (Note 13) ¹	Amortised cost	2,513	32
Total financial assets		62,840	67,289
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	2,420	3,172
Payables (Note 16) ²	Financial liabilities measured at amortised cost	2,343	2,139
Total financial liabilities		4,763	5,311

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current \$	<30 days \$	30-60 days \$	61-90 days \$	>91 days \$	Total \$
30 June 2021						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	2,513	-	-	-	-	2,513
Expected credit loss	-	-	-	-	-	-
30 June 2020						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	32	-	-	-	-	32
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	2,343	-	-	2,343	2,343	-	-
Borrowings:							
- Lease liabilities	2,560	-	-	2,560	447	1,897	216
	4,903	-	-	4,903	2,790	1,897	216
2020							
Payables:							
- Creditors ²	2,139	-	-	2,139	2,139	-	-
Borrowings:							
- Lease liabilities ³	3,394	-	-	3,394	463	2,092	840
	5,533	-	-	5,533	2,602	2,092	840

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(579)	579	(641)	641
Equity	(579)	579	(641)	641

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

During the financial year, Aboriginal and Torres Strait Islander Health Practice Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$935 (2020: \$1,111) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Chinese Medicine Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL **CHINESE MEDICINE COUNCIL**
CHIROPRACTIC COUNCIL **DENTAL COUNCIL** MEDICAL COUNCIL **MEDICAL RADIATION PRACTICE COUNCIL** NURSING
AND MIDWIFERY COUNCIL **OCCUPATIONAL THERAPY COUNCIL** OPTOMETRY COUNCIL **OSTEOPATHY COUNCIL**
PARAMEDICINE COUNCIL PHARMACY COUNCIL **PHYSIOTHERAPY COUNCIL** PODIATRY COUNCIL **PSYCHOLOGY COUNCIL**



INDEPENDENT AUDITOR'S REPORT

Chinese Medicine Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Chinese Medicine Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Chinese Medicine Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Chinese Medicine Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018 (GSF Act)*; and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Chinese Medicine Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Ms Pamela Langley
President
15 October 2021



Mr Stephen Woods
Deputy President
15 October 2021

Chinese Medicine Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	220,098	168,804
Other operating expenses	3	154,858	144,511
Depreciation and amortisation	4	7,927	11,172
Finance costs	5	1,061	1,446
Total expenses excluding losses		383,944	325,933
Revenue			
Acceptance by the Crown of personnel services	9	3,111	16,162
Registration fees	7	368,455	394,160
Investment revenue	8	3,913	17,079
Total revenue		375,479	427,401
Operating result		(8,465)	101,468
Other gains / (losses)	10	(831)	(10,892)
Net result		(9,296)	90,576
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(9,296)	90,576

The accompanying notes form part of these financial statements.

Chinese Medicine Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	2,517,414	2,520,653
Receivables	12	4,094	2,053
Total current assets		2,521,508	2,522,706
Non-current assets			
Property, plant & equipment	13		
- Plant and equipment		1,743	2,091
- Leasehold improvements		3,151	3,035
Total property, plant & equipment		4,894	5,126
Right-of-use assets	14	40,156	54,764
Intangible assets	15	-	10
Total non-current assets		45,050	59,900
Total assets		2,566,558	2,582,606
LIABILITIES			
Current liabilities			
Payables	16	19,873	22,566
Contract liabilities	17	158,497	146,452
Lease liabilities	18	8,602	8,623
Total current liabilities		186,972	177,641
Non-current liabilities			
Lease liabilities	18	43,179	59,262
Provisions	19	5,652	5,652
Total non-current liabilities		48,831	64,914
Total liabilities		235,803	242,555
Net assets		2,330,755	2,340,051
EQUITY			
Accumulated funds		2,330,755	2,340,051
Total Equity		2,330,755	2,340,051

The accompanying notes form part of these financial statements.

Chinese Medicine Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	2,340,051
Net result for the year	(9,296)
Balance at 30 June 2021	2,330,755

	Accumulated Funds \$
Balance at 1 July 2019	2,249,475
Net result for the year	90,576
Balance at 30 June 2020	2,340,051

The accompanying notes form part of these financial statements.

Chinese Medicine Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(216,664)	(155,326)
Other		(159,801)	(149,187)
Finance costs		(1,061)	(1,446)
Total payments		(377,526)	(305,959)
Receipts			
Registration fees		380,386	357,396
Interest received		3,913	17,079
Other		-	30,647
Total receipts		384,299	405,122
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	6,773	99,163
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,098)	(1,121)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,098)	(1,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(8,914)	(7,991)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(8,914)	(7,991)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,239)	90,051
Opening cash and cash equivalents	11	2,520,653	2,430,602
CLOSING CASH AND CASH EQUIVALENTS	11	2,517,414	2,520,653

The accompanying notes form part of these financial statements.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Chinese Medicine Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021	2020
	\$	\$
Salaries and wages (including annual leave)	186,123	125,665
Superannuation - defined benefit plans	-	84
Superannuation - defined contribution plans	17,012	11,477
Long service leave	3,563	18,151
Redundancies	-	1,286
Workers' compensation insurance	521	445
Payroll taxes	12,879	11,696
	220,098	168,804

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	27	208
Consultancies	63	123
Contractors	28,938	34,253
Domestic supplies and services	824	549
Food supplies	451	1,415
Fuel, light and power	399	305
Information management expenses	17,211	20,711
Insurance	16	5
Maintenance (see Note 3 (b))	7,815	3,838
Motor vehicle expenses	13	11
Postal and telephone costs	837	1,042
Printing and stationery	270	456
Staff and Council related costs	290	586
Travel related costs	84	2,532
Sitting Fees	35,519	26,807
NSW Civil & Administrative Tribunal Variable Costs	13,766	6,874
NSW Civil & Administrative Tribunal Fixed Costs	3,991	6,508
Council Fees	25,556	25,556
Other (see Note 3 (a))	18,788	12,732
	154,858	144,511

	2021 \$	2020 \$
(a) Other		
Courier and freight	9	3
Legal services	2,545	(1,515)
Membership/professional fees	60	19
Security services	50	13
Auditor's Remuneration	6,880	6,368
General administration expenses	7,024	7,844
Refund to practitioners	2,220	-
	18,788	12,732
(b) Reconciliation of total maintenance		
Maintenance contracts	542	321
New / replacement equipment under \$5,000	2,377	869
Repairs maintenance / non contract	4,896	2,648
	7,815	3,838

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expense

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

Identified amounts of \$2,200 have been refunded and recorded under Other expenses in FY2020-21. The refund process has been completed for the Council as at 30 June 2021.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	547	460
Depreciation - plant and equipment	679	476
Depreciation - right-of-use buildings	6,691	10,220
Amortisation - intangible assets	10	16
	7,927	11,172

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	987	1,446
Other interest charges	74	-
	1,061	1,446

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	368,455	394,160
	368,455	394,160

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021 \$	2020 \$
Interest	3,913	17,079
	3,913	17,079

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	84
Long service leave provision	3,111	16,078
	3,111	16,162

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains / (losses) on right-of-use assets	(831)	(10,892)
	(831)	(10,892)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	22,488	22,454
Cash at bank - held by HPCA*	2,494,926	2,498,199
	2,517,414	2,520,653

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	2,517,414	2,520,653
Closing cash and cash equivalents (per Statement of Cash Flows)	2,517,414	2,520,653

The Council operates the bank accounts shown below:

Education and Research Account**	22,488	22,454
	22,488	22,454

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	80	19
Goods and Services Tax	2,637	1,211
Prepayments	1,377	823
	4,094	2,053

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,812	9,147	1,002	11,961
Less: accumulated depreciation and impairment	329	6,691	-	7,020
Net carrying amount	1,483	2,456	1,002	4,941
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,483	2,456	1,002	4,941
Movements in WIP	-	1,002	(1,002)	-
Additions	1,084	37	-	1,121
Depreciation expense	(476)	(460)	-	(936)
Net carrying amount at end of year	2,091	3,035	-	5,126
At 1 July 2020 - fair value				
Gross carrying amount	2,896	9,184	-	12,080
Movements in WIP	-	1,002	-	1,002
Less: accumulated depreciation and impairment	805	7,151	-	7,956
Net carrying amount	2,091	3,035	-	5,126
Year ended 30 June 2021				
Net carrying amount at beginning of year	2,091	3,035	-	5,126
Additions	331	767	-	1,098
Depreciation expense	(679)	(547)	-	(1,226)
Reclassification to right-of-use assets*	-	(104)	-	(104)
Net carrying amount at end of year	1,743	3,151	-	4,894
At 30 June 2021 - fair value				
Gross carrying amount	3,227	5,286	-	8,513
Less: accumulated depreciation and impairment	1,484	2,135	-	3,619
Net carrying amount	1,743	3,151	-	4,894

*In FY2020-21, \$104 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	54,764	54,764
Reassessments ¹	(7,190)	(7,190)
Depreciation expense	(6,691)	(6,691)
Impairment losses (recognised in 'Other gains / (losses)')	(831)	(831)
Reclassification from leasehold improvements ²	104	104
Balance at 30 June 2021	40,156	40,156
Balance at 1 July 2019	75,876	75,876
Depreciation expense	(10,220)	(10,220)
Impairment losses (recognised in 'Other gains / (losses)')	(10,892)	(10,892)
Balance at 30 June 2020	54,764	54,764

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$104 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	67,885	75,876
Interest expenses	987	1,446
Payments	(9,901)	(9,437)
Other adjustments*	(7,190)	-
Balance at 30 June	51,781	67,885

*In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	6,691	10,220
Interest expense on lease liabilities	987	1,446
Impairment losses on right-of-use assets	831	10,892
Total amount recognised in the statement of comprehensive income	8,509	22,558

The Council had total cash outflows for leases of \$9,901 for the year ended 30 June 2021 (2020: \$9,437).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

14. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	116
Less: accumulated amortisation and impairment	90
Net carrying amount	26
Year ended 30 June 2020	
Net carrying amount at beginning of year	26
Amortisation (recognised in depreciation and amortisation)	(16)
Net carrying amount at end of year	10
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	116
Less: accumulated amortisation and impairment	106
Net carrying amount	10
Year ended 30 June 2021	
Net carrying amount at beginning of year	10
Amortisation (recognised in depreciation and amortisation)	(10)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	52
Less: accumulated amortisation and impairment	52
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	5,226	4,739
Taxation and payroll deductions	1,135	1,299
Creditors	3,154	815
Accrued Expenditure	10,358	15,713
	19,873	22,566
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	6,361	6,038
	6,361	6,038

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	158,497	146,452
	158,497	146,452

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021 \$	2020 \$
Current		
Lease liabilities (see Note 14)	8,602	8,623
	8,602	8,623
Non-current		
Lease liabilities (see Note 14)	43,179	59,262
	43,179	59,262

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	5,652	5,652
Total non-current provisions	5,652	5,652
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	5,652	5,652
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	5,652	5,652

Recognition and Measurement

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

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

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	6,773	99,163
Depreciation and amortisation expense	(7,927)	(11,172)
(Increase) / decrease in unearned revenue	-	183,269
Decrease / (increase) in provisions	-	-
Increase / (decrease) in prepayments and other assets	2,041	(24,402)
Decrease / (increase) in payables	2,693	1,062
Decrease / (increase) in contract liabilities	(12,045)	(146,452)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(831)	(10,892)
Net result	(9,296)	90,576

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	2,517,414	2,520,653
Receivables (Note 12) ¹	Amortised cost	80	19
Total financial assets		2,517,494	2,520,672
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	51,781	67,885
Payables (Note 16) ²	Financial liabilities measured at amortised cost	18,738	21,267
Total financial liabilities		70,519	89,152

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	139	-	-	-	-	139
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	19	-	-	-	19
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	18,738	-	-	18,738	18,738	-	-
Borrowings:							
- Lease liabilities	54,776	-	-	54,776	9,557	40,598	4,621
	73,514	-	-	73,514	28,295	40,598	4,621
2020							
Payables:							
- Creditors ²	21,267	-	-	21,267	21,267	-	-
Borrowings:							
- Lease liabilities ³	72,629	-	-	72,629	9,903	44,760	17,966
	93,896	-	-	93,896	31,170	44,760	17,966

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(24,656)	24,656	(24,528)	24,528
Equity	(24,656)	24,656	(24,528)	24,528

Chinese Medicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

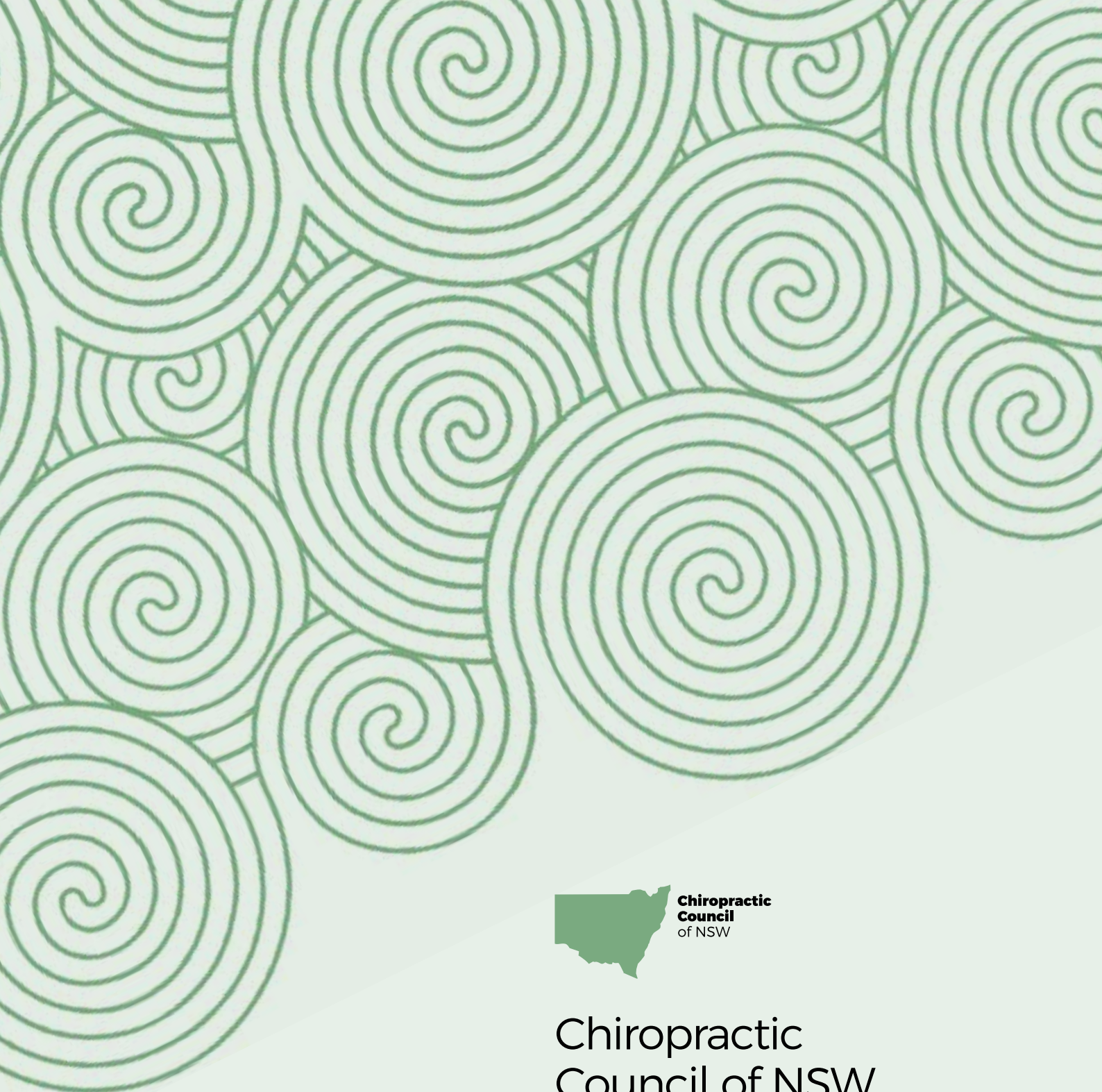
During the financial year, Chinese Medicine Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$45,251 (2020: \$46,701) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Chiropractic
Council**
of NSW

Chiropractic Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Chiropractic Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Chiropractic Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control

as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Chiropractic Council of New South Wales Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018* :

1. The financial statements of the Chiropractic Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Chiropractic Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dr Wayne Minter AM
President
15 October 2021



Dr Christopher Burrell
Deputy President
15 October 2021

Chiropractic Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	259,484	152,497
Other operating expenses	3	120,065	123,498
Depreciation and amortisation	4	9,275	12,921
Finance costs	5	1,261	1,622
Total expenses excluding losses		390,085	290,538
Revenue			
Acceptance by the Crown of personnel services	9	13,412	5,192
Registration fees	7	435,462	420,494
Investment revenue	8	2,084	8,519
Total revenue		450,958	434,205
Operating result		60,873	143,667
Other gains / (losses)	10	(932)	(12,216)
Net result		59,941	131,451
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		59,941	131,451

The accompanying notes form part of these financial statements.

Chiropractic Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,389,320	1,318,555
Receivables	12	2,782	3,001
Total current assets		1,392,102	1,321,556
Non-current assets			
Property, plant & equipment			
- Plant and equipment		2,326	2,909
- Leasehold improvements		4,503	4,557
Total property, plant & equipment	13	6,829	7,466
Right-of-use assets	14	45,038	61,418
Intangible assets	15	-	23
Total non-current assets		51,867	68,907
Total assets		1,443,969	1,390,463
LIABILITIES			
Current liabilities			
Payables	16	19,842	22,636
Contract liabilities	17	185,437	174,547
Lease liabilities	18	9,647	9,671
Provisions	19	3,529	-
Total current liabilities		218,455	206,854
Non-current liabilities			
Lease liabilities	18	48,426	66,462
Provisions	19	6,604	6,604
Total non-current liabilities		55,030	73,066
Total liabilities		273,485	279,920
Net assets		1,170,484	1,110,543
EQUITY			
Accumulated funds		1,170,484	1,110,543
Total Equity		1,170,484	1,110,543

The accompanying notes form part of these financial statements.

Chiropractic Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	1,110,543
Net result for the year	59,941
Balance at 30 June 2021	1,170,484

	Accumulated Funds \$
Balance at 1 July 2019	979,092
Net result for the year	131,451
Balance at 30 June 2020	1,110,543

The accompanying notes form part of these financial statements.

Chiropractic Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(241,490)	(154,204)
Other		(123,708)	(127,088)
Finance costs		(1,261)	(1,622)
Total payments		(366,459)	(282,914)
Receipts			
Registration fees		446,367	424,298
Interest received		2,084	8,519
Other		-	9,455
Total receipts		448,451	442,272
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	81,992	159,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,231)	(1,272)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,231)	(1,272)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(9,996)	(8,962)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(9,996)	(8,962)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		70,765	149,124
Opening cash and cash equivalents	11	1,318,555	1,169,431
CLOSING CASH AND CASH EQUIVALENTS	11	1,389,320	1,318,555

The accompanying notes form part of these financial statements.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Chiropractic Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * the requirements of the *Government Sector Finance Act 2018*

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	211,885	124,326
Superannuation - defined benefit plans	-	94
Superannuation - defined contribution plans	19,337	11,178
Long service leave	15,397	5,384
Redundancies	-	1,454
Workers' compensation insurance	544	503
Payroll taxes	12,321	9,558
	259,484	152,497

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	28	4
Consultancies	66	139
Contractors	27,952	33,059
Domestic supplies and services	872	620
Food supplies	328	1,016
Fuel, light and power	423	342
Health assessments	4,590	840
Information management expenses	18,085	22,370
Insurance	17	5
Maintenance (see Note 3 (b))	8,252	4,300
Motor vehicle expenses	13	12
Postal and telephone costs	965	739
Printing and stationery	355	502
Staff and Council related costs	388	600
Travel related costs	46	937
Sitting Fees	20,121	9,652
NSW Civil & Administrative Tribunal Variable Costs	4,420	9,528
NSW Civil & Administrative Tribunal Fixed Costs	4,014	12,428
Council Fees	17,543	17,736
Other (see Note 3 (a))	11,587	8,669
	120,065	123,498

	2021 \$	2020 \$
(a) Other		
Courier and freight	10	15
Legal services	69	-
Membership/professional fees	63	21
Security services	53	15
Auditor's Remuneration	6,880	6,368
General administration expenses	1,137	2,250
Refund to practitioners	3,375	-
	11,587	8,669

(b) Reconciliation of total maintenance		
Maintenance contracts	574	360
New / replacement equipment under \$5,000	2,509	972
Repairs maintenance / non contract	5,169	2,968
	8,252	4,300

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

The total amount of refunds identified, being \$3,375, has been recorded within Other expenses in FY2020-21. The refund process remains in progress with the balance yet to be reclaimed of \$3,529 recorded in Note 19 Provisions as at 30 June 2021, inclusive of interest.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	793	690
Depreciation - plant and equipment	954	727
Depreciation - right-of-use buildings	7,505	11,461
Amortisation - intangible assets	23	43
	9,275	12,921

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	1,107	1,622
Other interest charges	154	-
	1,261	1,622

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	435,462	420,494
	435,462	420,494

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021	2020
	\$	\$
Interest	2,084	8,519
	2,084	8,519

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	94
Long service leave provision	13,412	5,098
	13,412	5,192

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021 \$	2020 \$
Impairment losses on right-of-use assets	(932)	(12,216)
	(932)	(12,216)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	19,236	19,207
Cash at bank - held by HPCA*	1,370,084	1,299,348
	1,389,320	1,318,555

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	1,389,320	1,318,555
Closing cash and cash equivalents (per Statement of Cash Flows)	1,389,320	1,318,555

The Council operates the bank accounts shown below:

Education and Research Account**	19,236	19,207
	19,236	19,207

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	19	35
Goods and Services Tax	1,323	2,036
Prepayments	1,440	930
	2,782	3,001

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Chiropractic Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	3,007	11,940	1,450	16,397
Less: accumulated depreciation and impairment	589	8,197	-	8,786
Net carrying amount	2,418	3,743	1,450	7,611
Year ended 30 June 2020				
Net carrying amount at beginning of year	2,418	3,743	1,450	7,611
Movements in WIP	-	1,450	(1,450)	-
Additions	1,218	54	-	1,272
Depreciation expense	(727)	(690)	-	(1,417)
Net carrying amount at end of year	2,909	4,557	-	7,466
At 1 July 2020 - fair value				
Gross carrying amount	4,225	11,994	-	16,219
Movements in WIP	-	1,450	-	1,450
Less: accumulated depreciation and impairment	1,316	8,887	-	10,203
Net carrying amount	2,909	4,557	-	7,466
Year ended 30 June 2021				
Net carrying amount at beginning of year	2,909	4,557	-	7,466
Additions	371	860	-	1,231
Depreciation expense	(954)	(793)	-	(1,747)
Reclassification to right-of-use assets*	-	(121)	-	(121)
Net carrying amount at end of year	2,326	4,503	-	6,829
At 30 June 2021 - fair value				
Gross carrying amount	4,596	7,709	-	12,305
Less: accumulated depreciation and impairment	2,270	3,206	-	5,476
Net carrying amount	2,326	4,503	-	6,829

*In FY2020-21, \$121 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	61,418	61,418
Reassessments ¹	(8,064)	(8,064)
Depreciation expense	(7,505)	(7,505)
Impairment losses (recognised in 'Other gains / (losses)')	(932)	(932)
Reclassification from leasehold improvements ²	121	121
Balance at 30 June 2021	45,038	45,038
Balance at 1 July 2019	85,095	85,095
Depreciation expense	(11,461)	(11,461)
Impairment losses (recognised in 'Other gains / (losses)')	(12,216)	(12,216)
Balance at 30 June 2020	61,418	61,418

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$121 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	76,133	85,095
Interest expenses	1,107	1,622
Payments	(11,103)	(10,584)
Other adjustments*	(8,064)	-
Balance at 30 June	58,073	76,133

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	7,505	11,461
Interest expense on lease liabilities	1,107	1,622
Impairment losses on right-of-use assets	932	12,216
Total amount recognised in the statement of comprehensive income	9,544	25,299

The Council had total cash outflows for leases of \$11,103 for the year ended 30 June 2021 (2020: \$10,584).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	2,756
Less: accumulated amortisation and impairment	2,690
Net carrying amount	66
Year ended 30 June 2020	
Net carrying amount at beginning of year	66
Amortisation (recognised in depreciation and amortisation)	(43)
Net carrying amount at end of year	23
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	2,756
Less: accumulated amortisation and impairment	2,733
Net carrying amount	23
Year ended 30 June 2021	
Net carrying amount at beginning of year	23
Amortisation (recognised in depreciation and amortisation)	(23)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	2,584
Less: accumulated amortisation and impairment	2,584
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	7,432	2,937
Taxation and payroll deductions	1,102	1,014
Creditors	3,756	882
Accrued Expenditure	7,552	17,803
	19,842	22,636
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	8,534	3,951
	8,534	3,951

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - registration fees	185,437	174,547
	185,437	174,547

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	9,647	9,671
	9,647	9,671
Non-current		
Lease liabilities (see Note 14)	48,426	66,462
	48,426	66,462

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Current		
Other Provisions		
Provision of refund to practitioners*	3,529	-
Total current provisions	3,529	-
Non-current		
Other Provisions		
Make good provision	6,604	6,604
Total non-current provisions	6,604	6,604

*Refer to Note 3(a) Other expenses for refund to practitioners in FY2020-21.

Movements in provisions

Movements in other provisions during the financial year are set out below:

	2021 \$	2020 \$
Make good provisions		
Carrying amount at beginning of period	6,604	6,604
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	6,604	6,604
Provision of refund		
Carrying amount at beginning of period	-	-
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	3,529	-
Carrying amount at end of period	3,529	-

Recognition and Measurement

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

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

Provision of refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

In accordance with AASB137 Provisions, Contingent Liabilities and Contingent Assets, the unclaimed refundable amounts of \$3,375 as at 30 June 2021 are recognised as a provision as the Council has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and

The Council has taken time value of money into consideration and the provision recorded is inclusive of finance cost of \$154 as at 30 June 2021.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	81,992	159,358
Depreciation and amortisation expense	(9,275)	(12,921)
(Increase) / decrease in unearned revenue	-	170,746
Decrease / (increase) in provisions	(3,529)	-
Increase / (decrease) in prepayments and other assets	(219)	(1,618)
Decrease / (increase) in payables	2,794	2,649
Decrease / (increase) in contract liabilities	(10,890)	(174,547)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(932)	(12,216)
Net result	59,941	131,451

Chiropractic Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	1,389,320	1,318,555
Receivables (Note 12) ¹	Amortised cost	19	35
Total financial assets		1,389,339	1,318,590
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	58,073	76,133
Payables (Note 16) ²	Financial liabilities measured at amortised cost	18,740	21,622
Total financial liabilities		76,813	97,755

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Chiropractic Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	19	-	-	-	-	19
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	22	-	13	35
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Chiropractic Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	18,740	-	-	18,740	18,740	-	-
Borrowings:							
- Lease liabilities	61,431	-	-	61,431	10,718	45,530	5,183
	80,171	-	-	80,171	29,458	45,530	5,183
2020							
Payables:							
- Creditors ²	21,622	-	-	21,622	21,622	-	-
Borrowings:							
- Lease liabilities ³	81,453	-	-	81,453	11,107	50,198	20,148
	103,075	-	-	103,075	32,729	50,198	20,148

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Chiropractic Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(13,312)	13,312	(12,424)	12,424
Equity	(13,312)	13,312	(12,424)	12,424

Chiropractic Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

During the financial year, Chiropractic Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$27,284 (2020: \$21,025) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Dental
Council**
of NSW

Dental Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)
[CHIROPRACTIC COUNCIL](#) [DENTAL COUNCIL](#) [MEDICAL COUNCIL](#) [MEDICAL RADIATION PRACTICE COUNCIL](#) [NURSING](#)
[AND MIDWIFERY COUNCIL](#) [OCCUPATIONAL THERAPY COUNCIL](#) [OPTOMETRY COUNCIL](#) [OSTEOPATHY COUNCIL](#)
[PARAMEDICINE COUNCIL](#) [PHARMACY COUNCIL](#) [PHYSIOTHERAPY COUNCIL](#) [PODIATRY COUNCIL](#) [PSYCHOLOGY COUNCIL](#)



INDEPENDENT AUDITOR'S REPORT

Dental Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Dental Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control

as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Dental Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Dental Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Dental Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Clinical Associate Professor Frederic (Shane) Fryer OAM
President
15 October 2021



Dr Kavita Lobo
Deputy President
15 October 2021

Dental Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	1,680,010	1,703,818
Other operating expenses	3	1,498,801	1,801,086
Depreciation and amortisation	4	124,622	175,491
Education and research	5	13,904	9,770
Finance costs	6	15,632	22,637
Total expenses excluding losses		3,332,969	3,712,802
Revenue			
Acceptance by the Crown of personnel services	10	(5,058)	18,268
Registration fees	8	3,987,013	3,439,865
Investment revenue	9	5,996	24,513
Other income		4,562	23,560
Total revenue		3,992,513	3,506,206
Operating result		659,544	(206,596)
Other gains / (losses)	11	(13,015)	(170,513)
Net result		646,529	(377,109)
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		646,529	(377,109)

The accompanying notes form part of these financial statements.

Dental Council of New South Wales
Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	4,343,553	3,569,927
Receivables	13	28,106	33,547
Total current assets		4,371,659	3,603,474
Non-current assets			
Property, plant & equipment			
- Plant and equipment		28,011	33,822
- Leasehold improvements		49,518	47,754
Total property, plant & equipment	14	77,529	81,576
Right-of-use assets	15	628,603	857,293
Intangible assets	16	-	269
Total non-current assets		706,132	939,138
Total assets		5,077,791	4,542,612
LIABILITIES			
Current liabilities			
Payables	17	138,300	204,929
Contract liabilities	18	1,687,520	1,600,153
Lease liabilities	19	134,662	134,989
Provisions	20	120,000	-
Total current liabilities		2,080,482	1,940,071
Non-current liabilities			
Lease liabilities	19	675,941	927,702
Provisions	20	88,468	88,468
Total non-current liabilities		764,409	1,016,170
Total liabilities		2,844,891	2,956,241
Net assets		2,232,900	1,586,371
EQUITY			
Accumulated funds		2,232,900	1,586,371
Total Equity		2,232,900	1,586,371

The accompanying notes form part of these financial statements.

Dental Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	1,586,371
Net result for the year	646,529
Balance at 30 June 2021	2,232,900

	Accumulated Funds \$
Balance at 1 July 2019	1,963,480
Net result for the year	(377,109)
Balance at 30 June 2020	1,586,371

The accompanying notes form part of these financial statements.

Dental Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(1,688,185)	(1,671,008)
Other		(1,435,675)	(1,901,790)
Education and research		(13,904)	(10,390)
Finance costs		(15,632)	(22,637)
Total payments		(3,153,396)	(3,605,825)
Receipts			
Registration fees		4,073,184	3,917,742
Interest received		5,996	24,513
Other		4,562	149,651
Total receipts		4,083,742	4,091,906
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	930,346	486,081
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(17,191)	(17,580)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(17,191)	(17,580)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(139,529)	(125,092)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(139,529)	(125,092)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		773,626	343,409
Opening cash and cash equivalents	12	3,569,927	3,226,518
CLOSING CASH AND CASH EQUIVALENTS	12	4,343,553	3,569,927

The accompanying notes form part of these financial statements.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Dental Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	1,439,653	1,405,588
Superannuation - defined benefit plans	-	1,324
Superannuation - defined contribution plans	131,900	125,824
Long service leave*	(3,697)	16,695
Redundancies	-	20,352
Workers' compensation insurance	5,042	7,037
Payroll taxes	107,112	126,998
	1,680,010	1,703,818

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	263	51
Consultancies	610	1,944
Contractors	446,209	640,581
Domestic supplies and services	7,895	8,781
Food supplies	3,058	9,817
Fuel, light and power	3,953	4,770
Health assessments	19,746	25,081
Information management expenses	171,945	284,662
Insurance	156	72
Maintenance (see Note 3 (b))	76,308	60,126
Motor vehicle expenses	120	193
Postal and telephone costs	8,070	11,166
Printing and stationery	3,745	6,718
Staff and Council related costs	3,195	6,330
Travel related costs	5,484	19,913
Sitting Fees	234,990	306,626
NSW Civil & Administrative Tribunal Variable Costs	87,078	59,776
NSW Civil & Administrative Tribunal Fixed Costs	23,192	40,827
Council Fees	140,207	139,624
Other (see Note 3 (a))	262,577	174,028
	1,498,801	1,801,086

	2021 \$	2020 \$
(a) Other		
Courier and freight	107	239
Legal services	232,887	140,698
Membership/professional fees	585	296
Security services	480	209
Auditor's Remuneration	20,164	18,143
General administration expenses	7,034	14,443
Refund to practitioners	1,320	-
	262,577	174,028

(b) Reconciliation of total maintenance		
Maintenance contracts	5,220	5,019
New / replacement equipment under \$5,000	24,160	13,651
Repairs maintenance / non contract	46,928	41,456
	76,308	60,126

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

Some NSW Health Professional Councils previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Councils do not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21. Dental Council has not recovered costs from its practitioners in the past. However, due to administrative errors, there were some cost recoveries from practitioners incorrectly allocated to the Council.

Identified amounts of \$1,320 have been refunded and recorded under Other expenses in FY2020-21. The refund process has been completed for the Council as at 30 June 2021.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021 \$	2020 \$
Depreciation - leasehold improvements	8,621	7,230
Depreciation - plant and equipment	10,996	7,823
Depreciation - right-of-use buildings	104,736	159,978
Amortisation - intangible assets	269	460
	124,622	175,491

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

5. Education and research

	2021 \$	2020 \$
Education and research	13,904	9,770
	13,904	9,770

Recognition and Measurement

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

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

6. Finance costs

	2021 \$	2020 \$
Interest expense from lease liabilities	15,450	22,637
Other interest charges	182	-
	15,632	22,637

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

7. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Registration fees

	2021	2020
	\$	\$
Registration fees	3,987,013	3,439,865
	3,987,013	3,439,865

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Investment revenue

	2021 \$	2020 \$
Interest	5,996	24,513
	5,996	24,513

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

10. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	1,324
Long service leave provision*	(5,058)	16,944
	(5,058)	18,268

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(13,015)	(170,513)
	(13,015)	(170,513)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	415,739	430,388
Cash at bank - held by HPCA*	3,927,814	3,139,539
	4,343,553	3,569,927

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 9 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	4,343,553	3,569,927
Closing cash and cash equivalents (per Statement of Cash Flows)	4,343,553	3,569,927

The Council operates the bank accounts shown below:

Education and Research Account**	415,739	430,388
	415,739	430,388

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

Refer to Note 24 for details regarding credit risk and market risk arising from financial instruments.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	2,279	1,113
Goods and Services Tax	12,493	19,414
Prepayments	13,334	13,020
	28,106	33,547

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 24.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	30,579	143,394	15,636	189,609
Less: accumulated depreciation and impairment	5,932	104,628	-	110,560
Net carrying amount	24,647	38,766	15,636	79,049
Year ended 30 June 2020				
Net carrying amount at beginning of year	24,647	38,766	15,636	79,049
Movements in WIP	-	15,636	(15,636)	-
Additions	16,998	582	-	17,580
Depreciation expense	(7,823)	(7,230)	-	(15,053)
Net carrying amount at end of year	33,822	47,754	-	81,576
At 1 July 2020 - fair value				
Gross carrying amount	47,577	143,976	-	191,553
Movements in WIP	-	15,636	-	15,636
Less: accumulated depreciation and impairment	13,755	111,858	-	125,613
Net carrying amount	33,822	47,754	-	81,576
Year ended 30 June 2021				
Net carrying amount at beginning of year	33,822	47,754	-	81,576
Additions	5,185	12,006	-	17,191
Depreciation expense	(10,996)	(8,621)	-	(19,617)
Reclassification to right-of-use assets*	-	(1,621)	-	(1,621)
Net carrying amount at end of year	28,011	49,518	-	77,529
At 30 June 2021 - fair value				
Gross carrying amount	52,762	83,162	-	135,924
Less: accumulated depreciation and impairment	24,751	33,644	-	58,395
Net carrying amount	28,011	49,518	-	77,529

*In FY2020-21, \$1,621 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 15.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	857,293	857,293
Reassessments ¹	(112,560)	(112,560)
Depreciation expense	(104,736)	(104,736)
Impairment losses (recognised in 'Other gains / (losses)')	(13,015)	(13,015)
Reclassification from leasehold improvements ²	1,621	1,621
Balance at 30 June 2021	628,603	628,603
Balance at 1 July 2019	1,187,784	1,187,784
Depreciation expense	(159,978)	(159,978)
Impairment losses (recognised in 'Other gains / (losses)')	(170,513)	(170,513)
Balance at 30 June 2020	857,293	857,293

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$1,621 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	1,062,692	1,187,784
Interest expenses	15,450	22,637
Payments	(154,979)	(147,729)
Other adjustments*	(112,560)	-
Balance at 30 June	810,603	1,062,692

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	104,736	159,978
Interest expense on lease liabilities	15,450	22,637
Impairment losses on right-of-use assets	13,015	170,513
Total amount recognised in the statement of comprehensive income	133,201	353,128

The Council had total cash outflows for leases of \$154,979 for the year ended 30 June 2021 (2020: \$147,729).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	8,917
Less: accumulated amortisation and impairment	8,188
Net carrying amount	729
Year ended 30 June 2020	
Net carrying amount at beginning of year	729
Amortisation (recognised in depreciation and amortisation)	(460)
Net carrying amount at end of year	269
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	8,917
Less: accumulated amortisation and impairment	8,648
Net carrying amount	269
Year ended 30 June 2021	
Net carrying amount at beginning of year	269
Amortisation (recognised in depreciation and amortisation)	(269)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	7,072
Less: accumulated amortisation and impairment	7,072
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

17. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	34,347	33,574
Taxation and payroll deductions	7,367	11,257
Creditors	19,606	25,876
Accrued Expenditure	76,980	134,222
	138,300	204,929
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	41,714	44,831
	41,714	44,831

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 24.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

18. Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - registration fees	1,687,520	1,600,153
	1,687,520	1,600,153

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

19. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 15)	134,662	134,989
	134,662	134,989
Non-current		
Lease liabilities (see Note 15)	675,941	927,702
	675,941	927,702

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 24.

Recognition and Measurement

Refer to Note 15 Leases for recognition and measurement policies on lease liabilities.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

20. Provisions

	2021 \$	2020 \$
Current		
Other Provisions		
Legal fee Provision	120,000	-
Total current provisions	120,000	-
Non-current		
Other Provisions		
Make good provision	88,468	88,468
Total non-current provisions	88,468	88,468
Movements in provisions		
Movements in other provisions during the financial year are set out below:		
Carrying amount at beginning of period	88,468	88,468
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	88,468	88,468
Other		
Carrying amount at beginning of period	-	-
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	120,000	-
Carrying amount at end of period	120,000	-

Recognition and Measurement

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

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

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

21. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

22. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	930,346	486,081
Depreciation and amortisation expense	(124,622)	(175,491)
(Increase) / decrease in unearned revenue	-	1,122,305
Decrease / (increase) in provisions	(120,000)	-
Increase / (decrease) in prepayments and other assets	(5,441)	(5,688)
Decrease / (increase) in payables	66,628	(33,650)
Decrease / (increase) in contract liabilities	(87,367)	(1,600,153)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(13,015)	(170,513)
Net result	646,529	(377,109)

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 12)	Amortised cost	4,343,553	3,569,927
Receivables (Note 13) ¹	Amortised cost	2,279	1,113
Total financial assets		4,345,832	3,571,040
Financial liabilities			
Lease Liabilities (Note 19)	Financial liabilities measured at amortised cost	810,603	1,062,691
Payables (Note 17) ²	Financial liabilities measured at amortised cost	130,933	193,672
Total financial liabilities		941,536	1,256,363

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	2,279	-	-	-	-	2,279
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	810	-	302	-	-	1,113
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Dental Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

24. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	130,933	-	-	130,933	130,933	-	-
Borrowings:							
- Lease liabilities	857,477	-	-	857,477	149,608	635,526	72,343
	988,410	-	-	988,410	280,541	635,526	72,343
2020							
Payables:							
- Creditors ²	193,672	-	-	193,672	193,672	-	-
Borrowings:							
- Lease liabilities ³	1,136,948	-	-	1,136,948	155,028	700,683	281,236
	1,330,620	-	-	1,330,620	348,700	700,683	281,236

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(35,330)	35,330	(25,072)	25,072
Equity	(35,330)	35,330	(25,072)	25,072

Dental Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Related party transactions

During the financial year, Dental Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$214,667 (2020: \$237,818) for these services.

26. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Medical Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Medical Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Medical Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control

as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Medical Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018* :

1. The financial statements of the Medical Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Medical Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dr John Sammut

President

15 October 2021



Dr Jennifer Kendrick AM

Deputy President

15 October 2021

Medical Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	8,127,168	7,735,064
Other operating expenses	3	9,625,900	9,718,546
Depreciation and amortisation	4	230,552	355,276
Finance costs	5	35,734	30,165
Grant expenses	6	37,500	-
Total expenses excluding losses		18,056,854	17,839,051
Revenue			
Acceptance by the Crown of personnel services	10	8,077	133,617
Registration fees	8	16,138,559	15,151,794
Investment revenue	9	29,723	145,542
Other income	11	56,640	84,726
Total revenue		16,232,999	15,515,679
Operating result		(1,823,855)	(2,323,372)
Other gains / (losses)	13	6,810	(150,471)
Net result		(1,817,045)	(2,473,843)
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(1,817,045)	(2,473,843)

The accompanying notes form part of these financial statements.

Medical Council of New South Wales
Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	14,990,777	16,433,290
Receivables	15	172,033	239,188
Total current assets		15,162,810	16,672,478
Non-current assets			
Property, plant & equipment			
- Plant and equipment		97,018	121,393
- Leasehold improvements		1,113,507	1,202,567
Total property, plant & equipment	16	1,210,525	1,323,960
Right-of-use assets	17	993,688	1,175,598
Intangible assets	18	-	1,626
Total non-current assets		2,204,213	2,501,184
Total assets		17,367,023	19,173,662
LIABILITIES			
Current liabilities			
Payables	19	1,068,394	1,238,167
Contract liabilities	20	4,315,912	3,968,665
Lease liabilities	21	107,326	106,718
Provisions	22	22,792	-
Total current liabilities		5,514,424	5,313,550
Non-current liabilities			
Lease liabilities	21	1,017,635	1,208,103
Total non-current liabilities		1,017,635	1,208,103
Total liabilities		6,532,059	6,521,653
Net assets		10,834,964	12,652,009
EQUITY			
Accumulated funds		10,834,964	12,652,009
Total Equity		10,834,964	12,652,009

The accompanying notes form part of these financial statements.

Medical Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	12,652,009
Net result for the year	(1,817,045)
Balance at 30 June 2021	10,834,964

	Accumulated Funds \$
Balance at 1 July 2019	15,125,852
Net result for the year	(2,473,843)
Balance at 30 June 2020	12,652,009

The accompanying notes form part of these financial statements.

Medical Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(8,087,838)	(7,555,420)
Other		(9,736,115)	(9,937,063)
Grants expense		(37,500)	-
Finance costs		(35,733)	(30,165)
Total payments		(17,897,186)	(17,522,648)
Receipts			
Registration fees		16,392,442	15,388,128
Interest received		29,723	145,542
Other		164,139	652,784
Total receipts		16,586,304	16,186,454
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	(1,310,882)	(1,336,194)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(21,677)	(91,740)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(21,677)	(91,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(109,954)	(98,233)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(109,954)	(98,233)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,442,513)	(1,526,167)
Opening cash and cash equivalents	14	16,433,290	17,959,457
CLOSING CASH AND CASH EQUIVALENTS	14	14,990,777	16,433,290

The accompanying notes form part of these financial statements.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Medical 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 of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	6,841,318	6,359,637
Superannuation - defined benefit plans	-	5,093
Superannuation - defined contribution plans	634,102	582,145
Long service leave	8,621	127,468
Redundancies	86,434	78,573
Workers' compensation insurance	20,571	27,167
Payroll taxes	536,122	554,981
	8,127,168	7,735,064

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	1,074	196
Consultancies	9,490	7,504
Contractors	1,594,395	2,435,295
Domestic supplies and services	101,558	83,069
Food supplies	9,927	29,388
Fuel, light and power	38,337	17,487
Health assessments	675,521	597,230
Information management expenses	730,606	1,017,792
Insurance	1,044	938
Maintenance (see Note 3 (b))	356,286	249,069
Motor vehicle expenses	1,667	3,198
Postal and telephone costs	35,020	51,886
Printing and stationery	10,854	39,014
Rates and charges	9,854	10,422
Staff and Council related costs	17,565	67,025
Travel related costs	5,274	42,438
Sitting Fees	3,161,555	2,543,143
NSW Civil & Administrative Tribunal Variable Costs	1,662,502	1,290,628
NSW Civil & Administrative Tribunal Fixed Costs	340,769	327,812
Council Fees	362,903	364,865
Other (see Note 3 (a))	499,699	540,147
	9,625,900	9,718,546

	2021 \$	2020 \$
(a) Other		
Courier and freight	160	114
Legal services	248,766	262,799
Membership/professional fees	8,798	1,705
Security services	20,802	13,835
Auditor's Remuneration	29,557	26,917
General administration expenses	62,037	234,777
Refund to practitioners	129,579	-
	499,699	540,147

(b) Reconciliation of total maintenance		
Maintenance contracts	3,499	3,158
New / replacement equipment under \$5,000	196,530	49,869
Repairs maintenance / non contract	156,257	196,042
	356,286	249,069

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

The total amount of refunds identified, being \$129,579, has been recorded under Other expenses in FY2020-21. The refund process remains in progress with the balance of \$22,792 recorded in Note 22 Provisions as at 30 June 2021, inclusive of interest.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	96,615	191,478
Depreciation - plant and equipment	38,497	30,868
Depreciation - right-of-use buildings	93,814	130,160
Amortisation - intangible assets	1,626	2,770
	230,552	355,276

Refer to Note 16 Property, plant and equipment, Note 17 Leases, and Note 18 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	24,669	30,165
Other interest charges	11,065	-
	35,734	30,165

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Grant expenses

	2021	2020
	\$	\$
Grant expenses	37,500	-
	37,500	-

Recognition and Measurement

Grant expenses comprised contributions in cash to the Medical Benevolent Association of NSW to support their health-related objectives and activities. The grants are expensed on the transfer of the cash.

In FY2019-20, the Council contributed \$50,000, which was recorded as an expense within "General administrative expenses" in Note 3. In FY2020-21, the contribution of \$37,500 has been recorded as an expense within "Grant expenses" above.

7. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Registration fees

	2021	2020
	\$	\$
Registration fees	16,138,559	15,151,794
	16,138,559	15,151,794

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 October and ends on 30 September each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 20 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Investment revenue

	2021 \$	2020 \$
Interest	29,723	145,542
	29,723	145,542

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

10. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	5,093
Long service leave provision	8,077	128,524
	8,077	133,617

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

11. Other income

	2021	2020
	\$	\$
Bad debts recovered	400	-
Rental income	9,883	9,883
Legal fees recovered	45,656	61,773
Other	701	13,070
	56,640	84,726

Recognition and Measurement

Other Income

Other income includes bad debts recovered, rental income and legal fees recovered.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

12. Gains / (losses) on disposal

	2021 \$	2020 \$
Property, plant and equipment	42,932	70,200
Less: accumulated depreciation	(42,932)	(70,200)
Written down value	-	-
Less: proceeds from disposal	-	-
Gain / (Loss) on disposal of property, plant and equipment	-	-

13. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on financial assets	15,000	(43,175)
Impairment gains/ (losses) on right-of-use assets	(8,190)	(107,296)
	6,810	(150,471)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 16 Property, plant and equipment
- Note 17 Leases
- Note 18 Intangible assets

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

14. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	2,717	2,713
Cash at bank - held by HPCA*	14,988,060	16,430,577
	14,990,777	16,433,290

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 9 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	14,990,777	16,433,290
Closing cash and cash equivalents (per Statement of Cash Flows)	14,990,777	16,433,290

The Council operates the bank accounts shown below:

Education and Research Account**	2,717	2,713
	2,717	2,713

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

Refer to Note 26 for details regarding credit risk and market risk arising from financial instruments.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

15. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	21,915	36,406
Goods and Services Tax	95,717	167,509
Sub total	117,632	203,915
Less: Allowance for expected credit losses*		
- Trade receivables	-	(15,000)
Sub total	117,632	188,915
Prepayments	54,401	50,273
	172,033	239,188

(a) * Movement in the allowance for expected credit losses

Trade receivables

Balance at the beginning of the year	(15,000)	(67,954)
Amounts written off during the year	-	96,129
(Increase) / decrease in allowance recognised in the net result ¹	15,000	(43,175)
Balance at the end of the year	-	(15,000)

¹ Includes impairment loss of \$Nil (2020: \$43 thousand) recognised on receivables from Trade receivables.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 26.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value			
Gross carrying amount	258,232	4,244,775	4,503,007
Less: accumulated depreciation and impairment	197,711	2,850,730	3,048,441
Net carrying amount	60,521	1,394,045	1,454,566
Year ended 30 June 2020			
Net carrying amount at beginning of year	60,521	1,394,045	1,454,566
Additions	91,740	-	91,740
Depreciation expense	(30,868)	(191,478)	(222,346)
Net carrying amount at end of year	121,393	1,202,567	1,323,960
At 1 July 2020 - fair value			
Gross carrying amount	279,772	4,244,775	4,524,547
Less: accumulated depreciation and impairment	158,379	3,042,208	3,200,587
Net carrying amount	121,393	1,202,567	1,323,960
Year ended 30 June 2021			
Net carrying amount at beginning of year	121,393	1,202,567	1,323,960
Additions	14,122	7,555	21,677
Depreciation expense	(38,497)	(96,615)	(135,112)
Net carrying amount at end of year	97,018	1,113,507	1,210,525
At 30 June 2021 - fair value			
Gross carrying amount	250,962	4,252,330	4,503,292
Less: accumulated depreciation and impairment	153,944	3,138,823	3,292,767
Net carrying amount	97,018	1,113,507	1,210,525

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	3.33% - 36.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 17.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Leases

(a) Entity as a lessee

The Council leases properties across Greater Sydney. Lease contracts are made for fixed periods of 5 to 30 years, with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Council entered into two 30-year lease with the Ministry of Health for the use of two buildings at Gladesville. The lease contracts are significantly below market terms and conditions. The leased premises must be used by the Council. The buildings account for a small portion of the similar assets.

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	1,175,598	1,175,598
Reassessments *	(79,906)	(79,906)
Depreciation expense	(93,814)	(93,814)
Impairment losses (recognised in 'Other gains / (losses)')	(8,190)	(8,190)
Balance at 30 June 2021	993,688	993,688
Balance at 1 July 2019	1,413,054	1,413,054
Depreciation expense	(130,160)	(130,160)
Impairment losses (recognised in 'Other gains / (losses)')	(107,296)	(107,296)
Balance at 30 June 2020	1,175,598	1,175,598

*In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

17. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	1,314,821	1,413,054
Interest expenses	24,669	30,165
Payments	(134,623)	(128,398)
Other adjustments*	(79,906)	-
Balance at 30 June	1,124,961	1,314,821

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	93,814	130,160
Interest expense on lease liabilities	24,669	30,165
Impairment losses on right-of-use assets	8,190	107,296
Total amount recognised in the statement of comprehensive income	126,673	267,621

The Council had total cash outflows for leases of \$134,623 for the year ended 30 June 2021 (2020: \$128,398).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 to 30 years

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 21.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Council to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	46,208
Less: accumulated amortisation and impairment	41,812
Net carrying amount	4,396
Year ended 30 June 2020	
Net carrying amount at beginning of year	4,396
Amortisation (recognised in depreciation and amortisation)	(2,770)
Net carrying amount at end of year	1,626
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	46,208
Less: accumulated amortisation and impairment	44,582
Net carrying amount	1,626
Year ended 30 June 2021	
Net carrying amount at beginning of year	1,626
Amortisation (recognised in depreciation and amortisation)	(1,626)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	35,127
Less: accumulated amortisation and impairment	35,127
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

19. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	170,157	133,928
Taxation and payroll deductions	43,424	48,401
Creditors	75,518	203,943
Accrued Expenditure	779,295	851,895
	1,068,394	1,238,167
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	213,581	182,329
	213,581	182,329

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 26.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

20. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	4,315,912	3,968,665
	4,315,912	3,968,665

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 October 2020 and ends on 30 September 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 September 2021 as the remaining registration period elapses.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

21. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 17)	107,326	106,718
	107,326	106,718
Non-current		
Lease liabilities (see Note 17)	1,017,635	1,208,103
	1,017,635	1,208,103

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 26.

Recognition and Measurement

Refer to Note 17 Leases for recognition and measurement policies on lease liabilities.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Provisions

	2021 \$	2020 \$
Current		
Other Provisions		
Provision of refund to practitioners*	22,792	-
Total current provisions	22,792	-

*Refer to Note 3(a) Other expenses for refund to practitioners in FY2020-21.

Movements in provisions

Movements in other provisions during the financial year are set out below:

Provision of refund		
Carrying amount at beginning of period	-	-
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	22,792	-
Carrying amount at end of period	22,792	-

Recognition and Measurement

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

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

Provision of refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

In accordance with AASB137 Provisions, Contingent Liabilities and Contingent Assets, the unclaimed refundable amounts of \$22,792 as at 30 June 2021 are recognised as a provision as the Council has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The Council has taken time value of money into consideration and the provision recorded is inclusive of finance cost of \$2,505 as at 30 June 2021.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

23. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

24. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	(1,310,882)	(1,336,194)
Depreciation and amortisation expense	(230,552)	(355,276)
Allowance for impairment	15,000	(43,175)
(Increase) / decrease in unearned revenue	-	3,732,630
Decrease / (increase) in provisions	(22,792)	-
Increase / (decrease) in prepayments and other assets	(82,155)	139,933
Decrease / (increase) in payables	169,773	(535,800)
Decrease / (increase) in contract liabilities	(347,247)	(3,968,665)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(8,190)	(107,296)
Net result	(1,817,045)	(2,473,843)

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 14)	Amortised cost	14,990,777	16,433,290
Receivables (Note 15) ¹	Amortised cost	21,915	21,406
Total financial assets		15,012,692	16,454,696
Financial liabilities			
Lease Liabilities (Note 21)	Financial liabilities measured at amortised cost	1,124,961	1,314,821
Payables (Note 19) ²	Financial liabilities measured at amortised cost	1,024,970	1,189,766
Total financial liabilities		2,149,931	2,504,587

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying	7,010	-	-	-	14,905	21,915
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	75.00%	41.20%
Estimated total gross carrying	9,528	-	1,173	5,705	20,000	36,406
Expected credit loss	-	-	-	-	15,000	15,000

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Medical Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

26. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	1,024,970	-	-	1,024,970	1,024,970	-	-
Borrowings:							
- Lease liabilities	1,355,451	-	-	1,355,451	131,363	549,971	674,117
	2,380,421	-	-	2,380,421	1,156,333	549,971	674,117
2020							
Payables:							
- Creditors ²	1,189,766	-	-	1,189,766	1,189,766	-	-
Borrowings:							
- Lease liabilities ³	1,579,802	-	-	1,579,802	134,724	592,137	852,941
	2,769,568	-	-	2,769,568	1,324,490	592,137	852,941

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(138,658)	138,658	(151,185)	151,185
Equity	(138,658)	138,658	(151,185)	151,185

Medical Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

27. Related party transactions

During the financial year, Medical Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$704,346 (2020: \$570,826) for these services.

28. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Medical Radiation Practice Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Medical Radiation Practice Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Medical Radiation Practice Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control

as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

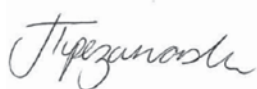
Medical Radiation Practice Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Medical Radiation Practice Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Medical Radiation Practice Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Ms Justine Trpezanovski
President
15 October 2021



Ms Nadine Thompson
Deputy President
15 October 2021

Medical Radiation Practice Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	112,558	88,028
Other operating expenses	3	66,179	89,648
Depreciation and amortisation	4	4,230	5,900
Education and research	5	-	5,970
Finance costs	6	507	743
Total expenses excluding losses		183,474	190,289
Revenue			
Acceptance by the Crown of personnel services	10	1,896	5,291
Registration fees	8	243,719	288,365
Investment revenue	9	3,516	15,002
Other income	11	3,864	-
Total revenue		252,995	308,658
Operating result		69,521	118,369
Other gains / (losses)	12	(427)	(5,599)
Net result		69,094	112,770
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		69,094	112,770

The accompanying notes form part of these financial statements.

Medical Radiation Practice Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	2,286,722	2,252,090
Receivables	14	1,439	1,286
Total current assets		2,288,161	2,253,376
Non-current assets			
Property, plant & equipment	15		
- Plant and equipment		1,051	1,313
- Leasehold improvements		1,977	2,004
Total property, plant & equipment		3,028	3,317
Right-of-use assets	16	20,657	28,150
Intangible assets	17	-	7
Total non-current assets		23,685	31,474
Total assets		2,311,846	2,284,850
LIABILITIES			
Current liabilities			
Payables	18	11,494	13,383
Contract liabilities	19	87,373	119,304
Lease liabilities	20	4,422	4,433
Total current liabilities		103,289	137,120
Non-current liabilities			
Lease liabilities	20	22,195	30,462
Provisions	21	4,057	4,057
Total non-current liabilities		26,252	34,519
Total liabilities		129,541	171,639
Net assets		2,182,305	2,113,211
EQUITY			
Accumulated funds		2,182,305	2,113,211
Total Equity		2,182,305	2,113,211

The accompanying notes form part of these financial statements.

Medical Radiation Practice Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	2,113,211
Net result for the year	69,094
Balance at 30 June 2021	<u>2,182,305</u>

	Accumulated Funds \$
Balance at 1 July 2019	2,000,441
Net result for the year	112,770
Balance at 30 June 2020	<u>2,113,211</u>

The accompanying notes form part of these financial statements.

Medical Radiation Practice Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(109,968)	(87,120)
Other		(68,808)	(109,430)
Finance costs		(507)	(743)
Total payments		(179,283)	(197,293)
Receipts			
Registration fees		211,681	292,198
Interest received		3,516	15,002
Other		3,864	9,367
Total receipts		219,061	316,567
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	39,778	119,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(564)	(583)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(564)	(583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(4,582)	(4,108)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,582)	(4,108)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,632	114,583
Opening cash and cash equivalents	13	2,252,090	2,137,507
CLOSING CASH AND CASH EQUIVALENTS	13	2,286,722	2,252,090

The accompanying notes form part of these financial statements.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

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

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * Applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * The requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*.
- * The requirements of the *Government Sector Finance Act 2018*

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	95,417	68,974
Superannuation - defined benefit plans	-	42
Superannuation - defined contribution plans	8,704	6,339
Long service leave	2,159	5,783
Redundancies	-	652
Workers' compensation insurance	213	226
Payroll taxes	6,065	6,012
	112,558	88,028

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	11	2
Consultancies	26	62
Contractors	11,772	16,941
Domestic supplies and services	344	248
Food supplies	128	641
Fuel, light and power	169	157
Health assessments	8,800	15,000
Information management expenses	7,140	13,198
Insurance	7	2
Maintenance (see Note 3 (b))	3,267	1,966
Motor vehicle expenses	5	5
Postal and telephone costs	343	267
Printing and stationery	112	198
Staff and Council related costs	306	308
Travel related costs	53	5,576
Sitting Fees	3,589	6,353
NSW Civil & Administrative Tribunal Variable Costs	-	-
NSW Civil & Administrative Tribunal Fixed Costs	604	297
Council Fees	21,543	21,393
Other (see Note 3 (a))	7,960	7,034
	66,179	89,648

	2021	2020
	\$	\$
(a) Other		
Courier and freight	4	18
Legal services	27	-
Membership/professional fees	25	10
Security services	21	7
Auditor's Remuneration	6,880	6,367
General administration expenses	1,003	632
	7,960	7,034
(b) Reconciliation of total maintenance		
Maintenance contracts	227	165
New / replacement equipment under \$5,000	1,000	441
Repairs maintenance / non contract	2,040	1,360
	3,267	1,966

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expense

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	347	302
Depreciation - plant and equipment	432	329
Depreciation - right-of-use buildings	3,444	5,253
Amortisation - intangible assets	7	16
	4,230	5,900

Refer to Note 15 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

5. Education and research

	2021	2020
	\$	\$
Education and research	-	5,970
	-	5,970

Recognition and Measurement

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

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

6. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	507	743
	507	743

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

7. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Registration fees

	2021	2020
	\$	\$
Registration fees	243,719	288,365
	243,719	288,365

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Investment revenue

	2021 \$	2020 \$
Interest	3,516	15,002
	3,516	15,002

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	42
Long service leave provision	1,896	5,249
	1,896	5,291

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

11. Other income

	2021	2020
	\$	\$
Refund received*	3,864	-
	3,864	-

Recognition and Measurement

Other Income

*The Council processed a refund of \$3,864 from the prior year, in relation to Education and Research.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Other gains / (losses)

	2021	2020
	\$	\$
Impairment losses on right-of-use assets	(427)	(5,599)
	(427)	(5,599)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	40,838	36,530
Cash at bank - held by HPCA*	2,245,884	2,215,560
	2,286,722	2,252,090

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 9 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	2,286,722	2,252,090
Closing cash and cash equivalents (per Statement of Cash Flows)	2,286,722	2,252,090

The Council operates the bank accounts shown below:

Education and Research Account**	40,838	36,530
	40,838	36,530

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

Refer to Note 25 for details regarding credit risk and market risk arising from financial instruments.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	80	10
Goods and Services Tax	796	859
Prepayments	563	417
	1,439	1,286

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,323	6,212	735	8,270
Less: accumulated depreciation and impairment	237	4,668	-	4,905
Net carrying amount	1,086	1,544	735	3,365
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,086	1,544	735	3,365
Movements in WIP	-	735	(735)	-
Additions	556	27	-	583
Depreciation expense	(329)	(302)	-	(631)
Net carrying amount at end of year	1,313	2,004	-	3,317
At 1 July 2020 - fair value				
Gross carrying amount	1,879	6,239	-	8,118
Movements in WIP	-	735	-	735
Less: accumulated depreciation and impairment	566	4,970	-	5,536
Net carrying amount	1,313	2,004	-	3,317
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,313	2,004	-	3,317
Additions	170	394	-	564
Depreciation expense	(432)	(347)	-	(779)
Reclassification to right-of-use assets*	-	(74)	-	(74)
Net carrying amount at end of year	1,051	1,977	-	3,028
At 30 June 2021 - fair value				
Gross carrying amount	2,049	3,335	-	5,384
Less: accumulated depreciation and impairment	998	1,358	-	2,356
Net carrying amount	1,051	1,977	-	3,028

*In FY2020-21, \$74 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 16.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	28,150	28,150
Reassessments ¹	(3,696)	(3,696)
Depreciation expense	(3,444)	(3,444)
Impairment losses (recognised in 'Other gains / (losses)')	(427)	(427)
Reclassification from leasehold improvements ²	74	74
Balance at 30 June 2021	20,657	20,657
Balance at 1 July 2019	39,002	39,002
Depreciation expense	(5,253)	(5,253)
Impairment losses (recognised in 'Other gains / (losses)')	(5,599)	(5,599)
Balance at 30 June 2020	28,150	28,150

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$74 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	34,895	39,002
Interest expenses	507	743
Payments	(5,089)	(4,850)
Other adjustments*	(3,696)	-
Balance at 30 June	26,617	34,895

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	3,444	5,253
Interest expense on lease liabilities	507	743
Impairment losses on right-of-use assets	427	5,599
Total amount recognised in the statement of comprehensive income	4,378	11,595

The Council had total cash outflows for leases of \$5,089 for the year ended 30 June 2021 (2020: \$4,850).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	4,482
Less: accumulated amortisation and impairment	4,459
Net carrying amount	23
Year ended 30 June 2020	
Net carrying amount at beginning of year	23
Amortisation (recognised in depreciation and amortisation)	(16)
Net carrying amount at end of year	7
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	4,482
Less: accumulated amortisation and impairment	4,475
Net carrying amount	7
Year ended 30 June 2021	
Net carrying amount at beginning of year	7
Amortisation (recognised in depreciation and amortisation)	(7)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	4,418
Less: accumulated amortisation and impairment	4,418
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	2,732	1,986
Taxation and payroll deductions	650	702
Creditors	3,029	424
Accrued Expenditure	5,083	10,271
	11,494	13,383
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	3,382	2,688
	3,382	2,688

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 25.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	87,373	119,304
	87,373	119,304

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 16)	4,422	4,433
	4,422	4,433
Non-current		
Lease liabilities (see Note 16)	22,195	30,462
	22,195	30,462

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

Recognition and Measurement

Refer to Note 16 Leases for recognition and measurement policies on lease liabilities.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	4,057	4,057
Total non-current provisions	4,057	4,057
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	4,057	4,057
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	4,057	4,057

Recognition and Measurement

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

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

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

23. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	39,778	119,274
Depreciation and amortisation expense	(4,230)	(5,900)
(Increase) / decrease in unearned revenue	-	115,508
Decrease / (increase) in provisions	-	-
Increase / (decrease) in prepayments and other assets	153	(4,768)
Decrease / (increase) in payables	1,889	13,559
Decrease / (increase) in contract liabilities	31,931	(119,304)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(427)	(5,599)
Net result	69,094	112,770

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 13)	Amortised cost	2,286,722	2,252,090
Receivables (Note 14) ¹	Amortised cost	80	10
Total financial assets		2,286,802	2,252,100
Financial liabilities			
Lease Liabilities (Note 20)	Financial liabilities measured at amortised cost	26,617	34,895
Payables (Note 18) ²	Financial liabilities measured at amortised cost	10,844	12,681
Total financial liabilities		37,461	47,576

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	80	-	-	-	-	80
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	10	-	-	10
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	10,844	-	-	10,844	10,844	-	-
Borrowings:							
- Lease liabilities	28,156	-	-	28,156	4,913	20,868	2,375
	39,000	-	-	39,000	15,757	20,868	2,375
2020							
Payables:							
- Creditors ²	12,681	-	-	12,681	12,681	-	-
Borrowings:							
- Lease liabilities ³	37,333	-	-	37,333	5,090	23,008	9,235
	50,014	-	-	50,014	17,771	23,008	9,235

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated in accordance with Property NSW's assessment and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(22,601)	22,601	(22,172)	22,172
Equity	(22,601)	22,601	(22,172)	22,172

Medical Radiation Practice Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Related party transactions

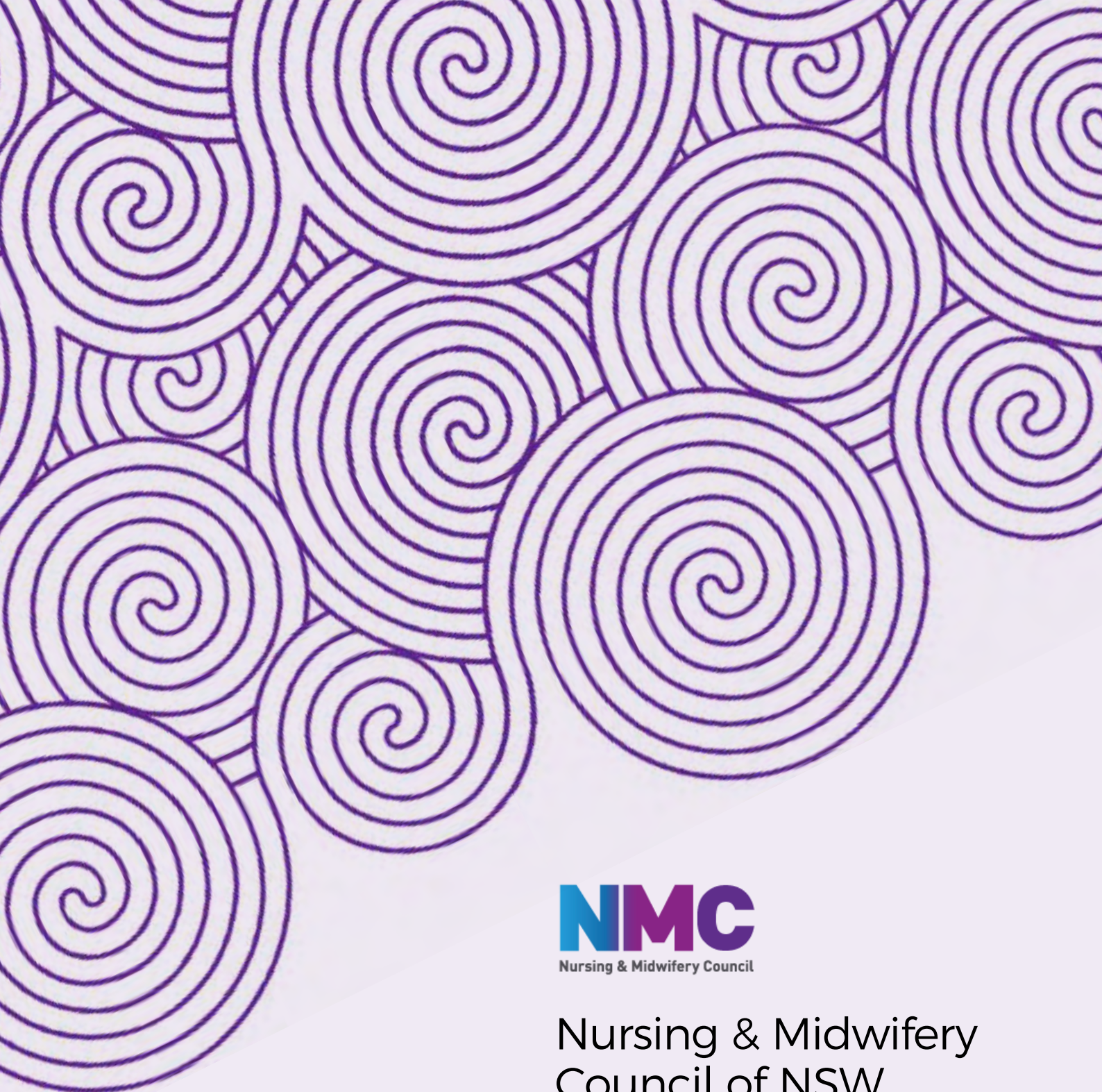
During the financial year, Medical Radiation Practice Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$21,543 (2020: \$23,011) for these services.

27. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Nursing & Midwifery Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Nursing & Midwifery Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Nursing & Midwifery Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Nursing & Midwifery Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018* :

1. The financial statements of the Nursing & Midwifery Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Nursing & Midwifery Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Adjunct Professor Gregory Rickard OAM

President

15 October 2021



Ms Elisabeth Black

Deputy President

15 October 2021

Nursing & Midwifery Council of New South Wales
Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	5,250,400	5,072,710
Other operating expenses	3	2,973,008	3,749,442
Depreciation and amortisation	4	313,158	442,150
Education and research	5	8,187	9,792
Finance costs	6	38,626	56,559
Total expenses excluding losses		8,583,379	9,330,653
Revenue			
Acceptance by the Crown of personnel services	10	(134,982)	237,946
Registration fees	8	9,840,156	9,718,042
Investment revenue	9	23,505	94,449
Other income		-	5,000
Total revenue		9,728,679	10,055,437
Operating result		1,145,300	724,784
Other gains / (losses)	11	(32,518)	(426,028)
Net result		1,112,782	298,756
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		1,112,782	298,756

The accompanying notes form part of these financial statements.

Nursing & Midwifery Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	19,185,969	17,496,483
Receivables	13	96,322	115,967
Total current assets		19,282,291	17,612,450
Non-current assets			
Property, plant & equipment			
- Plant and equipment		68,971	83,070
- Leasehold improvements		135,210	133,638
Total property, plant & equipment	14	204,181	216,708
Right-of-use assets	15	1,571,115	2,141,951
Intangible assets	16	-	593
Total non-current assets		1,775,296	2,359,252
Total assets		21,057,587	19,971,702
LIABILITIES			
Current liabilities			
Payables	17	359,417	489,212
Contract liabilities	18	8,817,279	8,084,534
Lease liabilities	19	336,453	337,272
Total current liabilities		9,513,149	8,911,018
Non-current liabilities			
Lease liabilities	19	1,688,843	2,317,871
Provisions	20	260,250	260,250
Total non-current liabilities		1,949,093	2,578,121
Total liabilities		11,462,242	11,489,139
Net assets		9,595,345	8,482,563
EQUITY			
Accumulated funds		9,595,345	8,482,563
Total Equity		9,595,345	8,482,563

The accompanying notes form part of these financial statements.

Nursing & Midwifery Council of New South Wales
Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	8,482,563
Net result for the year	1,112,782
Balance at 30 June 2021	9,595,345

	Accumulated Funds \$
Balance at 1 July 2019	8,183,807
Net result for the year	298,756
Balance at 30 June 2020	8,482,563

The accompanying notes form part of these financial statements.

Nursing & Midwifery Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(5,362,330)	(4,819,199)
Other		(3,102,913)	(4,142,648)
Education and research		(8,187)	(10,748)
Finance costs		(38,626)	(56,559)
Total payments		(8,512,056)	(9,029,154)
Receipts			
Registration fees		10,567,104	9,890,080
Interest received		23,505	94,449
Other		2,500	363,691
Total receipts		10,593,109	10,348,220
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	2,081,053	1,319,066
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(42,952)	(44,009)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(42,952)	(44,009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(348,615)	(312,543)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(348,615)	(312,543)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,689,486	962,514
Opening cash and cash equivalents	12	17,496,483	16,533,969
CLOSING CASH AND CASH EQUIVALENTS	12	19,185,969	17,496,483

The accompanying notes form part of these financial statements.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Nursing & Midwifery Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	4,675,652	4,107,381
Superannuation - defined benefit plans	19,302	28,521
Superannuation - defined contribution plans	417,834	360,399
Long service leave*	(153,521)	224,196
Redundancies	-	50,320
Workers' compensation insurance	11,405	17,398
Payroll taxes	279,728	284,495
	5,250,400	5,072,710

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	596	125
Consultancies	1,380	4,806
Contractors	657,432	1,207,937
Domestic supplies and services	18,216	21,196
Food supplies	6,707	29,741
Fuel, light and power	9,187	11,919
Health assessments	567,756	564,246
Information management expenses	392,519	702,017
Insurance	360	178
Maintenance (see Note 3 (b))	175,502	151,376
Motor vehicle expenses	454	580
Postal and telephone costs	26,536	33,841
Printing and stationery	5,878	16,390
Staff and Council related costs	12,554	51,170
Travel related costs	17,834	87,435
Sitting Fees	533,420	390,824
NSW Civil & Administrative Tribunal Variable Costs	177,783	125,066
NSW Civil & Administrative Tribunal Fixed Costs	127,764	91,716
Council Fees	172,039	152,742
Other (see Note 3 (a))	69,091	106,137
	2,973,008	3,749,442

	2021 \$	2020 \$
(a) Other		
Courier and freight	221	427
Legal services	14,393	2,889
Membership/professional fees	5,161	3,904
Security services	1,109	523
Auditor's Remuneration	20,058	18,254
General administration expenses	28,009	80,140
Refund to practitioners	140	-
	69,091	106,137

(b) Reconciliation of total maintenance		
Maintenance contracts	12,058	12,539
New / replacement equipment under \$5,000	55,276	35,271
Repairs maintenance / non contract	108,168	103,566
	175,502	151,376

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating Expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

Identified amounts of \$140 have been recorded under Other expenses in FY2020-21. The refund process has been completed for the Council as at 30 June 2021.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021 \$	2020 \$
Depreciation - leasehold improvements	23,655	20,249
Depreciation - plant and equipment	27,054	21,170
Depreciation - right-of-use buildings	261,856	399,707
Amortisation - intangible assets	593	1,024
	313,158	442,150

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

5. Education and research

	2021 \$	2020 \$
Education and research	8,187	9,792
	8,187	9,792

Recognition and Measurement

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

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

6. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	38,601	56,559
Other interest charges	25	-
	38,626	56,559

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

7. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Registration fees

	2021	2020
	\$	\$
Registration fees	9,840,156	9,718,042
	9,840,156	9,718,042

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 June and ends on 31 May each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Investment revenue

	2021 \$	2020 \$
Interest	23,505	94,449
	23,505	94,449

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	19,303	28,521
Long service leave provision*	(154,284)	209,426
	(134,981)	237,947

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(32,518)	(426,028)
	(32,518)	(426,028)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Receivables
- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	1,028,617	1,036,046
Cash at bank - held by HPCA*	18,157,352	16,460,437
	19,185,969	17,496,483

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 9 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	19,185,969	17,496,483
Closing cash and cash equivalents (per Statement of Cash Flows)	19,185,969	17,496,483

The Council operates the bank accounts shown below:

Education and Research Account**	1,028,617	1,036,046
	1,028,617	1,036,046

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

Refer to Note 24 for details regarding credit risk and market risk arising from financial instruments.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	34,921	31,697
Goods and Services Tax	31,239	52,075
Prepayments	30,162	32,195
	96,322	115,967

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 24.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	97,591	414,893	42,998	555,482
Less: accumulated depreciation and impairment	35,760	305,604	-	341,364
Net carrying amount	61,831	109,289	42,998	214,118
Year ended 30 June 2020				
Net carrying amount at beginning of year	61,831	109,289	42,998	214,118
Movements in WIP	-	42,998	(42,998)	-
Additions	42,409	1,600	-	44,009
Depreciation expense	(21,170)	(20,249)	-	(41,419)
Net carrying amount at end of year	83,070	133,638	-	216,708
At 1 July 2020 - fair value				
Gross carrying amount	140,000	416,493	-	556,493
Movements in WIP	-	42,998	-	42,998
Less: accumulated depreciation and impairment	56,930	325,853	-	382,783
Net carrying amount	83,070	133,638	-	216,708
Year ended 30 June 2021				
Net carrying amount at beginning of year	83,070	133,638	-	216,708
Additions	12,955	29,997	-	42,952
Depreciation expense	(27,054)	(23,655)	-	(50,709)
Reclassification to right-of-use assets*	-	(4,770)	-	(4,770)
Net carrying amount at end of year	68,971	135,210	-	204,181
At 30 June 2021 - fair value				
Gross carrying amount	152,955	229,133	-	382,088
Less: accumulated depreciation and impairment	83,984	93,923	-	177,907
Net carrying amount	68,971	135,210	-	204,181

*In FY2020-21, \$4,770 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 15.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	2,141,951	2,141,951
Reassessments ¹	(281,232)	(281,232)
Depreciation expense	(261,856)	(261,856)
Impairment losses (recognised in 'Other gains / (losses)')	(32,518)	(32,518)
Reclassification from leasehold improvements ²	4,770	4,770
Balance at 30 June 2021	1,571,115	1,571,115
Balance at 1 July 2019	2,967,686	2,967,686
Depreciation expense	(399,707)	(399,707)
Impairment losses (recognised in 'Other gains / (losses)')	(426,028)	(426,028)
Balance at 30 June 2020	2,141,951	2,141,951

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$4,770 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	2,655,143	2,967,686
Interest expenses	38,601	56,559
Payments	(387,216)	(369,102)
Other adjustments*	(281,232)	-
Balance at 30 June	2,025,296	2,655,143

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	261,856	399,707
Interest expense on lease liabilities	38,601	56,559
Impairment losses on right-of-use assets	32,518	426,028
Total amount recognised in the statement of comprehensive income	332,975	882,294

The Council had total cash outflows for leases of \$387,216 for the year ended 30 June 2021 (2020: \$369,102).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	34,872
Less: accumulated amortisation and impairment	33,255
Net carrying amount	1,617
Year ended 30 June 2020	
Net carrying amount at beginning of year	1,617
Amortisation (recognised in depreciation and amortisation)	(1,024)
Net carrying amount at end of year	593
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	34,872
Less: accumulated amortisation and impairment	34,279
Net carrying amount	593
Year ended 30 June 2021	
Net carrying amount at beginning of year	593
Amortisation (recognised in depreciation and amortisation)	(593)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	30,774
Less: accumulated amortisation and impairment	30,774
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	115,440	89,120
Taxation and payroll deductions	22,584	25,851
Creditors	40,708	66,094
Accrued Expenditure	180,685	308,147
	359,417	489,212
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	138,024	114,971
	138,024	114,971

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 24.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	8,817,279	8,084,534
	8,817,279	8,084,534

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 June 2020 and ends on 31 May 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 31 May 2022 as the remaining registration period elapses.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 15)	336,453	337,272
	336,453	337,272
Non-current		
Lease liabilities (see Note 15)	1,688,843	2,317,871
	1,688,843	2,317,871

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 24.

Recognition and Measurement

Refer to Note 15 Leases for recognition and measurement policies on lease liabilities.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	260,250	260,250
Total non-current provisions	260,250	260,250
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	260,250	260,250
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	260,250	260,250

Recognition and Measurement

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

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

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

22. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	2,081,053	1,319,066
Depreciation and amortisation expense	(313,158)	(442,150)
(Increase) / decrease in unearned revenue	-	7,912,568
Increase / (decrease) in prepayments and other assets	(19,645)	14,141
Decrease / (increase) in payables	129,795	5,693
Decrease / (increase) in contract liabilities	(732,745)	(8,084,534)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(32,518)	(426,028)
Net result	1,112,782	298,756

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 12)	Amortised cost	19,185,969	17,496,483
Receivables (Note 13) ¹	Amortised cost	34,921	31,697
Total financial assets		19,220,890	17,528,180
Financial liabilities			
Lease Liabilities (Note 19)	Financial liabilities measured at amortised cost	2,025,296	2,655,143
Payables (Note 17) ²	Financial liabilities measured at amortised cost	336,833	463,361
Total financial liabilities		2,362,129	3,118,504

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	34,921	-	-	-	-	34,921
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	30,942	-	755	-	-	31,697
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	336,833	-	-	336,833	336,833	-	-
Borrowings:							
- Lease liabilities	2,142,413	-	-	2,142,413	373,798	1,587,867	180,749
	2,479,246	-	-	2,479,246	710,631	1,587,867	180,749
2020							
Payables:							
- Creditors ²	463,361	-	-	463,361	463,361	-	-
Borrowings:							
- Lease liabilities ³	2,840,673	-	-	2,840,673	387,340	1,750,663	702,671
	3,304,034	-	-	3,304,034	850,701	1,750,663	702,671

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(171,607)	171,607	(148,413)	148,413
Equity	(171,607)	171,607	(148,413)	148,413

Nursing & Midwifery Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Related party transactions

During the financial year, Nursing & Midwifery Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$251,930 (2020: \$221,652) for these services.

26. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Occupational
Therapy
Council**
of NSW

Occupational Therapy Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Occupational Therapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Occupational Therapy Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Occupational Therapy Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Occupational Therapy Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Occupational Therapy Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dr Alison Wicks
President
15 October 2021



Mr Robert Farrugia
Deputy President
15 October 2021

Occupational Therapy Council of New South Wales
Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	94,597	61,550
Other operating expenses	3	56,735	68,207
Depreciation and amortisation	4	4,232	5,832
Finance costs	5	489	716
Total expenses excluding losses		156,053	136,305
Revenue			
Acceptance by the Crown of personnel services	9	2,459	(1,414)
Registration fees	7	254,433	259,111
Investment revenue	8	2,008	8,112
Total revenue		258,900	265,809
Operating result		102,847	129,504
Other gains / (losses)	10	(412)	(5,395)
Net result		102,435	124,109
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		102,435	124,109

The accompanying notes form part of these financial statements.

Occupational Therapy Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,354,760	1,249,194
Receivables	12	1,276	1,202
Total current assets		1,356,036	1,250,396
Non-current assets			
Property, plant & equipment			
- Plant and equipment		1,083	1,373
- Leasehold improvements		2,516	2,665
Total property, plant & equipment	13	3,599	4,038
Right-of-use assets	14	19,914	27,127
Intangible assets	15	-	10
Total non-current assets		23,513	31,175
Total assets		1,379,549	1,281,571
LIABILITIES			
Current liabilities			
Payables	16	8,664	12,551
Contract liabilities	17	107,457	100,051
Lease liabilities	18	4,261	4,271
Total current liabilities		120,382	116,873
Non-current liabilities			
Lease liabilities	18	21,388	29,354
Provisions	19	4,464	4,464
Total non-current liabilities		25,852	33,818
Total liabilities		146,234	150,691
Net assets		1,233,315	1,130,880
EQUITY			
Accumulated funds		1,233,315	1,130,880
Total Equity		1,233,315	1,130,880

The accompanying notes form part of these financial statements.

Occupational Therapy Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	1,130,880
Net result for the year	102,435
Balance at 30 June 2021	1,233,315

	Accumulated Funds \$
Balance at 1 July 2019	1,006,771
Net result for the year	124,109
Balance at 30 June 2020	1,130,880

The accompanying notes form part of these financial statements.

Occupational Therapy Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(90,329)	(66,699)
Other		(62,572)	(71,237)
Finance costs		(489)	(716)
Total payments		(153,390)	(138,652)
Receipts			
Registration fees		261,906	248,456
Interest received		2,008	8,112
Other		-	6,281
Total receipts		263,914	262,849
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	110,524	124,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(544)	(568)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(544)	(568)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(4,414)	(3,958)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,414)	(3,958)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		105,566	119,671
Opening cash and cash equivalents	11	1,249,194	1,129,523
CLOSING CASH AND CASH EQUIVALENTS	11	1,354,760	1,249,194

The accompanying notes form part of these financial statements.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Occupational Therapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	79,563	53,511
Superannuation - defined benefit plans	-	41
Superannuation - defined contribution plans	7,275	4,795
Long service leave	2,828	(1,949)
Redundancies	-	634
Workers' compensation insurance	241	219
Payroll taxes	4,690	4,299
	94,597	61,550

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	13	2
Consultancies	29	61
Contractors	11,518	15,194
Domestic supplies and services	378	232
Food supplies	143	1,239
Fuel, light and power	184	151
Health assessments	9,742	4,700
Information management expenses	7,999	12,286
Insurance	7	2
Maintenance (see Note 3 (b))	3,588	1,892
Motor vehicle expenses	6	5
Postal and telephone costs	387	440
Printing and stationery	124	191
Staff and Council related costs	133	261
Travel related costs	295	1,587
Sitting Fees	6,401	4,115
NSW Civil & Administrative Tribunal Variable Costs	(3,600)	6,667
NSW Civil & Administrative Tribunal Fixed Costs	300	-
Council Fees	12,039	12,146
Other (see Note 3 (a))	7,049	7,036
	56,735	68,207

	2021	2020
	\$	\$
(a) Other		
Courier and freight	4	13
Legal services	31	-
Membership/professional fees	28	9
Security services	23	7
Auditor's Remuneration	6,880	6,368
General administration expenses	83	639
	7,049	7,036
(b) Reconciliation of total maintenance		
Maintenance contracts	249	159
New / replacement equipment under \$5,000	1,102	422
Repairs maintenance / non contract	2,237	1,311
	3,588	1,892

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	447	404
Depreciation - plant and equipment	454	355
Depreciation - right-of-use buildings	3,321	5,062
Amortisation - intangible assets	10	11
	4,232	5,832

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	489	716
	489	716

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	254,433	259,111
	254,433	259,111

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021	2020
	\$	\$
Interest	2,008	8,112
	2,008	8,112

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	41
Long service leave provision	2,459	(1,455)
	2,459	(1,414)

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021	2020
	\$	\$
Impairment gains/ (losses) on right-of-use assets	(412)	(5,395)
	(412)	(5,395)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	47,918	47,845
Cash at bank - held by HPCA*	1,306,842	1,201,349
	1,354,760	1,249,194

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	1,354,760	1,249,194
Closing cash and cash equivalents (per Statement of Cash Flows)	1,354,760	1,249,194

The Council operates the bank accounts shown below:

Education and Research Account**	47,918	47,845
	47,918	47,845

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	60	129
Goods and Services Tax	577	668
Prepayments	639	405
	1,276	1,202

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,430	7,592	840	9,862
Less: accumulated depreciation and impairment	239	5,394	-	5,633
Net carrying amount	1,191	2,198	840	4,229
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,191	2,198	840	4,229
Movements in WIP	-	840	(840)	-
Additions	537	31	-	568
Depreciation expense	(355)	(404)	-	(759)
Net carrying amount at end of year	1,373	2,665	-	4,038
At 1 July 2020 - fair value				
Gross carrying amount	1,967	7,623	-	9,590
Movements in WIP	-	840	-	840
Less: accumulated depreciation and impairment	594	5,798	-	6,392
Net carrying amount	1,373	2,665	-	4,038
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,373	2,665	-	4,038
Additions	164	380	-	544
Depreciation expense	(454)	(447)	-	(901)
Reclassification to right-of-use assets*	-	(82)	-	(82)
Net carrying amount at end of year	1,083	2,516	-	3,599
At 30 June 2021 - fair value				
Gross carrying amount	2,131	4,374	-	6,505
Less: accumulated depreciation and impairment	1,048	1,858	-	2,906
Net carrying amount	1,083	2,516	-	3,599

*In FY2020-21, \$82 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	27,127	27,127
Reassessments ¹	(3,562)	(3,562)
Depreciation expense	(3,321)	(3,321)
Impairment losses (recognised in 'Other gains / (losses)')	(412)	(412)
Reclassification from leasehold improvements ²	82	82
Balance at 30 June 2021	19,914	19,914
Balance at 1 July 2019	37,584	37,584
Depreciation expense	(5,062)	(5,062)
Impairment losses (recognised in 'Other gains / (losses)')	(5,395)	(5,395)
Balance at 30 June 2020	27,127	27,127

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$82 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	33,625	37,584
Interest expenses	489	716
Payments	(4,903)	(4,675)
Other adjustments*	(3,562)	-
Balance at 30 June	25,649	33,625

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	3,321	5,062
Interest expense on lease liabilities	489	716
Impairment losses on right-of-use assets	412	5,395
Total amount recognised in the statement of comprehensive income	4,222	11,173

The Council had total cash outflows for leases of \$4,903 for the year ended 30 June 2021 (2020: \$4,675).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	4,391
Less: accumulated amortisation and impairment	4,370
Net carrying amount	21
Year ended 30 June 2020	
Net carrying amount at beginning of year	21
Amortisation (recognised in depreciation and amortisation)	(11)
Net carrying amount at end of year	10
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	4,391
Less: accumulated amortisation and impairment	4,381
Net carrying amount	10
Year ended 30 June 2021	
Net carrying amount at beginning of year	10
Amortisation (recognised in depreciation and amortisation)	(10)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	4,345
Less: accumulated amortisation and impairment	4,345
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	2,404	653
Taxation and payroll deductions	474	416
Creditors	777	329
Accrued Expenditure	5,009	11,153
	8,664	12,551
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	2,878	1,069
	2,878	1,069

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	107,457	100,051
	107,457	100,051

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

18. Lease liabilities

	2021 \$	2020 \$
Current		
Lease liabilities (see Note 14)	4,261	4,271
	4,261	4,271
Non-current		
Lease liabilities (see Note 14)	21,388	29,354
	21,388	29,354

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	4,464	4,464
Total non-current provisions	4,464	4,464
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	4,464	4,464
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	4,464	4,464

Recognition and Measurement

Provision for make good

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

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

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	110,524	124,197
Depreciation and amortisation expense	(4,232)	(5,832)
(Increase) / decrease in unearned revenue	-	110,707
Increase / (decrease) in prepayments and other assets	74	(4,800)
Decrease / (increase) in payables	3,887	5,283
Decrease / (increase) in contract liabilities	(7,406)	(100,051)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(412)	(5,395)
Net result	102,435	124,109

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	1,354,760	1,249,194
Receivables (Note 12) ¹	Amortised cost	60	129
Total financial assets		1,354,820	1,249,323
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	25,649	33,625
Payables (Note 16) ²	Financial liabilities measured at amortised cost	8,190	12,135
Total financial liabilities		33,839	45,760

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	60	-	-	-	-	60
Expected credit loss	-	-	-	-	-	-
30 June 2020	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	120	-	9	-	-	129
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	8,190	-	-	8,190	8,190	-	-
Borrowings:							
- Lease liabilities	27,132	-	-	27,132	4,734	20,109	2,289
	35,322	-	-	35,322	12,924	20,109	2,289
2020							
Payables:							
- Creditors ²	12,135	-	-	12,135	12,135	-	-
Borrowings:							
- Lease liabilities ³	35,975	-	-	35,975	4,905	22,171	8,899
	48,110	-	-	48,110	17,040	22,171	8,899

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(13,291)	13,291	(12,156)	12,156
Equity	(13,291)	13,291	(12,156)	12,156

Occupational Therapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

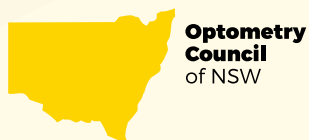
During the financial year, Occupational Therapy Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$15,226 (2020: \$13,761) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Optometry Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Optometry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Optometry Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Optometry Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018* :

1. The financial statements of the Optometry Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Optometry Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Derek Fails
President
15 October 2021



Dr Isabelle Jalbert
Deputy President
15 October 2021

Optometry Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	79,030	66,415
Other operating expenses	3	53,234	62,098
Depreciation and amortisation	4	3,754	5,211
Finance costs	5	443	649
Total expenses excluding losses		136,461	134,373
Revenue			
Acceptance by the Crown of personnel services	9	(81)	1,089
Registration fees	7	251,789	241,089
Investment revenue	8	1,218	4,611
Total revenue		252,926	246,789
Operating result		116,465	112,416
Other gains / (losses)	10	(373)	(4,886)
Net result		116,092	107,530
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		116,092	107,530

The accompanying notes form part of these financial statements.

Optometry Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	859,915	732,668
Receivables	12	1,076	802
Total current assets		860,991	733,470
Non-current assets			
Property, plant & equipment			
- Plant and equipment		1,004	1,279
- Leasehold improvements		1,691	1,768
Total property, plant & equipment	13	2,695	3,047
Right-of-use assets	14	18,074	24,568
Intangible assets	15	-	14
Total non-current assets		20,769	27,629
Total assets		881,760	761,099
LIABILITIES			
Current liabilities			
Payables	16	16,287	8,708
Contract liabilities	17	105,863	101,649
Lease liabilities	18	3,859	3,868
Total current liabilities		126,009	114,225
Non-current liabilities			
Lease liabilities	18	19,370	26,585
Provisions	19	6,837	6,837
Total non-current liabilities		26,207	33,422
Total liabilities		152,216	147,647
Net assets		729,544	613,452
EQUITY			
Accumulated funds		729,544	613,452
Total Equity		729,544	613,452

The accompanying notes form part of these financial statements.

Optometry Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	613,452
Net result for the year	116,092
Balance at 30 June 2021	729,544

	Accumulated Funds \$
Balance at 1 July 2019	505,922
Net result for the year	107,530
Balance at 30 June 2020	613,452

The accompanying notes form part of these financial statements.

Optometry Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(78,501)	(70,499)
Other		(46,417)	(65,785)
Finance costs		(443)	(649)
Total payments		(125,361)	(136,933)
Receipts			
Registration fees		255,881	247,222
Interest received		1,218	4,611
Other		-	4,740
Total receipts		257,099	256,573
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	131,738	119,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(493)	(514)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(493)	(514)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(3,998)	(3,584)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,998)	(3,584)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		127,247	115,542
Opening cash and cash equivalents	11	732,668	617,126
CLOSING CASH AND CASH EQUIVALENTS	11	859,915	732,668

The accompanying notes form part of these financial statements.

Optometry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Optometry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Optometry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	68,307	55,127
Superannuation - defined benefit plans	-	37
Superannuation - defined contribution plans	6,147	5,064
Long service leave*	(106)	951
Redundancies	-	578
Workers' compensation insurance	156	200
Payroll taxes	4,526	4,458
	79,030	66,415

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	8	1
Consultancies	19	55
Contractors	8,511	14,128
Domestic supplies and services	253	239
Food supplies	93	390
Fuel, light and power	126	137
Health assessments	2,200	2,200
Information management expenses	5,306	10,593
Insurance	5	2
Maintenance (see Note 3 (b))	2,407	1,713
Motor vehicle expenses	4	5
Postal and telephone costs	252	290
Printing and stationery	82	172
Staff and Council related costs	356	258
Travel related costs	13	4,258
Sitting Fees	1,559	2,626
NSW Civil & Administrative Tribunal Variable Costs	7,000	-
Council Fees	16,527	17,379
Other (see Note 3 (a))	8,513	7,652
	53,234	62,098

	2021	2020
	\$	\$
(a) Other		
Courier and freight	3	12
Legal services	20	-
Membership/professional fees	18	8
Security services	15	6
Auditor's Remuneration	6,880	6,368
General administration expenses	1,577	1,258
	8,513	7,652

(b) Reconciliation of total maintenance		
Maintenance contracts	167	144
New / replacement equipment under \$5,000	746	382
Repairs maintenance / non contract	1,494	1,187
	2,407	1,713

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating Expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	296	265
Depreciation - plant and equipment	424	334
Depreciation - right-of-use buildings	3,020	4,584
Amortisation - intangible assets	14	28
	3,754	5,211

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	443	649
	443	649

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	251,789	241,089
	251,789	241,089

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Investment revenue

	2021	2020
	\$	\$
Interest	1,218	4,611
	1,218	4,611

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	37
Long service leave provision*	(81)	1,052
	(81)	1,089

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

10. Other gains / (losses)

	2021	2020
	\$	\$
Impairment gains/ (losses) on right-of-use assets	(373)	(4,886)
	(373)	(4,886)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	48,133	48,060
Cash at bank - held by HPCA*	811,782	684,608
	859,915	732,668

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	859,915	732,668
Closing cash and cash equivalents (per Statement of Cash Flows)	859,915	732,668

The Council operates the bank accounts shown below:

Education and Research Account**	48,133	48,060
	48,133	48,060

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	168	48
Goods and Services Tax	495	384
Prepayments	413	370
	1,076	802

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,430	8,489	763	10,682
Less: accumulated depreciation and impairment	303	7,247	-	7,550
Net carrying amount	1,127	1,242	763	3,132
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,127	1,242	763	3,132
Movements in WIP	-	763	(763)	-
Additions	486	28	-	514
Depreciation expense	(334)	(265)	-	(599)
Net carrying amount at end of year	1,279	1,768	-	3,047
At 1 July 2020 - fair value				
Gross carrying amount	1,916	8,517	-	10,433
Movements in WIP	-	763	-	763
Less: accumulated depreciation and impairment	637	7,512	-	8,149
Net carrying amount	1,279	1,768	-	3,047
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,279	1,768	-	3,047
Additions	149	344	-	493
Depreciation expense	(424)	(296)	-	(720)
Reclassification to right-of-use assets*	-	(125)	-	(125)
Net carrying amount at end of year	1,004	1,691	-	2,695
At 30 June 2021 - fair value				
Gross carrying amount	2,065	2,811	-	4,876
Less: accumulated depreciation and impairment	1,061	1,120	-	2,181
Net carrying amount	1,004	1,691	-	2,695

*In FY2020-21, \$125 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful lives.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Optometry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	24,568	24,568
Reassessments ¹	(3,226)	(3,226)
Depreciation expense	(3,020)	(3,020)
Impairment losses (recognised in 'Other gains / (losses)')	(373)	(373)
Reclassification from leasehold improvements ²	125	125
Balance at 30 June 2021	18,074	18,074
Balance at 1 July 2019	34,038	34,038
Depreciation expense	(4,584)	(4,584)
Impairment losses (recognised in 'Other gains / (losses)')	(4,886)	(4,886)
Balance at 30 June 2020	24,568	24,568

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$125 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	30,453	34,038
Interest expenses	443	649
Payments	(4,441)	(4,234)
Other adjustments*	(3,226)	-
Balance at 30 June	23,229	30,453

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	3,020	4,584
Interest expense on lease liabilities	443	649
Impairment losses on right-of-use assets	373	4,886
Total amount recognised in the statement of comprehensive income	3,836	10,119

The Council had total cash outflows for leases of \$4,441 for the year ended 30 June 2021 (2020: \$4,234).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Optometry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

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15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	2,683
Less: accumulated amortisation and impairment	2,641
Net carrying amount	42
Year ended 30 June 2020	
Net carrying amount at beginning of year	42
Amortisation (recognised in depreciation and amortisation)	(28)
Net carrying amount at end of year	14
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	2,683
Less: accumulated amortisation and impairment	2,669
Net carrying amount	14
Year ended 30 June 2021	
Net carrying amount at beginning of year	14
Amortisation (recognised in depreciation and amortisation)	(14)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	2,571
Less: accumulated amortisation and impairment	2,571
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Optometry Council of New South Wales
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16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	1,743	1,072
Taxation and payroll deductions	494	555
Creditors	2,364	392
Accrued Expenditure	11,686	6,689
	16,287	8,708
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	2,237	1,627
	2,237	1,627

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
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17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	105,863	101,649
	105,863	101,649

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
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18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	3,859	3,868
	3,859	3,868
Non-current		
Lease liabilities (see Note 14)	19,370	26,585
	19,370	26,585

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
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19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	6,837	6,837
Total non-current provisions	6,837	6,837
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	6,837	6,837
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	6,837	6,837

Recognition and Measurement

Provision for make good

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

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

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	131,738	119,640
Depreciation and amortisation expense	(3,754)	(5,211)
(Increase) / decrease in unearned revenue	-	95,518
Increase / (decrease) in prepayments and other assets	274	(3,025)
Decrease / (increase) in payables	(7,579)	7,143
Decrease / (increase) in contract liabilities	(4,214)	(101,649)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(373)	(4,886)
Net result	116,092	107,530

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	859,915	732,668
Receivables (Note 12) ¹	Amortised cost	168	48
Total financial assets		860,083	732,716
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	23,229	30,453
Payables (Note 16) ²	Financial liabilities measured at amortised cost	15,793	8,153
Total financial liabilities		39,022	38,606

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	168	-	-	-	-	168
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	39	-	9	-	-	48
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Optometry Council of New South Wales
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for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	15,793	-	-	15,793	15,793	-	-
Borrowings:							
- Lease liabilities	24,572	-	-	24,572	4,287	18,212	2,073
	40,365	-	-	40,365	20,080	18,212	2,073
2020							
Payables:							
- Creditors ²	8,153	-	-	8,153	8,153	-	-
Borrowings:							
- Lease liabilities ³	32,581	-	-	32,581	4,443	20,079	8,059
	40,734	-	-	40,734	12,596	20,079	8,059

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Optometry Council of New South Wales
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23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(8,367)	8,367	(7,022)	7,022
Equity	(8,367)	8,367	(7,022)	7,022

Optometry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

24. Related party transactions

During the financial year, Optometry Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$14,796 (2020: \$18,931) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Osteopathy Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)
CHIROPRACTIC COUNCIL [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)
[PARAMEDICINE COUNCIL](#) PHARMACY COUNCIL [PHYSIOTHERAPY COUNCIL](#) PODIATRY COUNCIL [PSYCHOLOGY COUNCIL](#)



INDEPENDENT AUDITOR'S REPORT

Osteopathy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Osteopathy Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Osteopathy Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Osteopathy Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Osteopathy Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dr Kerrin Murnane
President
15 October 2021



Dr Ashar Salia
Member
15 October 2021

Osteopathy Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	62,299	85,961
Other operating expenses	3	43,539	71,691
Depreciation and amortisation	4	4,265	5,957
Finance costs	5	517	757
Total expenses excluding losses		110,620	164,366
Revenue			
Acceptance by the Crown of personnel services	9	(5,317)	4,051
Registration fees	7	210,053	202,779
Investment revenue	8	667	2,543
Other income		-	30
Total revenue		205,403	209,403
Operating result		94,783	45,037
Other gains / (losses)	10	(435)	(5,701)
Net result		94,348	39,336
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		94,348	39,336

The accompanying notes form part of these financial statements.

Osteopathy Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	491,449	393,554
Receivables	12	1,026	1,657
Total current assets		492,475	395,211
Non-current assets			
Property, plant & equipment			
- Plant and equipment		1,043	1,296
- Leasehold improvements		1,803	1,813
Total property, plant & equipment	13	2,846	3,109
Right-of-use assets	14	21,047	28,661
Intangible assets	15	-	11
Total non-current assets		23,893	31,781
Total assets		516,368	426,992
LIABILITIES			
Current liabilities			
Payables	16	9,008	12,038
Contract liabilities	17	90,487	84,001
Lease liabilities	18	4,502	4,513
Total current liabilities		103,997	100,552
Non-current liabilities			
Lease liabilities	18	22,599	31,016
Provisions	19	5,252	5,252
Total non-current liabilities		27,851	36,268
Total liabilities		131,848	136,820
Net assets		384,520	290,172
EQUITY			
Accumulated funds		384,520	290,172
Total Equity		384,520	290,172

The accompanying notes form part of these financial statements.

Osteopathy Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	290,172
Net result for the year	94,348
Balance at 30 June 2021	384,520

	Accumulated Funds \$
Balance at 1 July 2019	250,836
Net result for the year	39,336
Balance at 30 June 2020	290,172

The accompanying notes form part of these financial statements.

Osteopathy Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(68,810)	(85,090)
Other		(44,825)	(74,103)
Finance costs		(517)	(757)
Total payments		(114,152)	(159,950)
Receipts			
Registration fees		216,620	205,124
Interest received		667	2,543
Other		-	4,991
Total receipts		217,287	212,658
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	103,135	52,708
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(575)	(596)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(575)	(596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(4,665)	(4,182)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,665)	(4,182)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		97,895	47,930
Opening cash and cash equivalents	11	393,554	345,624
CLOSING CASH AND CASH EQUIVALENTS	11	491,449	393,554

The accompanying notes form part of these financial statements.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Osteopathy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	58,971	69,108
Superannuation - defined benefit plans	-	43
Superannuation - defined contribution plans	5,388	6,343
Long service leave*	(6,120)	4,354
Redundancies	-	671
Workers' compensation insurance	147	232
Payroll taxes	3,913	5,210
	62,299	85,961

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	8	2
Consultancies	18	64
Contractors	7,654	17,624
Domestic supplies and services	233	291
Food supplies	85	236
Fuel, light and power	118	159
Health assessments	-	550
Information management expenses	5,065	11,809
Insurance	5	2
Maintenance (see Note 3 (b))	2,245	2,003
Motor vehicle expenses	3	5
Postal and telephone costs	235	281
Printing and stationery	75	481
Staff and Council related costs	222	1,125
Travel related costs	12	2,402
Sitting Fees	3,833	3,254
NSW Civil & Administrative Tribunal Fixed Costs	8	9,171
Council Fees	16,527	15,523
Other (see Note 3 (a))	7,193	6,709
	43,539	71,691

	2021	2020
	\$	\$
(a) Other		
Courier and freight	3	2
Legal services	69	-
Membership/professional fees	17	10
Security services	14	7
Auditor's Remuneration	6,880	6,367
General administration expenses	210	323
	7,193	6,709

(b) Reconciliation of total maintenance		
Maintenance contracts	154	168
New / replacement equipment under \$5,000	712	450
Repairs maintenance / non contract	1,379	1,385
	2,245	2,003

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	315	272
Depreciation - plant and equipment	427	322
Depreciation - right-of-use buildings	3,512	5,349
Amortisation - intangible assets	11	14
	4,265	5,957

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	517	757
	517	757

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	210,053	202,779
	210,053	202,779

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Investment revenue

	2021	2020
	\$	\$
Interest	667	2,543
	667	2,543

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	43
Long service leave provision*	(5,317)	4,008
	(5,317)	4,051

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

10. Other gains / (losses)

	2021	2020
	\$	\$
Impairment gains / (losses) on right-of-use assets	(435)	(5,701)
	(435)	(5,701)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	236	236
Cash at bank - held by HPCA*	491,213	393,318
	491,449	393,554

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	491,449	393,554
Closing cash and cash equivalents (per Statement of Cash Flows)	491,449	393,554

The Council operates the bank accounts shown below:

Education and Research Account**	236	236
	236	236

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	244	327
Goods and Services Tax	393	901
Prepayments	389	429
	1,026	1,657

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,266	6,984	782	9,032
Less: accumulated depreciation and impairment	216	5,710	-	5,926
Net carrying amount	1,050	1,274	782	3,106
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,050	1,274	782	3,106
Movements in WIP	-	782	(782)	-
Additions	567	29	-	596
Depreciation expense	(321)	(272)	-	(593)
Net carrying amount at end of year	1,296	1,813	-	3,109
At 1 July 2020 - fair value				
Gross carrying amount	1,833	7,013	-	8,846
Movements in WIP	-	782	-	782
Less: accumulated depreciation and impairment	537	5,982	-	6,519
Net carrying amount	1,296	1,813	-	3,109
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,296	1,813	-	3,109
Additions	174	401	-	575
Depreciation expense	(427)	(315)	-	(742)
Reclassification to right-of-use assets*	-	(96)	-	(96)
Net carrying amount at end of year	1,043	1,803	-	2,846
At 30 June 2021 - fair value				
Gross carrying amount	2,006	2,964	-	4,970
Less: accumulated depreciation and impairment	963	1,161	-	2,124
Net carrying amount	1,043	1,803	-	2,846

*In FY2020-21, \$96 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	28,661	28,661
Reassessments ¹	(3,763)	(3,763)
Depreciation expense	(3,512)	(3,512)
Impairment losses (recognised in 'Other gains / (losses)')	(435)	(435)
Reclassification from leasehold improvements ²	96	96
Balance at 30 June 2021	21,047	21,047
Balance at 1 July 2019	39,711	39,711
Depreciation expense	(5,349)	(5,349)
Impairment losses (recognised in 'Other gains / (losses)')	(5,701)	(5,701)
Balance at 30 June 2020	28,661	28,661

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$96 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	35,529	39,711
Interest expenses	517	757
Payments	(5,182)	(4,939)
Other adjustments	(3,763)	-
Balance at 30 June	27,101	35,529

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	3,512	5,349
Interest expense on lease liabilities	517	757
Impairment losses on right-of-use assets	435	5,701
Total amount recognised in the statement of comprehensive income	4,464	11,807

The Council had total cash outflows for leases of \$5,182 for the year ended 30 June 2021 (2020: \$4,939).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	2,554
Less: accumulated amortisation and impairment	2,528
Net carrying amount	26
Year ended 30 June 2020	
Net carrying amount at beginning of year	26
Amortisation (recognised in depreciation and amortisation)	(15)
Net carrying amount at end of year	11
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	2,554
Less: accumulated amortisation and impairment	2,543
Net carrying amount	11
Year ended 30 June 2021	
Net carrying amount at beginning of year	11
Amortisation (recognised in depreciation and amortisation)	(11)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	2,498
Less: accumulated amortisation and impairment	2,498
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	729	1,798
Taxation and payroll deductions	454	580
Creditors	941	425
Accrued Expenditure	6,884	9,235
	9,008	12,038
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	1,183	2,378
	1,183	2,378

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - registration fees	90,487	84,001
	90,487	84,001

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	4,502	4,513
	4,502	4,513
Non-current		
Lease liabilities (see Note 14)	22,599	31,016
	22,599	31,016

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	5,252	5,252
Total non-current provisions	5,252	5,252
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	5,252	5,252
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	5,252	5,252

Recognition and Measurement

Provision for make good

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

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

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	103,135	52,708
Depreciation and amortisation expense	(4,265)	(5,957)
(Increase) / decrease in unearned revenue	-	81,657
Increase / (decrease) in prepayments and other assets	(631)	(2,024)
Decrease / (increase) in payables	3,030	2,654
Decrease / (increase) in contract liabilities	(6,486)	(84,001)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(435)	(5,701)
Net result	94,348	39,336

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	491,449	393,554
Receivables (Note 12) ¹	Amortised cost	244	327
Total financial assets		491,693	393,881
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	27,101	35,529
Payables (Note 16) ²	Financial liabilities measured at amortised cost	8,554	11,458
Total financial liabilities		35,655	46,987

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	244	-	-	-	-	244
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	317	-	10	-	-	327
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	8,554	-	-	8,554	8,554	-	-
Borrowings:							
- Lease liabilities	28,668	-	-	28,668	5,002	21,247	2,419
	37,222	-	-	37,222	13,556	21,247	2,419
2020							
Payables:							
- Creditors ²	11,458	-	-	11,458	11,458	-	-
Borrowings:							
- Lease liabilities ³	38,011	-	-	38,011	5,183	23,426	9,403
	49,469	-	-	49,469	16,641	23,426	9,403

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Osteopathy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(4,643)	4,643	(3,580)	3,580
Equity	(4,643)	4,643	(3,580)	3,580

Osteopathy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

During the financial year, Osteopathy Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$16,500 (2020: \$15,523) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Paramedicine
Council**
of NSW

Paramedicine Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Paramedicine Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Paramedicine Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Paramedicine Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018* :

1. The financial statements of the Paramedicine Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Paramedicine Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Alan Morrison ASM

President

15 October 2021



Mr Peter Lang

Deputy President

15 October 2021

Paramedicine Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	200,223	175,609
Other operating expenses	3	135,894	153,641
Depreciation and amortisation	4	10,987	15,842
Finance costs	5	1,476	2,162
Total expenses excluding losses		348,580	347,254
Revenue			
Acceptance by the Crown of personnel services	9	2,179	15,225
Registration fees	7	687,925	629,180
Investment revenue	8	1,428	4,100
Total revenue		691,532	648,505
Operating result		342,952	301,251
Other gains / (losses)	10	(1,243)	(16,288)
Net result		341,709	284,963
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		341,709	284,963

The accompanying notes form part of these financial statements.

Paramedicine Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,136,896	781,712
Receivables	12	2,262	4,359
Total current assets		1,139,158	786,071
Non-current assets			
Property, plant & equipment			
- Plant and equipment		2,084	2,333
- Leasehold improvements		1,756	884
Total property, plant & equipment	13	3,840	3,217
Right-of-use assets	14	59,927	81,890
Total non-current assets		63,767	85,107
Total assets		1,202,925	871,178
LIABILITIES			
Current liabilities			
Payables	15	15,537	33,407
Contract liabilities	16	296,259	264,271
Lease liabilities	17	12,863	12,895
Total current liabilities		324,659	310,573
Non-current liabilities			
Lease liabilities	17	64,568	88,616
Total non-current liabilities		64,568	88,616
Total liabilities		389,227	399,189
Net assets		813,698	471,989
EQUITY			
Accumulated funds		813,698	471,989
Total Equity		813,698	471,989

The accompanying notes form part of these financial statements.

Paramedicine Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	471,989
Net result for the year	341,709
Balance at 30 June 2021	813,698

	Accumulated Funds \$
Balance at 1 July 2019	187,026
Net result for the year	284,963
Balance at 30 June 2020	471,989

The accompanying notes form part of these financial statements.

Paramedicine Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(197,738)	(158,897)
Other		(152,277)	(147,238)
Finance costs		(1,476)	(2,162)
Total payments		(351,491)	(308,297)
Receipts			
Registration fees		720,217	645,767
Interest received		1,428	4,100
Other		-	12,646
Total receipts		721,645	662,513
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	370,154	354,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,642)	(1,657)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,642)	(1,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(13,328)	(11,949)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(13,328)	(11,949)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		355,184	340,610
Opening cash and cash equivalents	11	781,712	441,102
CLOSING CASH AND CASH EQUIVALENTS	11	1,136,896	781,712

The accompanying notes form part of these financial statements.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Paramedicine 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 of 2009 (the Law)*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	171,038	134,840
Superannuation - defined benefit plans	-	125
Superannuation - defined contribution plans	15,635	12,315
Long service leave	2,464	17,049
Redundancies	-	1,920
Workers' compensation insurance	407	664
Payroll taxes	10,679	8,696
	200,223	175,609

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	21	5
Consultancies	49	183
Contractors	22,056	37,702
Domestic supplies and services	647	824
Food supplies	319	1,821
Fuel, light and power	329	456
Health assessments	48,029	45,800
Information management expenses	14,107	29,917
Insurance	13	7
Maintenance (see Note 3 (b))	6,277	5,755
Motor vehicle expenses	10	16
Postal and telephone costs	653	1,008
Printing and stationery	207	578
Staff and Council related costs	294	728
Travel related costs	578	5,241
Sitting Fees	31,240	11,929
Council Fees	4,929	6,126
Other (see Note 3 (a))	6,136	5,545
	135,894	153,641

	2021	2020
	\$	\$
(a) Other		
Courier and freight	8	16
Legal services	52	-
Membership/professional fees	47	28
Security services	39	20
Auditor's Remuneration	5,756	5,304
General administration expenses	234	177
	6,136	5,545

(b) Reconciliation of total maintenance		
Maintenance contracts	429	479
New / replacement equipment under \$5,000	1,986	1,314
Repairs maintenance / non contract	3,862	3,962
	6,277	5,755

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	275	125
Depreciation - plant and equipment	744	435
Depreciation - right-of-use buildings	9,968	15,282
	10,987	15,842

Refer to Note 13 Property, plant and equipment and Note 14 Leases for recognition and measurement policies on depreciation.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	1,476	2,162
	1,476	2,162

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	687,925	629,180
	687,925	629,180

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 16 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021 \$	2020 \$
Interest	1,428	4,100
	1,428	4,100

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	125
Long service leave provision	2,179	15,099
	2,179	15,224

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(1,243)	(16,288)
	(1,243)	(16,288)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank - held by HPCA*	1,136,896	781,712
	1,136,896	781,712

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	1,136,896	781,712
Closing cash and cash equivalents (per Statement of Cash Flows)	1,136,896	781,712

Refer to Note 21 for details regarding credit risk and market risk arising from financial instruments.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	18	285
Goods and Services Tax	1,167	2,845
Prepayments	1,077	1,229
	2,262	4,359

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 21.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Paramedicine Council of New South Wales**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2021

13. Property, plant and equipment**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,189	-	973	2,162
Less: accumulated depreciation and impairment	42	-	-	42
Net carrying amount	1,147	-	973	2,120
Year ended 30 June 2020				
Net carrying amount at beginning of year	1,147	-	973	2,120
Movements in WIP	-	973	(973)	-
Additions	1,621	36	-	1,657
Depreciation expense	(435)	(125)	-	(560)
Net carrying amount at end of year	2,333	884	-	3,217
At 1 July 2020 - fair value				
Gross carrying amount	2,810	36	-	2,846
Movements in WIP	-	973	-	973
Less: accumulated depreciation and impairment	477	125	-	602
Net carrying amount	2,333	884	-	3,217
Year ended 30 June 2021				
Net carrying amount at beginning of year	2,333	884	-	3,217
Additions	495	1,147	-	1,642
Depreciation expense	(744)	(276)	-	(1,020)
Net carrying amount at end of year	2,084	1,755	-	3,839
At 30 June 2021 - fair value				
Gross carrying amount	3,305	2,156	-	5,461
Less: accumulated depreciation and impairment	1,221	400	-	1,621
Net carrying amount	2,084	1,756	-	3,840

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement**Acquisition of property, plant and equipment**

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	81,890	81,890
Reassessments *	(10,752)	(10,752)
Depreciation expense	(9,968)	(9,968)
Impairment losses (recognised in 'Other gains / (losses)')	(1,243)	(1,243)
Balance at 30 June 2021	59,927	59,927
Balance at 1 July 2019	113,460	113,460
Depreciation expense	(15,282)	(15,282)
Impairment losses (recognised in 'Other gains / (losses)')	(16,288)	(16,288)
Balance at 30 June 2020	81,890	81,890

*In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	101,511	113,460
Interest expenses	1,476	2,162
Payments	(14,804)	(14,111)
Other adjustments*	(10,752)	-
Balance at 30 June	77,431	101,511

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	9,968	15,282
Interest expense on lease liabilities	1,476	2,162
Impairment losses on right-of-use assets	1,243	16,288
Total amount recognised in the statement of comprehensive income	12,687	33,732

The Council had total cash outflows for leases of \$14,804 for the year ended 30 June 2021 (2020: \$14,111).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 17.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	4,702	4,890
Taxation and payroll deductions	1,262	768
Creditors	1,587	6,881
Accrued Expenditure	7,986	20,868
	15,537	33,407
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	5,964	5,658
	5,964	5,658

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 21.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - registration fees	296,259	264,271
	296,259	264,271

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	12,863	12,895
	12,863	12,895
Non-current		
Lease liabilities (see Note 14)	64,568	88,616
	64,568	88,616

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 21.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

19. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	370,154	354,216
Depreciation and amortisation expense	(10,987)	(15,842)
(Increase) / decrease in unearned revenue	-	247,686
Increase / (decrease) in prepayments and other assets	(2,097)	(952)
Decrease / (increase) in payables	17,870	(19,586)
Decrease / (increase) in contract liabilities	(31,988)	(264,271)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(1,243)	(16,288)
Net result	341,709	284,963

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	1,136,896	781,712
Receivables (Note 12) ¹	Amortised cost	18	285
Total financial assets		1,136,914	781,997
Financial liabilities			
Lease Liabilities (Note 17)	Financial liabilities measured at amortised cost	77,431	101,511
Payables (Note 15) ²	Financial liabilities measured at amortised cost	14,275	32,639
Total financial liabilities		91,706	134,150

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	18	-	-	-	-	18
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	256	-	29	-	-	285
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	14,275	-	-	14,275	14,275	-	-
Borrowings:							
- Lease liabilities	81,908	-	-	81,908	14,291	60,707	6,910
	96,183	-	-	96,183	28,566	60,707	6,910
2020							
Payables:							
- Creditors ²	32,639	-	-	32,639	32,639	-	-
Borrowings:							
- Lease liabilities ³	108,604	-	-	108,604	14,809	66,931	26,864
	141,243	-	-	141,243	47,448	66,931	26,864

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(10,595)	10,595	(6,802)	6,802
Equity	(10,595)	10,595	(6,802)	6,802

Paramedicine Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Related party transactions

During the financial year, Paramedicine Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$13,323 (2020: \$10,387) for these services.

23. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Pharmacy Council
of New South Wales**

Protecting the public
Regulating pharmacists and pharmacies

Pharmacy Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Pharmacy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Pharmacy Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

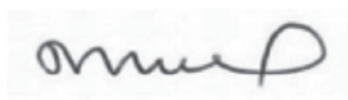
Pharmacy Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Pharmacy Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Pharmacy Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dr Joyce Cooper
President
15 October 2021



Ms Veronica Murdoch
Deputy President
15 October 2021

Pharmacy Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	2,182,805	2,087,724
Other operating expenses	3	1,890,503	1,809,450
Depreciation and amortisation	4	133,287	189,253
Education and research	5	5,000	7,440
Finance costs	6	25,206	21,853
Total expenses excluding losses		4,236,801	4,115,720
Revenue			
Acceptance by the Crown of personnel services	11	(25,443)	65,678
Registration fees	8	5,131,742	3,635,824
Investment revenue	9	7,112	30,144
Grants and other contributions	10	41,422	9,487
Other income		96,025	11,000
Total revenue		5,250,858	3,752,133
Operating result		1,014,057	(363,587)
Other gains / (losses)	12	(12,564)	(164,609)
Net result		1,001,493	(528,196)
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		1,001,493	(528,196)

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	5,622,427	4,708,576
Receivables	14	91,487	46,054
Total current assets		5,713,914	4,754,630
Non-current assets			
Property, plant & equipment			
- Plant and equipment		41,282	57,328
- Leasehold improvements		61,776	62,779
Total property, plant & equipment	15	103,058	120,107
Right-of-use assets	16	606,939	827,606
Intangible assets	17	-	201
Total non-current assets		709,997	947,914
Total assets		6,423,911	5,702,544
LIABILITIES			
Current liabilities			
Payables	18	270,868	291,817
Contract liabilities	19	2,081,686	2,097,504
Lease liabilities	20	129,999	130,315
Total current liabilities		2,482,553	2,519,636
Non-current liabilities			
Lease liabilities	20	652,536	895,579
Provisions	21	92,893	92,893
Total non-current liabilities		745,429	988,472
Total liabilities		3,227,982	3,508,108
Net assets		3,195,929	2,194,436
EQUITY			
Accumulated funds		3,195,929	2,194,436
Total Equity		3,195,929	2,194,436

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	2,194,436
Net result for the year	1,001,493
Balance at 30 June 2021	3,195,929

	Accumulated Funds \$
Balance at 1 July 2019	2,722,632
Net result for the year	(528,196)
Balance at 30 June 2020	2,194,436

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(2,213,873)	(2,008,517)
Other		(1,891,513)	(1,844,084)
Education and research		(5,000)	(7,905)
Finance costs		(25,206)	(21,853)
Total payments		(4,135,592)	(3,882,359)
Receipts			
Registration fees		5,156,999	4,167,437
Interest received		7,112	30,144
Grants and other contributions		-	50,909
Other		36,625	146,790
Total receipts		5,200,736	4,395,280
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	1,065,144	512,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(16,596)	(17,123)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(16,596)	(17,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(134,697)	(120,761)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(134,697)	(120,761)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		913,851	375,037
Opening cash and cash equivalents	13	4,708,576	4,333,539
CLOSING CASH AND CASH EQUIVALENTS	13	5,622,427	4,708,576

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Pharmacy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	1,900,893	1,704,605
Superannuation - defined benefit plans	-	1,263
Superannuation - defined contribution plans	178,577	156,855
Long service leave*	(27,552)	67,821
Redundancies	-	19,476
Workers' compensation insurance	5,184	6,734
Payroll taxes	125,703	130,970
	2,182,805	2,087,724

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	271	48
Consultancies	627	1,860
Contractors	313,128	414,958
Domestic supplies and services	8,212	8,456
Food supplies	3,258	12,563
Fuel, light and power	4,086	4,605
Health assessments	31,450	39,080
Information management expenses	214,169	333,862
Insurance	2,046	1,389
Maintenance (see Note 3 (b))	78,698	57,878
Motor vehicle expenses	8,952	10,752
Postal and telephone costs	8,464	9,739
Printing and stationery	3,138	7,358
Staff and Council related costs	2,717	5,921
Travel related costs	20,186	49,590
Sitting Fees	297,503	255,773
NSW Civil & Administrative Tribunal Variable Costs	292,960	141,323
NSW Civil & Administrative Tribunal Fixed Costs	65,599	65,679
Council Fees	190,723	194,548
Other (see Note 3 (a))	344,316	194,068
	1,890,503	1,809,450

	2021 \$	2020 \$
(a) Other		
Courier and freight	123	547
Legal services	173,709	148,832
Membership/professional fees	999	283
Security services	499	202
Auditor's Remuneration	20,164	18,145
General administration expenses	24,245	26,059
Refund to practitioners	124,577	-
	344,316	194,068

(b) Reconciliation of total maintenance		
Maintenance contracts	5,425	4,845
New / replacement equipment under \$5,000	24,602	13,028
Repairs maintenance / non contract	48,671	40,005
	78,698	57,878

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

Identified amounts of \$124,577 have been refunded and recorded under Other expenses in FY2020-21. The refund process has been completed for the Council as at 30 June 2021.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	10,892	9,518
Depreciation - plant and equipment	21,052	24,955
Depreciation - right-of-use buildings	101,142	154,439
Amortisation - intangible assets	201	341
	133,287	189,253

Refer to Note 15 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

5. Education and research

	2021	2020
	\$	\$
Education and research	5,000	7,440
	5,000	7,440

Recognition and Measurement

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

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

6. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	14,915	21,853
Other interest charges	10,291	-
	25,206	21,853

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

7. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Registration fees

	2021	2020
	\$	\$
Registration fees	5,131,742	3,635,824
	5,131,742	3,635,824

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Investment revenue

	2021 \$	2020 \$
Interest	7,112	30,144
	7,112	30,144

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

10. Grants and other contributions

	2021 \$	2020 \$
Grants with sufficiently specific performance obligations	41,422	9,487
	41,422	9,487

Recognition and Measurement

Grants and other contributions

Revenue from grants with sufficiently specific performance obligations is recognised when the Council satisfies a performance obligation by transferring the promised goods or services.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 19 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Council obtains control over the granted assets (e.g. cash).

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

11. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	1,263
Long service leave provision*	(25,443)	64,415
	(25,443)	65,678

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(12,564)	(164,609)
	(12,564)	(164,609)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	93,203	93,061
Cash at bank - held by HPCA*	5,529,224	4,615,515
	5,622,427	4,708,576

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 9 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	5,622,427	4,708,576
Closing cash and cash equivalents (per Statement of Cash Flows)	5,622,427	4,708,576

The Council operates the bank accounts shown below:

Education and Research Account**	93,203	93,061
	93,203	93,061

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

Refer to Note 25 for details regarding credit risk and market risk arising from financial instruments.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

14. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	60,925	1,207
Goods and Services Tax	16,852	32,386
Prepayments	13,710	12,461
	91,487	46,054

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

15. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	97,862	166,912	19,701	284,475
Less: accumulated depreciation and impairment	31,970	115,049	-	147,019
Net carrying amount	65,892	51,863	19,701	137,456
Year ended 30 June 2020				
Net carrying amount at beginning of year	65,892	51,863	19,701	137,456
Movements in WIP	-	19,701	(19,701)	-
Additions	16,391	733	-	17,124
Depreciation expense	(24,955)	(9,518)	-	(34,473)
Net carrying amount at end of year	57,328	62,779	-	120,107
At 1 July 2020 - fair value				
Gross carrying amount	114,252	167,644	-	281,896
Movements in WIP	-	19,701	-	19,701
Less: accumulated depreciation and impairment	56,924	124,566	-	181,490
Net carrying amount	57,328	62,779	-	120,107
Year ended 30 June 2021				
Net carrying amount at beginning of year	57,328	62,779	-	120,107
Additions	5,006	11,590	-	16,596
Depreciation expense	(21,052)	(10,892)	-	(31,944)
Reclassification to right-of-use assets*	-	(1,701)	-	(1,701)
Net carrying amount at end of year	41,282	61,776	-	103,058
At 30 June 2021 - fair value				
Gross carrying amount	119,257	106,065	-	225,322
Less: accumulated depreciation and impairment	77,975	44,289	-	122,264
Net carrying amount	41,282	61,776	-	103,058

*In FY2020-21, \$1,701 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 16.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

16. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	827,606	827,606
Reassessments ¹	(108,662)	(108,662)
Depreciation expense	(101,142)	(101,142)
Impairment losses (recognised in 'Other gains / (losses)')	(12,564)	(12,564)
Reclassification from leasehold improvements ²	1,701	1,701
Balance at 30 June 2021	606,939	606,939
Balance at 1 July 2019	1,146,654	1,146,654
Depreciation expense	(154,439)	(154,439)
Impairment losses (recognised in 'Other gains / (losses)')	(164,609)	(164,609)
Balance at 30 June 2020	827,606	827,606

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$1,701 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

16. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	1,025,894	1,146,654
Interest expenses	14,915	21,853
Payments	(149,612)	(142,613)
Other adjustments*	(108,662)	-
Balance at 30 June	782,535	1,025,894

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	101,142	154,439
Interest expense on lease liabilities	14,915	21,853
Impairment losses on right-of-use assets	12,564	164,609
Total amount recognised in the statement of comprehensive income	128,621	340,901

The Council had total cash outflows for leases of \$149,612 for the year ended 30 June 2021 (2020: \$142,613).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	229,378
Less: accumulated amortisation and impairment	228,836
Net carrying amount	542
Year ended 30 June 2020	
Net carrying amount at beginning of year	542
Amortisation (recognised in depreciation and amortisation)	(341)
Net carrying amount at end of year	201
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	229,378
Less: accumulated amortisation and impairment	229,177
Net carrying amount	201
Year ended 30 June 2021	
Net carrying amount at beginning of year	201
Amortisation (recognised in depreciation and amortisation)	(201)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	220,639
Less: accumulated amortisation and impairment	220,639
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	42,450	46,385
Taxation and payroll deductions	9,729	11,419
Creditors	13,326	12,305
Accrued Expenditure	205,363	221,708
	270,868	291,817
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	52,179	57,804
	52,179	57,804

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 25.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	2,081,686	2,056,082
Contract liabilities - grants	-	41,422
	2,081,686	2,097,504

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees and grants. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

20. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 16)	129,999	130,315
	129,999	130,315
Non-current		
Lease liabilities (see Note 16)	652,536	895,579
	652,536	895,579

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

Recognition and Measurement

Refer to Note 16 Leases for recognition and measurement policies on lease liabilities.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	92,893	92,893
Total non-current provisions	92,893	92,893
Movements in provisions		
Movements in make good provision during the financial year are set out below:		
Carrying amount at beginning of period	92,893	92,893
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	92,893	92,893

Recognition and Measurement

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

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

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

22. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

23. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	1,065,144	512,921
Depreciation and amortisation expense	(133,287)	(189,253)
(Increase) / decrease in unearned revenue	-	1,524,498
Increase / (decrease) in prepayments and other assets	45,433	(5,901)
Decrease / (increase) in payables	20,949	(108,348)
Decrease / (increase) in contract liabilities	15,818	(2,097,504)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(12,564)	(164,609)
Net result	1,001,493	(528,196)

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

25. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 13)	Amortised cost	5,622,427	4,708,576
Receivables (Note 14) ¹	Amortised cost	60,925	1,207
Total financial assets		5,683,352	4,709,783
Financial liabilities			
Lease Liabilities (Note 20)	Financial liabilities measured at amortised cost	782,535	1,025,894
Payables (Note 18) ²	Financial liabilities measured at amortised cost	261,139	280,398
Total financial liabilities		1,043,674	1,306,292

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

25. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying	60,925	-	-	-	-	60,925
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying	915	-	292	-	-	1,207
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

25. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	261,139	-	-	261,139	261,139	-	-
Borrowings:							
- Lease liabilities	827,786	-	-	827,786	144,428	613,520	69,838
	1,088,925	-	-	1,088,925	405,567	613,520	69,838
2020							
Payables:							
- Creditors ²	280,398	-	-	280,398	280,398	-	-
Borrowings:							
- Lease liabilities ³	1,097,579	-	-	1,097,579	149,660	676,421	271,498
	1,377,977	-	-	1,377,977	430,058	676,421	271,498

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Pharmacy Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

25. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(48,399)	48,399	(36,827)	36,827
Equity	(48,399)	48,399	(36,827)	36,827

Pharmacy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Related party transactions

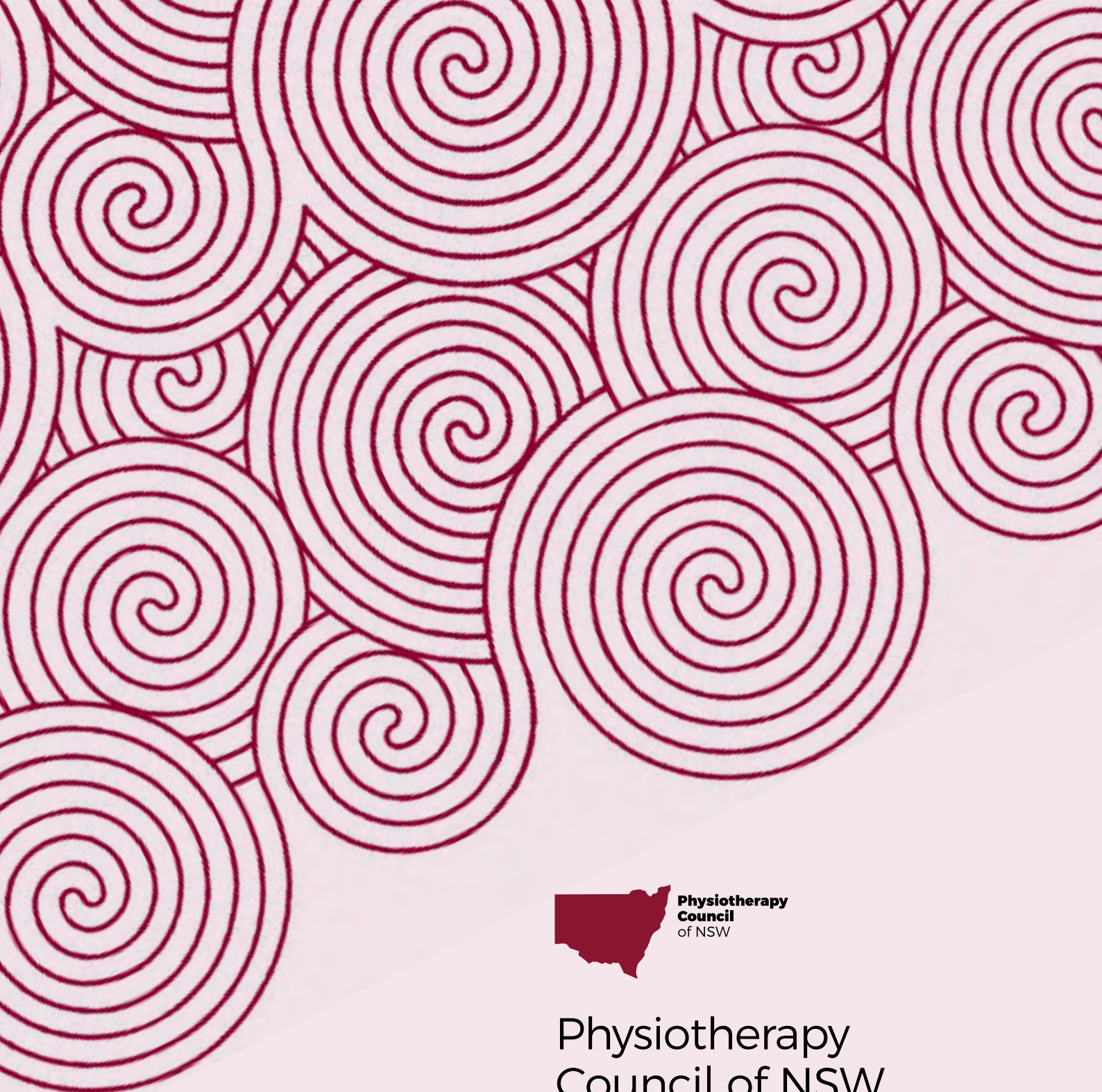
During the financial year, Pharmacy Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$342,467 (2020: \$350,370) for these services.

27. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Physiotherapy
Council**
of NSW

Physiotherapy Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Physiotherapy Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Physiotherapy Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Physiotherapy Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Physiotherapy Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Physiotherapy Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Ms Elizabeth Ward
President
15 October 2021



Mr Toni Andary
Deputy President
15 October 2021

Physiotherapy Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	270,351	252,364
Other operating expenses	3	186,570	203,550
Depreciation and amortisation	4	13,678	19,289
Finance costs	5	1,794	2,500
Total expenses excluding losses		472,393	477,703
Revenue			
Acceptance by the Crown of personnel services	9	(2,642)	17,759
Registration fees	7	497,903	550,116
Investment revenue	8	3,308	14,432
Total revenue		498,569	582,307
Operating result		26,176	104,604
Other gains / (losses)	10	(1,437)	(18,833)
Net result		24,739	85,771
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		24,739	85,771

The accompanying notes form part of these financial statements.

Physiotherapy Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	2,160,651	2,105,961
Receivables	12	3,906	6,847
Total current assets		2,164,557	2,112,808
Non-current assets			
Property, plant & equipment			
- Plant and equipment		3,100	3,750
- Leasehold improvements		4,927	4,683
Total property, plant & equipment	13	8,027	8,433
Right-of-use assets	14	69,468	94,686
Intangible assets	15	-	24
Total non-current assets		77,495	103,143
Total assets		2,242,052	2,215,951
LIABILITIES			
Current liabilities			
Payables	16	38,485	27,658
Contract liabilities	17	213,611	195,233
Lease liabilities	18	14,873	14,909
Total current liabilities		266,969	237,800
Non-current liabilities			
Lease liabilities	18	74,656	102,463
Provisions	19	12,614	12,614
Total non-current liabilities		87,270	115,077
Total liabilities		354,239	352,877
Net assets		1,887,813	1,863,074
EQUITY			
Accumulated funds		1,887,813	1,863,074
Total Equity		1,887,813	1,863,074

The accompanying notes form part of these financial statements.

Physiotherapy Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	1,863,074
Net result for the year	24,739
Balance at 30 June 2021	1,887,813

	Accumulated Funds \$
Balance at 1 July 2019	1,777,303
Net result for the year	85,771
Balance at 30 June 2020	1,863,074

The accompanying notes form part of these financial statements.

Physiotherapy Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(273,570)	(241,846)
Other		(174,050)	(223,644)
Finance costs		(1,794)	(2,500)
Total payments		(449,414)	(467,990)
Receipts			
Registration fees		518,106	485,022
Interest received		3,308	14,432
Other		-	14,721
Total receipts		521,414	514,175
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	72,000	46,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,899)	(1,950)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,899)	(1,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(15,411)	(13,816)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(15,411)	(13,816)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		54,690	30,419
Opening cash and cash equivalents	11	2,105,961	2,075,542
CLOSING CASH AND CASH EQUIVALENTS	11	2,160,651	2,105,961

The accompanying notes form part of these financial statements.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Physiotherapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	236,224	196,310
Superannuation - defined benefit plans	-	145
Superannuation - defined contribution plans	21,468	18,012
Long service leave*	(3,048)	19,595
Redundancies	-	2,236
Workers' compensation insurance	630	773
Payroll taxes	15,077	15,293
	270,351	252,364

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	33	6
Consultancies	76	214
Contractors	32,110	51,115
Domestic supplies and services	1,003	900
Food supplies	557	1,913
Fuel, light and power	496	527
Health assessments	12,952	12,130
Information management expenses	21,291	35,858
Insurance	20	8
Maintenance (see Note 3 (b))	9,584	6,630
Motor vehicle expenses	15	18
Postal and telephone costs	1,011	1,235
Printing and stationery	535	806
Staff and Council related costs	1,219	2,007
Travel related costs	379	8,063
Sitting Fees	25,212	14,937
NSW Civil & Administrative Tribunal Variable Costs	21,989	15,201
NSW Civil & Administrative Tribunal Fixed Costs	7,152	9,468
Council Fees	39,602	31,909
Other (see Note 3 (a))	11,334	10,605
	186,570	203,550

	2021	2020
	\$	\$
(a) Other		
Courier and freight	11	11
Legal services	80	-
Membership/professional fees	73	33
Security services	61	23
Auditor's Remuneration	6,880	6,371
General administration expenses	2,760	4,167
Refund to practitioners	1,469	-
	11,334	10,605

(b) Reconciliation of total maintenance		
Maintenance contracts	662	554
New / replacement equipment under \$5,000	2,969	1,498
Repairs maintenance / non contract	5,953	4,578
	9,584	6,630

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Refund to practitioners

The Council previously recovered costs associated with certain regulatory activities from practitioners, recognising amounts as Other Income. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and all reasonable steps have been taken to identify such transactions and return the money to the practitioners during FY2020-21.

Identified amounts of \$1,469 have been refunded and recorded under Other expenses in FY2020-21. The refund process has been completed for the Council as at 30 June 2021.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	851	703
Depreciation - plant and equipment	1,223	874
Depreciation - right-of-use buildings	11,580	17,669
Amortisation - intangible assets	24	43
	13,678	19,289

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	1,706	2,500
Other interest charges	88	-
	1,794	2,500

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the NSW Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	497,903	550,116
	497,903	550,116

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Investment revenue

	2021 \$	2020 \$
Interest	3,308	14,432
	3,308	14,432

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	145
Long service leave provision*	(2,642)	17,614
	(2,642)	17,759

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(1,437)	(18,833)
	(1,437)	(18,833)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	172,457	172,195
Cash at bank - held by HPCA*	1,988,194	1,933,766
	2,160,651	2,105,961

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	2,160,651	2,105,961
Closing cash and cash equivalents (per Statement of Cash Flows)	2,160,651	2,105,961

The Council operates the bank accounts shown below:

Education and Research Account**	172,457	172,195
	172,457	172,195

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	532	2,361
Goods and Services Tax	1,709	3,055
Prepayments	1,665	1,431
	3,906	6,847

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	3,338	17,255	1,956	22,549
Less: accumulated depreciation and impairment	591	13,898	-	14,489
Net carrying amount	2,747	3,357	1,956	8,060
Year ended 30 June 2020				
Net carrying amount at beginning of year	2,747	3,357	1,956	8,060
Movements in WIP	-	1,956	(1,956)	-
Additions	1,877	73	-	1,950
Depreciation expense	(874)	(703)	-	(1,577)
Net carrying amount at end of year	3,750	4,683	-	8,433
At 1 July 2020 - fair value				
Gross carrying amount	5,215	17,328	-	22,543
Movements in WIP	-	1,956	-	1,956
Less: accumulated depreciation and impairment	1,465	14,601	-	16,066
Net carrying amount	3,750	4,683	-	8,433
Year ended 30 June 2021				
Net carrying amount at beginning of year	3,750	4,683	-	8,433
Additions	573	1,326	-	1,899
Depreciation expense	(1,223)	(851)	-	(2,074)
Reclassification to right-of-use assets*	-	(231)	-	(231)
Net carrying amount at end of year	3,100	4,927	-	8,027
At 30 June 2021 - fair value				
Gross carrying amount	5,787	8,020	-	13,807
Less: accumulated depreciation and impairment	2,687	3,093	-	5,780
Net carrying amount	3,100	4,927	-	8,027

*In FY2020-21, \$231 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	94,686	94,686
Reassessments ¹	(12,432)	(12,432)
Depreciation expense	(11,580)	(11,580)
Impairment losses (recognised in 'Other gains / (losses)')	(1,437)	(1,437)
Reclassification from leasehold improvements ²	231	231
Balance at 30 June 2021	69,468	69,468
Balance at 1 July 2019	131,188	131,188
Depreciation expense	(17,669)	(17,669)
Impairment losses (recognised in 'Other gains / (losses)')	(18,833)	(18,833)
Balance at 30 June 2020	94,686	94,686

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$231 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	117,372	131,188
Interest expenses	1,706	2,500
Payments	(17,117)	(16,316)
Other adjustments*	(12,432)	-
Balance at 30 June	89,529	117,372

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	11,580	17,669
Interest expense on lease liabilities	1,706	2,500
Impairment losses on right-of-use assets	1,437	18,833
Total amount recognised in the statement of comprehensive income	14,723	39,002

The Council had total cash outflows for leases of \$17,117 for the year ended 30 June 2021 (2020: \$16,316).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	7,442
Less: accumulated amortisation and impairment	7,375
Net carrying amount	67
Year ended 30 June 2020	
Net carrying amount at beginning of year	67
Amortisation (recognised in depreciation and amortisation)	(43)
Net carrying amount at end of year	24
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	7,442
Less: accumulated amortisation and impairment	7,418
Net carrying amount	24
Year ended 30 June 2021	
Net carrying amount at beginning of year	24
Amortisation (recognised in depreciation and amortisation)	(24)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	7,271
Less: accumulated amortisation and impairment	7,271
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	5,685	6,196
Taxation and payroll deductions	1,457	1,523
Creditors	6,542	2,898
Accrued Expenditure	24,801	17,041
	38,485	27,658
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	7,142	7,719
	7,142	7,719

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	213,611	195,233
	213,611	195,233

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021 \$	2020 \$
Current		
Lease liabilities (see Note 14)	14,873	14,909
	14,873	14,909
Non-current		
Lease liabilities (see Note 14)	74,656	102,463
	74,656	102,463

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	12,614	12,614
Total non-current provisions	12,614	12,614
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	12,614	12,614
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	12,614	12,614

Recognition and Measurement

Provision for make good

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

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

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	72,000	46,185
Depreciation and amortisation expense	(13,678)	(19,289)
(Increase) / decrease in unearned revenue	-	260,331
Increase / (decrease) in prepayments and other assets	(2,941)	(2,067)
Decrease / (increase) in payables	(10,827)	14,677
Decrease / (increase) in contract liabilities	(18,378)	(195,233)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(1,437)	(18,833)
Net result	24,739	85,771

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	2,160,651	2,105,961
Receivables (Note 12) ¹	Amortised cost	532	2,361
Total financial assets		2,161,183	2,108,322
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	89,529	117,372
Payables (Note 16) ²	Financial liabilities measured at amortised cost	37,028	26,135
Total financial liabilities		126,557	143,507

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying	532	-	-	-	-	532
Expected credit loss	-	-	-	-	-	-
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying	321	-	33	-	2,007	2,361
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹ \$	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	37,028	-	-	37,028	37,028	-	-
Borrowings:							
- Lease liabilities	94,706	-	-	94,706	16,524	70,192	7,990
	131,734	-	-	131,734	53,552	70,192	7,990
2020							
Payables:							
- Creditors ²	26,135	-	-	26,135	26,135	-	-
Borrowings:							
- Lease liabilities ³	125,573	-	-	125,573	17,123	77,389	31,062
	151,708	-	-	151,708	43,258	77,389	31,062

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(20,711)	20,711	(19,886)	19,886
Equity	(20,711)	20,711	(19,886)	19,886

Physiotherapy Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

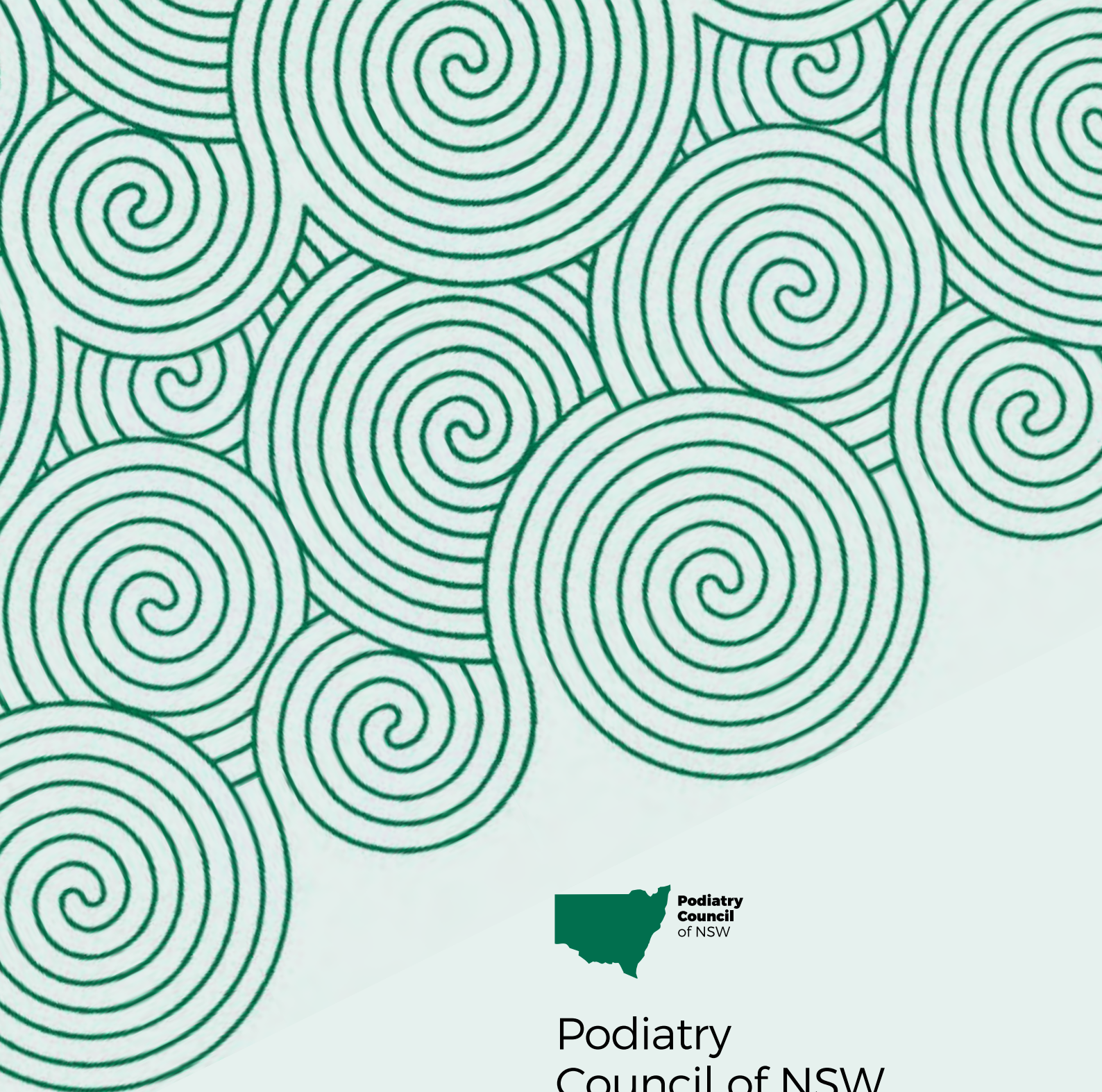
During the financial year, Physiotherapy Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$48,711 (2020: \$42,300) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



**Podiatry
Council**
of NSW

Podiatry Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL



INDEPENDENT AUDITOR'S REPORT

Podiatry Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Podiatry Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Podiatry Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Podiatry Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Podiatry Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Mr Luke Taylor
President
15 October 2021



Dr Kristy Robson
Deputy President
15 October 2021

Podiatry Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	67,132	85,082
Other operating expenses	3	63,152	70,519
Depreciation and amortisation	4	4,023	5,631
Finance costs	5	489	716
Total expenses excluding losses		134,796	161,948
Revenue			
Acceptance by the Crown of personnel services	9	(4,739)	7,976
Registration fees	7	269,858	278,334
Investment revenue	8	1,491	5,802
Total revenue		266,610	292,112
Operating result		131,814	130,164
Other gains / (losses)	10	(412)	(5,395)
Net result		131,402	124,769
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		131,402	124,769

The accompanying notes form part of these financial statements.

Podiatry Council of New South Wales
Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,041,682	909,960
Receivables	12	991	895
Total current assets		1,042,673	910,855
Non-current assets			
Property, plant & equipment			
- Plant and equipment		924	1,128
- Leasehold improvements		1,763	1,823
Total property, plant & equipment	13	2,687	2,951
Right-of-use assets	14	19,951	27,127
Intangible assets	15	-	13
Total non-current assets		22,638	30,091
Total assets		1,065,311	940,946
LIABILITIES			
Current liabilities			
Payables	16	8,188	12,259
Contract liabilities	17	114,148	109,138
Lease liabilities	18	4,261	4,271
Total current liabilities		126,597	125,668
Non-current liabilities			
Lease liabilities	18	21,388	29,354
Provisions	19	7,126	7,126
Total non-current liabilities		28,514	36,480
Total liabilities		155,111	162,148
Net assets		910,200	778,798
EQUITY			
Accumulated funds		910,200	778,798
Total Equity		910,200	778,798

The accompanying notes form part of these financial statements.

Podiatry Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	778,798
Net result for the year	131,402
Balance at 30 June 2021	910,200

	Accumulated Funds \$
Balance at 1 July 2019	654,029
Net result for the year	124,769
Balance at 30 June 2020	778,798

The accompanying notes form part of these financial statements.

Podiatry Council of New South Wales

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(73,421)	(80,665)
Other		(65,798)	(72,115)
Finance costs		(489)	(716)
Total payments		(139,708)	(153,496)
Receipts			
Registration fees		274,898	265,756
Interest received		1,491	5,802
Other		-	5,605
Total receipts		276,389	277,163
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	136,681	123,667
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(544)	(557)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(544)	(557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(4,415)	(3,958)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,415)	(3,958)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		131,722	119,152
Opening cash and cash equivalents	11	909,960	790,808
CLOSING CASH AND CASH EQUIVALENTS	11	1,041,682	909,960

The accompanying notes form part of these financial statements.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Podiatry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*.

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	62,459	64,140
Superannuation - defined benefit plans	-	41
Superannuation - defined contribution plans	5,711	5,896
Long service leave*	(5,459)	8,946
Redundancies	-	634
Workers' compensation insurance	156	219
Payroll taxes	4,265	5,206
	67,132	85,082

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021	2020
	\$	\$
Advertising	8	92
Consultancies	19	61
Contractors	8,229	17,706
Domestic supplies and services	248	268
Food supplies	91	598
Fuel, light and power	124	151
Health assessments	11,794	5,000
Information management expenses	5,336	11,083
Insurance	5	2
Maintenance (see Note 3 (b))	2,384	1,900
Motor vehicle expenses	4	5
Postal and telephone costs	251	328
Printing and stationery	80	191
Staff and Council related costs	158	294
Travel related costs	993	8,539
Sitting Fees	11,691	5,809
NSW Civil & Administrative Tribunal Variable Costs	342	-
Council Fees	12,641	10,634
Other (see Note 3 (a))	8,754	7,858
	63,152	70,519

	2021	2020
	\$	\$
(a) Other		
Courier and freight	3	18
Legal services	20	-
Membership/professional fees	473	9
Security services	15	7
Auditor's Remuneration	6,880	6,367
General administration expenses	1,363	1,457
	8,754	7,858

(b) Reconciliation of total maintenance		
Maintenance contracts	164	159
New / replacement equipment under \$5,000	748	429
Repairs maintenance / non contract	1,472	1,312
	2,384	1,900

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	309	277
Depreciation - plant and equipment	368	270
Depreciation - right-of-use buildings	3,333	5,062
Amortisation - intangible assets	13	22
	4,023	5,631

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

5. Finance costs

	2021	2020
	\$	\$
Interest expense from lease liabilities	489	716
	489	716

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	269,858	278,334
	269,858	278,334

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Investment revenue

	2021 \$	2020 \$
Interest	1,491	5,802
	1,491	5,802

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	41
Long service leave provision*	(4,739)	7,935
	(4,739)	7,976

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021	2020
	\$	\$
Impairment gains/ (losses) on right-of-use assets	(412)	(5,395)
	(412)	(5,395)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	67,270	67,168
Cash at bank - held by HPCA*	974,412	842,792
	1,041,682	909,960

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	1,041,682	909,960
Closing cash and cash equivalents (per Statement of Cash Flows)	1,041,682	909,960

The Council operates the bank accounts shown below:

Education and Research Account**	67,270	67,168
	67,270	67,168

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	34	66
Goods and Services Tax	544	424
Prepayments	413	405
	991	895

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	1,160	9,250	534	10,944
Less: accumulated depreciation and impairment	299	7,704	-	8,003
Net carrying amount	861	1,546	534	2,941
Year ended 30 June 2020				
Net carrying amount at beginning of year	861	1,546	534	2,941
Movements in WIP	-	534	(534)	-
Additions	537	20	-	557
Depreciation expense	(270)	(277)	-	(547)
Net carrying amount at end of year	1,128	1,823	-	2,951
At 1 July 2020 - fair value				
Gross carrying amount	1,697	9,270	-	10,967
Movements in WIP	-	534	-	534
Less: accumulated depreciation and impairment	569	7,981	-	8,550
Net carrying amount	1,128	1,823	-	2,951
Year ended 30 June 2021				
Net carrying amount at beginning of year	1,128	1,823	-	2,951
Additions	164	380	-	544
Depreciation expense	(368)	(309)	-	(677)
Reclassification to right-of-use assets*	-	(131)	-	(131)
Net carrying amount at end of year	924	1,763	-	2,687
At 30 June 2021 - fair value				
Gross carrying amount	1,861	3,044	-	4,905
Less: accumulated depreciation and impairment	937	1,281	-	2,218
Net carrying amount	924	1,763	-	2,687

*In FY2020-21, \$131 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	27,127	27,127
Reassessments ¹	(3,562)	(3,562)
Depreciation expense	(3,333)	(3,333)
Impairment losses (recognised in 'Other gains / (losses)')	(412)	(412)
Reclassification from leasehold improvements ²	131	131
Balance at 30 June 2021	19,951	19,951
Balance at 1 July 2019	37,584	37,584
Depreciation expense	(5,062)	(5,062)
Impairment losses (recognised in 'Other gains / (losses)')	(5,395)	(5,395)
Balance at 30 June 2020	27,127	27,127

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$131 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021 \$	2020 \$
Balance at 1 July	33,626	37,584
Interest expenses	489	716
Payments	(4,904)	(4,674)
Other adjustments*	(3,562)	-
Balance at 30 June	25,649	33,626

* In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021 \$	2020 \$
Depreciation expense of right-of-use assets	3,333	5,062
Interest expense on lease liabilities	489	716
Impairment losses on right-of-use assets	412	5,395
Total amount recognised in the statement of comprehensive income	4,234	11,173

The Council had total cash outflows for leases of \$4,904 for the year ended 30 June 2021 (2020: \$4,674).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	1,042
Less: accumulated amortisation and impairment	1,007
Net carrying amount	35
Year ended 30 June 2020	
Net carrying amount at beginning of year	35
Amortisation (recognised in depreciation and amortisation)	(22)
Net carrying amount at end of year	13
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	1,042
Less: accumulated amortisation and impairment	1,029
Net carrying amount	13
Year ended 30 June 2021	
Net carrying amount at beginning of year	13
Amortisation (recognised in depreciation and amortisation)	(13)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	954
Less: accumulated amortisation and impairment	954
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	897	2,368
Taxation and payroll deductions	409	488
Creditors	2,094	427
Accrued Expenditure	4,788	8,976
	8,188	12,259
Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	1,306	2,856
	1,306	2,856

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

17. Contract liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - registration fees	114,148	109,138
	114,148	109,138

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	4,261	4,271
	4,261	4,271
Non-current		
Lease liabilities (see Note 14)	21,388	29,354
	21,388	29,354

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	7,126	7,126
Total non-current provisions	7,126	7,126
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	7,126	7,126
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	7,126	7,126

Recognition and Measurement

Provision for make good

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

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

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	136,681	123,667
Depreciation and amortisation expense	(4,023)	(5,631)
(Increase) / decrease in unearned revenue	-	121,716
Increase / (decrease) in prepayments and other assets	96	(2,636)
Decrease / (increase) in payables	4,070	2,186
Decrease / (increase) in contract liabilities	(5,010)	(109,138)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(412)	(5,395)
Net result	131,402	124,769

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	1,041,682	909,960
Receivables (Note 12) ¹	Amortised cost	34	66
Total financial assets		1,041,716	910,026
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	25,649	33,625
Payables (Note 16) ²	Financial liabilities measured at amortised cost	7,779	11,771
Total financial liabilities		33,428	45,396

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Podiatry Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	34	-	-	-	-	34
Expected credit loss	-	-	-	-	-	-
30 June 2020	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	56	-	10	-	-	66
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	Interest Rate Exposure			Maturity Dates		
		Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
2021							
Payables:							
- Creditors ²	7,779	-	-	7,779	7,779	-	-
Borrowings:							
- Lease liabilities	27,132	-	-	27,132	4,734	20,109	2,289
	34,911	-	-	34,911	12,513	20,109	2,289
2020							
Payables:							
- Creditors ²	11,771	-	-	11,771	11,771	-	-
Borrowings:							
- Lease liabilities	35,975	-	-	35,975	4,905	22,171	8,899
	47,746	-	-	47,746	16,676	22,171	8,899

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(10,160)	10,160	(8,763)	8,763
Equity	(10,160)	10,160	(8,763)	8,763

Podiatry Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

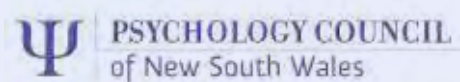
During the financial year, Podiatry Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$17,645 (2020: \$11,278) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS



Psychology Council of NSW

Annual Financial Statements

year ended 30 June 2021

JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS

ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)
CHIROPRACTIC COUNCIL [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)
[PARAMEDICINE COUNCIL](#) PHARMACY COUNCIL [PHYSIOTHERAPY COUNCIL](#) PODIATRY COUNCIL [PSYCHOLOGY COUNCIL](#)



INDEPENDENT AUDITOR'S REPORT

Psychology Council of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Psychology Council of New South Wales (the Council), which comprise the Statement by the Members of the Council, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Council's financial position, financial performance and cash flows.

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

Basis for Opinion

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

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

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

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

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

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

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

The Council's Responsibilities for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The members of the Council's responsibility also include such internal control as the members of the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Council are responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2021
SYDNEY

Psychology Council of New South Wales

Statement by the Members of the Council

for the year ended 30 June 2021

We state, pursuant to Division 7.2 of the *Government Sector Finance Act 2018*:

1. The financial statements of the Psychology Council of New South Wales for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Government Sector Finance Regulation 2018* (GSF Act); and
 - c. NSW Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Psychology Council of New South Wales financial position as at 30 June 2021 and the financial performance and cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Ms Gail Purkis
President
15 October 2021



Clinical Associate Professor Christopher Willcox
Deputy President
15 October 2021

Psychology Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Expenses excluding losses			
Personnel services	2	882,720	864,523
Other operating expenses	3	515,861	623,521
Depreciation and amortisation	4	49,164	68,181
Finance costs	5	5,783	8,474
Total expenses excluding losses		1,453,528	1,564,699
Revenue			
Acceptance by the Crown of personnel services	9	(15,282)	29,572
Registration fees	7	1,674,046	1,704,219
Investment revenue	8	6,052	26,067
Total revenue		1,664,816	1,759,858
Operating result		211,288	195,159
Other gains / (losses)	10	(4,872)	(63,828)
Net result		206,416	131,331
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		206,416	131,331

The accompanying notes form part of these financial statements.

Psychology Council of New South Wales

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	4,052,235	3,823,323
Receivables	12	12,378	16,301
Total current assets		4,064,613	3,839,624
Non-current assets			
Property, plant & equipment			
- Plant and equipment		11,760	14,621
- Leasehold improvements		27,986	29,368
Total property, plant & equipment	13	39,746	43,989
Right-of-use assets	14	235,535	320,909
Intangible assets	15	-	118
Total non-current assets		275,281	365,016
Total assets		4,339,894	4,204,640
LIABILITIES			
Current liabilities			
Payables	16	56,763	69,991
Contract liabilities	17	755,996	719,567
Lease liabilities	18	50,408	50,530
Total current liabilities		863,167	840,088
Non-current liabilities			
Lease liabilities	18	253,024	347,265
Provisions	19	49,667	49,667
Total non-current liabilities		302,691	396,932
Total liabilities		1,165,858	1,237,020
Net assets		3,174,036	2,967,620
EQUITY			
Accumulated funds		3,174,036	2,967,620
Total Equity		3,174,036	2,967,620

The accompanying notes form part of these financial statements.

Psychology Council of New South Wales

Statement of Changes in Equity for the year ended 30 June 2021

	Accumulated Funds \$
Balance at 1 July 2020	2,967,620
Net result for the year	206,416
Balance at 30 June 2021	3,174,036

	Accumulated Funds \$
Balance at 1 July 2019	2,836,289
Net result for the year	131,331
Balance at 30 June 2020	2,967,620

The accompanying notes form part of these financial statements.

Psychology Council of New South Wales
Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Personnel services		(899,923)	(861,783)
Other		(523,464)	(686,177)
Finance costs		(5,783)	(8,474)
Total payments		(1,429,170)	(1,556,434)
Receipts			
Registration fees		1,710,695	1,635,205
Interest received		6,052	26,067
Other		-	51,796
Total receipts		1,716,747	1,713,068
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	287,577	156,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(6,435)	(6,653)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(6,435)	(6,653)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(52,230)	(46,825)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(52,230)	(46,825)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		228,912	103,156
Opening cash and cash equivalents	11	3,823,323	3,720,167
CLOSING CASH AND CASH EQUIVALENTS	11	4,052,235	3,823,323

The accompanying notes form part of these financial statements.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Psychology Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a of 2009*.

These financial statements for the year ended 30 June 2021 have been authorised for issue by the Council on 15 October 2021.

b) Basis of preparation

The Council's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * Applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * The requirements of the *Health Services Act 1997* and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations);
- * NSW Treasurer's Directions issued under the *Government Sector Finance Act 2018*;
- * The requirements of the *Government Sector Finance Act 2018*

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

Despite the impact of COVID-19, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

Judgements, key assumptions and estimations management have 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, which is the Council's presentation and functional currency.

Financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

c) Statement of Compliance

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

d) Accounting for the Goods & 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 an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology. The cost assumptions in the current year remain consistent with the prior year.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

e) Significant accounting judgements, estimates and assumptions (continued)

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

1. Personnel services
2. Other expenses
 - * Building expenses
 - * Contracted labour
 - * Information and communications technology
3. Depreciation and amortisation
4. Finance costs

f) 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.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

g) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * Council applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The adoption of this new accounting standard does not have an impact on the financial statements of the Council.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Council.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The Council has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Council.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

2. Personnel services

	2021 \$	2020 \$
Salaries and wages (including annual leave)	777,695	706,971
Superannuation - defined benefit plans	-	489
Superannuation - defined contribution plans	71,451	64,902
Long service leave*	(17,638)	30,927
Redundancies	-	7,548
Workers' compensation insurance	2,107	2,610
Payroll taxes	49,105	51,076
	882,720	864,523

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Recognition and Measurement

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW)* cannot employ staff, personnel services are acquired from the Ministry of Health.

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 21-03 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services. The Council's Annual Leave provision is assumed by the Ministry of Health and therefore is not shown in Provisions as a leave liability for the Council.

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

The Council accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Personnel Services'.

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

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

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3. Other operating expenses

	2021 \$	2020 \$
Advertising	110	19
Consultancies	255	721
Contractors	104,663	169,187
Domestic supplies and services	3,347	3,220
Food supplies	1,463	3,889
Fuel, light and power	1,659	1,786
Health assessments	65,866	36,040
Information management expenses	71,269	106,685
Insurance	66	27
Maintenance (see Note 3 (b))	31,985	22,440
Motor vehicle expenses	50	62
Postal and telephone costs	3,382	4,221
Printing and stationery	1,085	2,256
Staff and Council related costs	1,241	3,111
Travel related costs	988	7,220
Sitting Fees	86,350	69,078
NSW Civil & Administrative Tribunal Variable Costs	2,880	30,552
NSW Civil & Administrative Tribunal Fixed Costs	26,605	36,095
Council Fees	97,765	97,765
Other (see Note 3 (a))	14,832	29,147
	515,861	623,521

	2021 \$	2020 \$
(a) Other		
Courier and freight	39	99
Legal services	1,134	13,040
Membership/professional fees	244	110
Security services	203	78
Auditor's Remuneration	6,880	6,371
General administration expenses	6,332	9,449
	14,832	29,147
(b) Reconciliation of total maintenance		
Maintenance contracts	2,210	1,879
New / replacement equipment under \$5,000	9,950	5,050
Repairs maintenance / non contract	19,825	15,511
	31,985	22,440

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

3. Other operating expenses (continued)

Recognition and Measurement

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Council. These costs are expensed as incurred.

Maintenance expense

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

Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Depreciation and amortisation

	2021	2020
	\$	\$
Depreciation - leasehold improvements	4,966	4,467
Depreciation - plant and equipment	4,802	3,625
Depreciation - right-of-use buildings	39,278	59,884
Amortisation - intangible assets	118	205
	49,164	68,181

Refer to Note 13 Property, plant and equipment, Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

5. Finance costs

	2021 \$	2020 \$
Interest expense from lease liabilities	5,783	8,474
	5,783	8,474

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the lease liabilities. Finance costs are recognised as expenses in the period in which they are incurred.

6. Expenditure managed on behalf of the Council through the Ministry of Health

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

The Council under section 41C(2) of the *Health Practitioner Regulation National Law (NSW) No 86a of 2009* cannot employ staff. HAC is the corporation which employs staff under the *Health Administration Act 1982*.

The MoH pays for the staff and associated oncosts. These costs are reimbursed by the Council to the MoH.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Registration fees

	2021	2020
	\$	\$
Registration fees	1,674,046	1,704,219
	1,674,046	1,704,219

Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 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 2020 and 2021 registration fee.

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses. The registration period starts from 1 December and ends on 30 November each year.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 17 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Council expects to recognise the unsatisfied portion as revenue.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Investment revenue

	2021 \$	2020 \$
Interest	6,052	26,067
	6,052	26,067

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

9. Acceptance by the Crown of personnel services

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

	2021	2020
	\$	\$
Superannuation - defined benefit plans	-	489
Long service leave provision*	(15,282)	29,083
	(15,282)	29,572

*In FY2020-21, the negative long service leave amount is the result of significant changes in actuarial factors decreasing the long service leave provision assumed by the Crown.

Refer to Note 2 Personnel services for recognition and measurement policies on acceptance by the Crown of personnel services.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Other gains / (losses)

	2021 \$	2020 \$
Impairment gains/ (losses) on right-of-use assets	(4,872)	(63,828)
	(4,872)	(63,828)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases
- Note 15 Intangible assets

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	78,526	78,406
Cash at bank - held by HPCA*	3,973,709	3,744,917
	4,052,235	3,823,323

*This is cash held by the HPCA, an executive agency of the MoH, on behalf of the Council for its operating activities. It is an operational bank account that earns interest on daily bank balances at rates of approximately 0.10% - 0.25% in FY2020-21 and 0.25% - 1.25% in FY2019-20. Refer to Note 8 Investment revenue for the recognition and measurement policies on interest income.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents (per Statement of Financial Position)	4,052,235	3,823,323
Closing cash and cash equivalents (per Statement of Cash Flows)	4,052,235	3,823,323

The Council operates the bank accounts shown below:

Education and Research Account**	78,526	78,406
	78,526	78,406

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

Refer to Note 23 for details regarding credit risk and market risk arising from financial instruments.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

12. Receivables

	2021 \$	2020 \$
Current		
Trade receivables	1,483	1,714
Goods and Services Tax	5,323	9,758
Prepayments	5,572	4,829
	12,378	16,301

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 23.

Recognition and Measurement

All 'regular way' purchases are recognised and derecognised on a trade date basis. Regular way purchases are purchases that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2021.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment

(a) Total property, plant and equipment

The Council has an interest in plant and equipment held by HPCA on behalf of the Health Professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
At 1 July 2019 - fair value				
Gross carrying amount	14,607	85,986	8,033	108,626
Less: accumulated depreciation and impairment	2,715	60,483	-	63,198
Net carrying amount	11,892	25,503	8,033	45,428
Year ended 30 June 2020				
Net carrying amount at beginning of year	11,892	25,503	8,033	45,428
Movements in WIP	-	8,033	(8,033)	-
Additions	6,354	299	-	6,653
Depreciation expense	(3,625)	(4,467)	-	(8,092)
Net carrying amount at end of year	14,621	29,368	-	43,989
At 1 July 2020 - fair value				
Gross carrying amount	20,961	86,285	-	107,246
Movements in WIP	-	8,033	-	8,033
Less: accumulated depreciation and impairment	6,340	64,950	-	71,290
Net carrying amount	14,621	29,368	-	43,989
Year ended 30 June 2021				
Net carrying amount at beginning of year	14,621	29,368	-	43,989
Additions	1,941	4,494	-	6,435
Depreciation expense	(4,802)	(4,966)	-	(9,768)
Reclassification to right-of-use assets*	-	(910)	-	(910)
Net carrying amount at end of year	11,760	27,986	-	39,746
At 30 June 2021 - fair value				
Gross carrying amount	22,902	49,161	-	72,063
Less: accumulated depreciation and impairment	11,142	21,175	-	32,317
Net carrying amount	11,760	27,986	-	39,746

*In FY2020-21, \$910 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

(b) Property, plant and equipment held and used by the Council

The Council has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Council.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 in an orderly transaction between market participants at measurement date.

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

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

13. Property, plant and equipment (continued)

Capitalisation thresholds

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council. All material identifiable components of assets are depreciated separately over their useful life.

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

	Useful lives
Plant and equipment	25%
Leasehold improvements	16.2% - 41.4%

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

Revaluation of property, plant and equipment

There has been no revaluation of 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.

Impairment of property, plant and equipment

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

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

14. Leases

(a) Entity as a lessee

The Council leases a property at Pitt Street Sydney and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in the property lease. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less and low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Total \$
Balance at 1 July 2020	320,909	320,909
Reassessments ¹	(42,134)	(42,134)
Depreciation expense	(39,278)	(39,278)
Impairment losses (recognised in 'Other gains / (losses)')	(4,872)	(4,872)
Reclassification from leasehold improvements ²	910	910
Balance at 30 June 2021	235,535	235,535
Balance at 1 July 2019	444,621	444,621
Depreciation expense	(59,884)	(59,884)
Impairment losses (recognised in 'Other gains / (losses)')	(63,828)	(63,828)
Balance at 30 June 2020	320,909	320,909

¹ In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

² In FY2020-21, \$910 was reclassified from leasehold improvement to right-of-use assets following a review of make good costs in accordance with AASB 16 Lease.

Psychology Council of New South Wales
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for the year ended 30 June 2021

14. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

	2021	2020
	\$	\$
Balance at 1 July	397,796	444,621
Interest expenses	5,783	8,474
Payments	(58,013)	(55,299)
Other adjustments*	(42,134)	-
Balance at 30 June	303,432	397,796

*In FY2020-21, the right-of-use asset balance and corresponding lease liability were reassessed in accordance with Property NSW's assessment of the Council's right-of-use assets.

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Council is the lessee:

	2021	2020
	\$	\$
Depreciation expense of right-of-use assets	39,278	59,884
Interest expense on lease liabilities	5,783	8,474
Impairment losses on right-of-use assets	4,872	63,828
Total amount recognised in the statement of comprehensive income	49,933	132,186

The Council had total cash outflows for leases of \$58,013 for the year ended 30 June 2021 (2020: \$55,299).

The amounts disclosed as expenses relating to leases of low-value assets in FY2019-20 have been reclassified to general administration expenses disclosed in Note 3(a) which followed a review of related lease expenses in FY2020-21.

Recognition and Measurement

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

Psychology Council of New South Wales
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14. Leases (continued)

(a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Council estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 18.

iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value being below \$10,000 asset value at commencement of lease. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Psychology Council of New South Wales

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for the year ended 30 June 2021

15. 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.

	Total \$
At 1 July 2019	
Cost (gross carrying amount)	7,667
Less: accumulated amortisation and impairment	7,344
Net carrying amount	323
Year ended 30 June 2020	
Net carrying amount at beginning of year	323
Amortisation (recognised in depreciation and amortisation)	(205)
Net carrying amount at end of year	118
	Total \$
At 1 July 2020	
Cost (gross carrying amount)	7,667
Less: accumulated amortisation and impairment	7,549
Net carrying amount	118
Year ended 30 June 2021	
Net carrying amount at beginning of year	118
Amortisation (recognised in depreciation and amortisation)	(118)
Net carrying amount at end of year	-
At 30 June 2021	
Cost (gross carrying amount)	6,850
Less: accumulated amortisation and impairment	6,850
Net carrying amount	-

Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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.

The Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
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16. Payables

	2021 \$	2020 \$
Current		
Personnel Services - Ministry of Health	16,602	16,789
Taxation and payroll deductions	4,471	6,205
Creditors	7,793	4,138
Accrued Expenditure	27,897	42,859
	56,763	69,991
 Aggregate Personnel Services and Related On-Costs		
Personnel Services - Ministry of Health	21,073	22,994
	21,073	22,994

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 23.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Council and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

17. Contract liabilities

	2021 \$	2020 \$
Current		
Contract liabilities - registration fees	755,996	719,567
	755,996	719,567

Recognition and Measurement

Contract liabilities relate to consideration received in advance from registrants. The balance of the contract liabilities at the 30 June 2021 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2021 as the registration period starts from 1 December 2020 and ends on 30 November 2021.

Registration fees recognised as contract liabilities at 30 June 2021 will be recognised as revenue between 1 July 2021 and 30 November 2021 as the remaining registration period elapses.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

18. Lease liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities (see Note 14)	50,408	50,530
	50,408	50,530
Non-current		
Lease liabilities (see Note 14)	253,024	347,265
	253,024	347,265

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 23.

Recognition and Measurement

Refer to Note 14 Leases for recognition and measurement policies on lease liabilities.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Provisions

	2021 \$	2020 \$
Non-current		
Other Provisions		
Make good provision	49,667	49,667
Total non-current provisions	49,667	49,667
Movements in provisions		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	49,667	49,667
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
Carrying amount at end of period	49,667	49,667

Recognition and Measurement

Provision for make good

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

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

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

20. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2021	2020
	\$	\$
Net cash used on operating activities	287,577	156,634
Depreciation and amortisation expense	(49,164)	(68,181)
(Increase) / decrease in unearned revenue	-	788,592
Increase / (decrease) in prepayments and other assets	(3,923)	761
Decrease / (increase) in payables	13,227	36,920
Decrease / (increase) in contract liabilities	(36,429)	(719,567)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(4,872)	(63,828)
Net result	206,416	131,331

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments

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

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

Class	Category	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial assets			
Cash and cash equivalents (Note 11)	Amortised cost	4,052,235	3,823,323
Receivables (Note 12) ¹	Amortised cost	1,483	1,714
Total financial assets		4,053,718	3,825,037
Financial liabilities			
Lease Liabilities (Note 18)	Financial liabilities measured at amortised cost	303,432	397,795
Payables (Note 16) ²	Financial liabilities measured at amortised cost	52,292	63,786
Total financial liabilities		355,724	461,581

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Council determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Council has transferred substantially all the risks and rewards of the asset; or
- The Council has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Council's continuing involvement in the asset. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.10% in 2020-21 compared to 0.25% in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Council has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 31 March 2021 and 30 June 2020 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	1,483	-	-	-	-	1,483
Expected credit loss	-	-	-	-	-	-
30 June 2020	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	1,601	-	113	-	-	1,714
Expected credit loss	-	-	-	-	-	-

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received.

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

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

Psychology Council of New South Wales
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

23. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount ¹ \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
2021							
Payables:							
- Creditors ²	52,292	-	-	52,292	52,292	-	-
Borrowings:							
- Lease liabilities	320,978	-	-	320,978	56,003	237,895	27,080
	373,270	-	-	373,270	108,295	237,895	27,080
2020							
Payables:							
- Creditors ²	63,786	-	-	63,786	63,786	-	-
Borrowings:							
- Lease liabilities ³	425,592	-	-	425,592	58,032	262,286	105,275
	489,378	-	-	489,378	121,818	262,286	105,275

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ The amounts disclosed in FY2019-20 include both interest and principal cash flows and were calculated based on the present value of the lease payments. In FY2020-21, these amounts have been recalculated in accordance with Property NSW's assessment and the interest rate is not applied to the cash flows to ensure consistency with the FY2020-21 calculations.

Psychology Council of New South Wales
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23. Financial instruments (continued)

iii. Market risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest bearing liabilities. The funds held within the Treasury Banking System are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 0.25% at 1 July 2019 to 0.10% at 30 June 2021.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2021		2020	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(37,488)	37,488	(34,255)	34,255
Equity	(37,488)	37,488	(34,255)	34,255

Psychology Council of New South Wales

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Related party transactions

During the financial year, Psychology Council of New South Wales obtained key management personnel services from the Ministry of Health and incurred \$152,283 (2020: \$125,777) for these services.

25. Events after the reporting period

At the date of authorisation of the financial statements, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS