

Veterinary Practitioners Board of NSW

Financial Statements

For the year ended
30 June 2019

**Suite 7.09, 247 Coward Street
Mascot NSW 2020**

Veterinary Practitioners Board of NSW
STATEMENT BY MEMBERS OF THE BOARD
For the Year ended 30 June 2019

Pursuant to the *Public Finance and Audit Act 1983 s 41C*, and in accordance with a resolution of the Members of the Veterinary Practitioners Board of NSW made on 14 October 2019, we declare on behalf of the Board that in our opinions:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Veterinary Practitioners Board of NSW as at 30 June 2019 and the transactions for the year then ended.
2. The financial statements have been prepared in accordance with the provision of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards, which include Australian Accounting Interpretations, and the Treasurer's directions.
3. There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Signed

John Mark Simpson
President, Veterinary Practitioners Board NSW
14 October 2019



Signed

Lisa Minogue
Member, Veterinary Practitioners Board NSW
14 October 2019

Veterinary Practitioners Board of NSW
Statement of Comprehensive Income
For the Year ended 30 June 2019

	Note	2019 \$	2018 \$
Expenses			
Employee Related Expenses	2(a)	604,800	591,956
Other Operating Expenses	2(b)	292,000	317,609
Depreciation and Amortisation	2(c)	11,424	21,186
Other Expenses	2(d)	229,595	218,117
Total Expenses		<u>1,137,819</u>	<u>1,148,868</u>
Revenue			
Licence and Application Fees	3(a)	1,384,950	1,325,198
Other Revenue	3(b)	33,345	24,815
Investment Revenue		139,921	91,332
Total Revenue		<u>1,558,216</u>	<u>1,441,345</u>
Net Result for the Year		<u>420,397</u>	<u>292,477</u>
Total Comprehensive Income for the Year		<u>420,397</u>	<u>292,477</u>

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	1,792,246	2,349,220
Receivables	5	24,398	26,694
Inventories	6	3,255	3,200
Financial Assets at Fair Value	7	2,183,877	1,265,806
Other	8	52,252	43,816
Total Current Assets		4,056,028	3,688,736
Non-Current Assets			
Receivables	5	8,840	10,240
Plant and Equipment	9	24,595	35,029
Intangible Assets	10	71,312	-
Total Non-Current Assets		104,747	45,269
Total Assets		4,160,775	3,734,005
LIABILITIES			
Current Liabilities			
Payables	11	1,131,253	1,135,254
Provisions	12	121,560	117,379
Total Current Liabilities		1,252,813	1,252,633
Non-Current Liabilities			
Provisions	12	33,015	26,822
Total Non-Current Liabilities		33,015	26,822
Total Liabilities		1,285,828	1,279,455
Net Assets		2,874,947	2,454,550
EQUITY			
Accumulated Funds	14	2,874,947	2,454,550
Total Equity		2,874,947	2,454,550

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Statement of Changes in Equity
For the year ended 30 June 2019

	Notes	Accumulated Funds	Total
Balance at 1 July 2018		2,454,550	2,454,550
Net result:	13	<u>420,397</u>	<u>420,397</u>
Total comprehensive income for the year	13	<u>420,397</u>	<u>420,397</u>
Balance at 30 June 2019		<u><u>2,874,947</u></u>	<u><u>2,874,947</u></u>
 Balance at 1 July 2017		 2,162,073	 2,162,073
Net result:	13	<u>292,477</u>	<u>292,477</u>
Total comprehensive income for the year	13	<u>292,477</u>	<u>292,477</u>
Balance at 30 June 2018		<u><u>2,454,550</u></u>	<u><u>2,454,550</u></u>

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Statement of Cash Flow
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Payments			
Employee Related		585,156	587,166
Other Operating Expenses		<u>543,092</u>	<u>510,329</u>
Total Payments		1,128,248	1,097,495
Receipts			
Licence and Application Fees		1,382,520	1,322,600
Investment Revenue		139,921	97,729
Other Income		<u>39,205</u>	<u>26,415</u>
Total Receipts		1,561,646	1,446,744
Net Cash from Operating Activities	13	433,398	349,249
Cash Flows from Investing Activities			
Purchase of Financial Assets		(918,070)	(267,133)
Purchase of Intangible Assets		(71,312)	-
Purchase of Plant and Equipment		<u>(990)</u>	<u>(4,455)</u>
Net Cash Flows from Investing Activities		(990,372)	(271,588)
Net Increase/ (Decrease) in Cash Balance		(556,974)	77,661
Opening Cash and Cash Equivalents		2,349,220	2,271,559
Closing Cash and Cash Equivalents	4	<u><u>1,792,246</u></u>	<u><u>2,349,220</u></u>

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Veterinary Practitioners Board of NSW (the Board) is a statutory body under the Public Finance and Audit Act 1983. The Board is a not-for-profit entity (as profit is not its principal objective) which registers veterinary practitioners and veterinary specialists, licenses veterinary hospitals and investigates complaints about the practice of veterinary science in NSW under the *Veterinary Practice Act 2003*. The expenses of the Board are met directly from the revenue collected by the Board mainly in the form of licence and application fees.

The financial statements for the year ended 30 June 2019 are authorised for issue by President Dr. John Mark Simpson and member Mrs. Lisa Minogue on 14 October 2019.

(b) Basis of preparation

The Board's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2015*
- applicable Treasurer's Directions and Treasury Circulars.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by measurement at the fair value of selected non-current assets, financial assets and financial liabilities.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

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

i. Statement of compliance

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

ii. Cash and Cash Equivalents

For the purpose of the statement of cash flow, cash includes cash on hand, at call deposits with banks or financial institutions and investments in money market instruments maturing within less than three months, and is reported net of bank overdrafts.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Employee Benefits and other provisions

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Wages, Salaries and Annual Leave

Provisions made in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months of the reporting date representing present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the Board expects to pay including related on-costs.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). The Board has assessed the actuarial advice based on the Board's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

Long service leave

Provisions for employee benefits for long service leave represent the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Superannuation plan

The Board contributes to accumulation based funds chosen by each employee as per the Australian Government initiative "Super Choice". Contributions are charged against expenditure as they are incurred.

iv. Plant and Equipment

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Board. The capitalisation threshold is \$100. The assets below this threshold can be expensed from the date of acquisition.

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 specific requirements of other Australian Accounting Standards.

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

For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable surrogate for fair value, in accordance with TPP 14-01. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iv. Plant and Equipment (continued)

Depreciation:

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

All material and separately identifiable components of assets are depreciated over their useful lives.

The depreciation method is reviewed at least annually and, if there has been a change in the expected pattern of consumption, the method applied will be changed to reflect this.

When depreciation rates or depreciation methods are changed, the change is accounted for as a change in accounting estimate. The effect is recognised in the financial year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. The depreciation recognised in prior financial years is not changed either by an adjustment via the profit and loss account or via retained profits or accumulated losses.

The useful lives used for each class of assets are:

<i>Class of Fixed Assets</i>	<i>Useful life</i>
Office Equipment	3 – 8 years
Furniture and Fittings	5 – 12 years
Fit-out Assets	12 years

v. Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. For inventories held for distribution, a loss of service potential would be identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Cost is calculated using the weighted average cost.

vi. Impairment of Assets

As a not-for-profit entity with no cash-generating units, impairment under the AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment are carried at fair value, impairment can only arise in the rare circumstances 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.

vii. Loan and Receivables

Loan and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or fair value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.

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

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

viii. Payables

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

ix. Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

x. Revenue Recognition

Income is mainly derived from veterinary practitioner annual registration fees (due on or before 30 June for the ensuing financial year) and annual hospital licence fees (due on or before 30 June for the ensuing financial year). Payment of registration fees depends upon the exercise of an election to renew registration and is recognised at the date of payment. Veterinary practitioner registration fees and hospital licence fees which represent the fees for the period after 30 June 2019 are recognised as unearned revenue and recognised as a liability because the fees are paid in respect of the next financial year.

Investment revenue is recognised as it accrues.

Other income for rendering service is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

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

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Board as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included
- cash flows are included in the statement of cash flow on a gross basis
- the amount of recoverable GST in respect of cash flows from financing and investing activities is disclosed as operating cash flows.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

xii. Financial Assets at Fair Value

The TCorpIM Funds (other than the TCorp cash facility which is included as 'cash assets'), are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Board's key management personnel.

The movement in the fair value of TCorpIM Funds incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

xiii. Intangible Assets

Intangible Assets are recognised only if it is probable that future economic benefits will flow to the Board 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. If there is no active market for the intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The intangible assets are amortised using the straight-line method over the useful lives assessed.

In the financial year 2019, the Board entered into a contract to develop a new online database solution, which would allow registration and licensing applications to be submitted through a new website (user interface) and processed online. The design aims to replace the existing manual process, improve the overall efficiency, generate future economic benefit by reducing running costs, and support the objectives of the Board.

All the payments in the development phase are listed as 'Intangible Assets WIP' until the project is completed (available for use) and recognised as an intangible asset. The Board anticipates the project will be completed in April 2020 and expects 20 years of useful life.

xiv. Change of Accounting Estimates

In the financial year 2019, the Board has reviewed and increased the estimated useful lives for 3 items in the class of 'Office Equipment', which affected the depreciation for both current financial year and future financial years.

The net effect to 2019 depreciation was an \$8,931 decrease.

xv. Change of Accounting Policies

The Board has adopted AASB 9 Financial Instruments (AASB 9), which requires changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Board applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139).

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

xv. Change of Accounting Policies (continued)

With the change of policies in definition, there appeared no impact upon this initial adoption of AASB 9 as outlined below:

Classification and measurement of financial instruments

In the 2019 financial reports, the Board has assessed which business models apply to the financial assets held by the Board and has classified its financial instruments into the appropriate AASB 9 categories, which are the same as in the 2018 financial year.

- Trade receivables and other financial assets (i.e., term deposits) classified as ‘Loans and receivables’ under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. From 1 July 2018, these are classified and measured as debt instruments at amortised cost and no amount changes arose from any reclassification or measurement.
- Investments in TCorpIM Funds are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at the transition date of 1 July 2018 and going forward to be classified and measured at fair value through profit or loss.
- The Board has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Board’s financial liabilities.

Impairment

Effective from 01 July 2018, the Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors on an individual review basis. Due to the simplicity of the trade debtor’s pattern and amount, there was no material impact to the 2019 financial reports, by replacing AASB 139’s incurred loss approach with AASB 9’s forward-looking expected credit loss (ECL) approach.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

	2019	2018
	\$	\$
2. EXPENSES		
(a) Employee Related Expenses		
Salaries and Wages (Including Recreation Leave)	528,323	534,254
Superannuation – Defined Contribution Plans	48,335	49,600
Fringe Benefit Tax	28,142	8,102
	<u>604,800</u>	<u>591,956</u>
(b) Other Operating Expenses		
AVBC Contribution and Meeting Expenses	88,040	84,441
Auditor's Remuneration – Audit of the Financial Statements	13,700	13,400
Accounting	21,350	14,091
IT Services	9,225	8,623
Legal Cost	13,385	67,226
Operating Expenses	55,139	42,587
Operating Lease Rental Expense	90,525	87,151
Repairs and Maintenance	636	90
	<u>292,000</u>	<u>317,609</u>
(c) Depreciation and Amortisation Expenses		
Depreciation	11,424	21,186
	<u>11,424</u>	<u>21,186</u>
(d) Other Expenses		
Bad Debts / (Bad Debts Recovered)	1,400	-
Bank Charges	5,852	4,560
Board Meeting Fees and Expenses	142,188	135,944
Board Publication Expenses	7,159	9,903
Complaints Committee Expenses	54,528	47,120
Donations	350	330
Postage	3,898	5,562
Printing	1,089	425
Stores	1,640	1,149
Telephone and Internet	5,613	5,148
Travelling Expenses	5,878	7,976
	<u>229,595</u>	<u>218,117</u>

These notes should be read in conjunction with the attached financial statements.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

	2019	2018
	\$	\$
3. REVENUES		
(a) Licence and Application Fees		
Hospital Application Fees	7,860	4,120
Hospital Licence Fees	246,120	229,813
Application Registration Fees	38,350	40,640
Annual Registration Fees	1,052,880	982,270
Restoration Registration Fees	16,500	31,515
Restoration Registration Penalty	12,300	31,630
Limited Registration	9,740	5,210
Annual Registration Late Fees	1,200	0
	1,384,950	1,325,198

(b) Other Revenue

Fines	18,700	11,000
Letters of Professional Standing	13,980	12,490
Register Sales	600	740
Other Income	65	585
	33,345	24,815

4. CURRENT ASSETS - CASH and CASH EQUIVALENTS

Cash at bank	1,791,946	2,348,920
Cash on hand	300	300
	1,792,246	2,349,220

The Board has a finance facility with Westpac of \$50,000 as at 30 June 2019. The outstanding balance was Nil.

5. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

Current

Deposits	20,533	20,533
Trade Debtors	2,900	6,161
Less Provision for Doubtful Debts	(1,400)	-
Other Debtors	2,365	-
	24,398	26,694

Non-Current

Trade Debtors	8,840	10,240
	8,840	10,240

These notes should be read in conjunction with the attached financial statements.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

	2019 \$	2018 \$
5. CURRENT / NON-CURRENT ASSETS – RECEIVABLES (continued)		
Movement in the allowance for impairment		
Balance at 01 July	-	-
Additions during the year	1,400	-
Amount written off during the year	-	-
Increase/ (decrease) in allowance recognised in profit and loss	<u>1,400</u>	<u>-</u>
Balance at 30 June	<u>1,400</u>	<u>-</u>
6. CURRENT ASSETS - INVENTORIES		
Inventories Held for Distribution	<u>3,255</u>	<u>3,200</u>
	<u>3,255</u>	<u>3,200</u>
7. CURRENT/NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE		
Current		
TCorpIM Medium Term Growth Fund	<u>2,183,877</u>	<u>1,265,806</u>
	<u>2,183,877</u>	<u>1,265,806</u>
8. CURRENT/NON-CURRENT ASSETS - OTHER		
Current		
Prepayments	<u>52,252</u>	<u>43,816</u>
	<u>52,252</u>	<u>43,816</u>
9. NON-CURRENT ASSETS - PLANT and EQUIPMENT		
Plant and Equipment – Fair Value		
Gross Carrying Amount	171,090	172,243
Accumulated Depreciation and Impairment	<u>(146,495)</u>	<u>(137,214)</u>
Net Carrying Amount	<u>24,595</u>	<u>35,029</u>
Reconciliation		
Net Carrying Amount at Start of Year	35,029	51,760
Additions	990	4,455
Depreciation	<u>(11,424)</u>	<u>(21,186)</u>
Net Carrying Amount at End of Year	<u>24,595</u>	<u>35,029</u>

These notes should be read in conjunction with the attached financial statements.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

	2019 \$	2018 \$
10. INTANGIBLE ASSETS		
Non-Current		
Intangible Assets WIP	71,312	-
	<u>71,312</u>	<u>-</u>
11. CURRENT LIABILITIES - PAYABLES		
Current		
Creditors	12,082	18,135
Unearned Revenue	1,060,750	1,061,980
Other Current Payables	56,711	40,072
Financial Liabilities	12	272
Other Creditors	1,698	14,795
	<u>1,131,253</u>	<u>1,135,254</u>
12. CURRENT/ NON-CURRENT LIABILITIES - PROVISIONS		
Current		
Provision for Recreation Leave	85,845	79,200
Provision for Long Service Leave	35,715	38,179
	<u>121,560</u>	<u>117,379</u>
Non-Current		
Provision for Long Service Leave	27,015	20,822
Provision for Make Good	6,000	6,000
	<u>33,015</u>	<u>26,822</u>
	<u>154,575</u>	<u>144,201</u>
Aggregate Employee Benefits and Related On-Costs		
Provision - Current	87,744	87,538
Provision - Non-Current	60,831	50,663
	<u>148,575</u>	<u>138,201</u>

The Board expects that \$52,029 amount of recreation leave will be settled no more than 12 months after the reporting date and \$33,816 amount of recreation leave will be settled more than 12 months after the reporting date.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

	2019 \$	2018 \$
13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT		
Net Cash used on Operating Activities	433,398	349,249
Increase/ (Decrease) in Receivables	(4,660)	(1,600)
Increase/ (Decrease) in Sundry Debtor	2,365	(6,397)
Increase/ (Decrease) in Prepayment	8,436	(3,770)
Increase/ (Decrease) in Inventory	55	(3,600)
(Increase)/Decrease in Unearned Revenue	1,230	2,598
(Increase)/Decrease in Payables	7,699	(17,211)
(Increase)/Decrease in Provisions	(11,774)	(5,606)
Depreciation	(11,424)	(21,186)
Net Result	<u>420,397</u>	<u>292,477</u>

14. ACCUMULATED FUNDS

Accumulated funds at the beginning of the financial year	2,454,550	2,162,073
Net Result for the year	420,397	292,477
Accumulated funds at the end of the financial year	<u>2,874,947</u>	<u>2,454,550</u>

15. FINANCIAL INSTRUMENTS

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

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

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

15. FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments

Financial Assets	Category	Note	Carrying Amount 2019 \$	Carrying Amount 2018 \$
Cash and Cash Equivalents	N/A	4	1,792,246	2,349,220
Financial Assets at Fair Value	Financial assets at fair value through profit or loss	7	2,183,877	1,265,806
Receivables ¹	Receivables at amortised cost	5	10,340	16,400

Financial Liabilities	Category	Note	Carrying Amount 2019 \$	Carrying Amount 2018 \$
Payables ²	Financial liabilities measured at amortised cost	10	63,410	58,479

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Financial risks

i. Credit Risk

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

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

Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash and Cash Equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounts Receivable – Trade Debtors

All trade debtors are recognised as amounts receivable at the balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Board will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

15. FINANCIAL INSTRUMENTS (continued)

Accounts Receivable – Trade Debtors (continued)

The Board is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2019: Nil; 2018: \$Nil) and less than 3 months past due (2019: Nil; 2018: \$1,600) are not considered impaired. Most of the Board's debtors have a good credit rating. There are immaterial debtors which are impaired whose terms have been renegotiated. The ageing of trade debtors has been listed below:

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2019			
<30 days overdue	-	-	-
30 days – 90 days overdue	-	-	-
>90 days overdue	11,740	10,340	1,400
2018			
<30 days overdue	-	-	-
30 days – 90 days overdue	1,600	1,600	-
>90 days overdue	14,800	14,800	-

Notes

- Each column in the table reports 'gross receivables'
- The ageing analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' may not reconcile to the receivables total recognised in the statement of financial position.

Other financial assets - Authority Deposits

The deposits with TCorp are guaranteed by the State and are 'AAA' rated by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. The credit risks are considered to be low.

The Board closed the TCorpIM Cash Fund account in the financial year 2018 and did not hold such a cash fund account in the financial year 2019.

ii. Liquidity Risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board 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.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

15. FINANCIAL INSTRUMENTS (continued)

ii. Liquidity Risk (continued)

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The Board did not pay any interest to small business suppliers during the year.

The financial liabilities of the Board as at 30 June 2019 were settled within a month and there is no interest rate exposure.

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board's exposures to market risk are primarily through interest rate risk on the Board's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

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 Board's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Board does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change 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. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest risk is \$39,761 in net profit and equity in the 2019 year (2018: \$36,150).

Veterinary Practitioners Board of NSW

Notes to the Financial Statements

For the Year ended 30 June 2019

15. FINANCIAL INSTRUMENTS (continued)

Other price risk – TCorpIM Funds

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM funds, which are held for strategic rather than trading purposes. The Board has no direct equity investments. The Board holds units in the following TCorpIM Core Funds trusts:

Facility	Investment Sectors	Investment Horizon	2019 \$	2018 \$
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years	2,183,877	1,265,806

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds facilities limits the Board's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Funds are measured at fair value therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds statement).

		Impact on net result 2019	Impact on net result 2018
TCorpIM Funds – Medium-term growth facility	+/- 6%	131,032	75,948

(c) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorpIM Funds, which are measured at fair value. Cost amount being a surrogate for fair value as the two are not materially different due to the short term nature of these financial instruments.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

15. FINANCIAL INSTRUMENTS (continued)

(d) Fair value recognised in the statement of financial position

The Board uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique in the financial year 2019:

- Level 1 - Derived from quoted (unadjusted) prices in active markets for identical assets/liabilities.
- Level 2 - Derived from inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- Level 3 - Derived from inputs that are not based on observable market data (unobservable inputs)

	2019 \$			2018 \$		
Financial Assets at Fair Value¹	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
TCorpIM Funds	-	2,183,877	-	-	1,265,806	-
Total	-	2,183,877	-	-	1,265,806	-

Note:

1. The tables above include only financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

There were no transfers between the levels of the fair value hierarchy in the financial year 2019.

The value of the TCorpIM Funds is based on the Board's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds facilities are valued using 'redemption' pricing.

16. COMMITMENTS

(a) Operating Lease Commitments:	2019	2018
	\$	\$
Not later than one year	103,420	100,538
Later than one year and not later than five years	215,671	314,624
Total (including GST)	<u>319,091</u>	<u>415,162</u>

The Board leases property under a non-cancellable operating lease. The lease contract was renewed in July 2017 for another 5 years. Lease payments comprise a base amount plus incremental contingent liability. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

The above amount includes \$29,008 GST.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

16. COMMITMENTS (continued)

(b) Capital Commitments:	2019	2018
	\$	\$
Not later than one year	83,345	-
Later than one year and not later than five years	-	-
Total (including GST)	83,345	-

The Board entered into a contract for developing a new online database solution in the financial year 2019 and anticipates the project will be completed in April 2020. The contract payments comprise a base fixed cost amount plus an estimation of 3rd party tools/components. Any Change Request from the original Scope of Work will be charged additionally upon approval.

The above amount includes \$7,577 GST.

17. CONTINGENTS

(a) Contingent Assets

The Board is not aware of any other contingent assets associated with the operation.

(b) Contingent Liabilities

The Board is not aware of any other contingent liabilities associated with the operation.

18. AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective:

AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers (Not-for-profits only)

AASB 16	Leases
AASB 17	Insurance Contracts
AASB 1058	Income of Not-for-profit Entities
AASB 1059	Service Concession Arrangements: Grantors
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
AASB 2017-1	Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
AASB2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
AASB2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
AASB 2018-1	Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

18. AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
AASB 2018-3	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
AASB 2018-4	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
AASB 2018-5	Amendments to Australian Accounting Standards - Deferral of AASB 1059
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material
AASB 2018-8	Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities
Interpretation 22	Foreign Currency Transactions and Advance Consideration (Not-for-profits only)
Interpretation 23	Uncertainty over Income Tax Treatment

The adoption of AASB 16 will require the Board to account for operating leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The new standard requires separate recognition for interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense. The statement of cash flows for the Board will be affected as payments for the principal portion of the lease liability will be presented within financing activities. The Board currently leases the office premises at a market price plus an annually reviewed incremental rate (3% in FY2019). It is expected the AASB 16 Lease will not impact the net financial position materially after initial adoption on 01 July 2019.

AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. The Board shall recognise revenue when control of a good or service transfers to a customer under AASB 15. The majority of the Board's revenue is on annual base and the adoption of AASB 15 will not change the timing or amount of revenue recognition. No material impact is estimated after initial adoption of AASB 15 on 01 July 2019.

AASB 1058 Income of Not-for-Profit Entities requires the not-for-profit entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Government agencies are required to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. In these financial reports there were no such transactions in the described scope. The Board is in the process of accessing the potential impact of adoption of the standard from 01 July 2019.

19. EVENT SUBSEQUENT TO BALANCE DATE

The Board has not identified any events or transactions that are material to require adjustments or disclosures in the financial statements.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30 June 2019

20. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

The Board is a body corporate established under the Veterinary Practice Act 2003 (Act). The Board members and the registrar are considered key management personnel as they have authority and responsibility for planning, directing and controlling the activities of the board.

Board members:

Board members are appointed for a 3 year term by the Governor of NSW. The Board consists of 8 members.

- Dr Georgina Child, selected by the Minister, representing specialist veterinarians
- Dr Ian Russ, selected by the Minister, representing veterinarians in urban areas (ceased 31/12/2018)
- Dr Magdoline Awad, selected by the Minister, representing veterinarians in urban areas (from 20/02/2019)
- Dr Kylie Parry, selected by the Minister, representing veterinarians in rural areas
- Dr Barbara Jane Lord, selected by the Minister, representing veterinarians in academia
- Dr John Mark Simpson, selected by the Minister
- Dr Steven Ferguson, selected by the Minister
- Mrs Wendy Cochrane, selected by the Minister, representing consumers of veterinary services
- Mrs Lisa Minogue, selected by the Minister, representing consumers of veterinary services

Registrar:

Dr John Baguley was appointed as the Registrar in 2012 and is responsible for assisting the Board in the administration of its activities under the legislation and the overall management of the organisation by establishing strategy, policy and operations to guide the Board in its interactions.

Key Management Personnel compensation:

	2019 \$	2018 \$
Short-term employee benefit ¹	367,442	374,501
Other long-term benefits ²	27,015	20,822
Outstanding short-term benefit ³	10,691	7,628

Note:

1. Short-term employee benefit includes wages, salaries, paid annual leave and paid sick leave, reportable fringe benefit and superannuation guarantee.
2. Other long-term benefits refer to Long Service Leave accrued only and no other long-term benefits are applicable.
3. Outstanding short-term benefit includes accrued wage and superannuation on 30/06/2019.

(b) Other Related Parties

The Board has not identified any other related parties and accordingly no other related party transactions need to be disclosed.

END OF AUDITED FINANCIAL STATEMENTS