

Veterinary Practitioners Board of NSW

Financial Statements

For the year ended

30 June 2015

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

Financial Statements prepared by Pinter & Partners Chartered Accountants

Veterinary Practitioners Board of NSW
Statement of Comprehensive Income
For the Year ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|-------------------------|-------------------------|
| Expenses Excluding Losses | | | |
| Employee Related Expenses | 2(a) | 460,524 | 501,982 |
| Other Operating Expenses | 2(b) | 343,187 | 253,252 |
| Depreciation and Amortisation | 2(c) | 20,736 | 32,105 |
| Other Expenses | 2(d) | 243,883 | 245,406 |
| Total Expenses Excluding Losses | | <u>1,068,330</u> | <u>1,032,745</u> |
| Revenue | | | |
| Licence & Application Fees | 3(a) | 967,060 | 948,390 |
| Other Revenue | 3(b) | 17,581 | 24,843 |
| Investment Revenue | | 61,811 | 61,615 |
| Total Revenue | | <u>1,046,452</u> | <u>1,034,848</u> |
| Gain / (Loss) on Disposal | 4 | (596) | (7,392) |
| Other gains / (losses) | 5 | - | 46,200 |
| Net Result for the Year | | <u>(22,474)</u> | <u>40,911</u> |
| Other Comprehensive Income for the Year | | - | - |
| Total Comprehensive Income for the Year | | <u>(22,474)</u> | <u>40,911</u> |

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Statement of Financial Position
As at 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6 | 2,651,971 | 2,433,012 |
| Receivables | 7 | 28,740 | 32,568 |
| Inventories | 8 | 8,600 | 5,453 |
| Other | 9 | 58,390 | 57,421 |
| Total Current Assets | | <u>2,747,701</u> | <u>2,528,454</u> |
| Non-Current Assets | | | |
| Receivables | 7 | 19,800 | 15,240 |
| Plant and Equipment | 10 | 39,879 | 55,242 |
| Other | 9 | 12,513 | 24,062 |
| Total Non-Current Assets | | <u>72,192</u> | <u>94,544</u> |
| Total Assets | | <u>2,819,893</u> | <u>2,622,998</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 11 | 1,085,506 | 886,552 |
| Provisions | 12 | 59,668 | 34,640 |
| Total Current Liabilities | | <u>1,145,174</u> | <u>921,192</u> |
| Non-Current Liabilities | | | |
| Provisions | 12 | 37,639 | 42,252 |
| Total Non-Current Liabilities | | <u>37,639</u> | <u>42,252</u> |
| Total Liabilities | | <u>1,182,813</u> | <u>963,444</u> |
| Net Assets | | <u>1,637,080</u> | <u>1,659,554</u> |
| EQUITY | | | |
| Accumulated Funds | 14 | 1,637,080 | 1,659,554 |
| Total Equity | | <u>1,637,080</u> | <u>1,659,554</u> |

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 2015

| | Notes | Accumulated Funds | Asset Revaluation Surplus | Other Reserves | Total |
|---|-------|----------------------|---------------------------------|-------------------|------------------|
| Balance at 1 July 2014 | | 1,659,554 | - | - | 1,659,554 |
| Net result: | 14 | (22,474) | - | - | (22,474) |
| Other comprehensive income: | | - | - | - | - |
| Total other comprehensive income | | - | - | - | - |
| Total comprehensive incomes for the year | 14 | (22,474) | - | - | (22,474) |
| Balance at 30 June 2015 | | 1,637,080 | - | - | 1,637,080 |
| Balance at 1 July 2013 | | 1,618,643 | - | - | 1,618,643 |
| Net result: | 14 | 40,911 | - | - | 40,911 |
| Other comprehensive income: | | - | - | - | - |
| Total other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | 14 | 40,911 | - | - | 40,911 |
| Balance at 30 June 2014 | | 1,659,554 | - | - | 1,659,554 |

The accompanying notes form part of these financial statements.

Veterinary Practitioners Board of NSW
Statement of Cash Flow
For The Year Ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Payments | | | |
| Employee Related | | 442,665 | 489,925 |
| Other Operating Expenses | | 566,923 | 524,383 |
| Total Payments | | 1,009,588 | 1,014,308 |
| Receipts | | | |
| Licence & Application Fees | | 1,114,925 | 953,665 |
| Investment Revenue | | 61,811 | 61,615 |
| Other Income | | 19,706 | 30,368 |
| Other Receipts | | 38,074 | 35,442 |
| Total Receipts | | 1,234,516 | 1,081,090 |
| Net Cash from Operating Activities | 13 | 224,928 | 66,782 |
| Cash Flows from Investing Activities | | | |
| Proceeds from Sale of Plant and Equipment | | - | 23,202 |
| Purchase of Plant and Equipment | | (5,969) | (2,194) |
| Net Cash Flows from Investing Activities | | (5,969) | 21,008 |
| Net Increase/(Decrease) in Cash Balance | | 218,959 | 87,790 |
| Opening Cash and Cash Equivalents | | 2,433,012 | 2,345,222 |
| Closing Cash and Cash Equivalents | 6 | 2,651,971 | 2,433,012 |

The accompanying notes form part of these financial statement.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30th June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Veterinary Practitioners Board of NSW (the Board) is an independent State Government Statutory body. The Board is a non 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 2015 are authorised for issue by President Dr John Mark Simpson and member Mrs Lisa Minogue on 13 October 2015.

(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 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 & 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.

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 30th June 2015

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 entity has assessed the actuarial advice based on the entity'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 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

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 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 & 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.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30th June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

iv. Plant & Equipment (continued)

The useful lives used for each class of assets are:

| <i>Class of Fixed Assets</i> | <i>Useful life</i> |
|------------------------------|--------------------|
| Office Equipments | 4 – 7 years |
| Motor Vehicles | 8 years |
| Furniture & Fittings | 5 – 10 years |
| Fit-out asset | 10 years * |

* Fit-out assets are referring to building works for rental premises of 247 Coward Street Mascot NSW. The lease will be expired on July 2017. Veterinary Practitioners Board NSW is expected to renew the lease contract, hence 10 years is regarded as a reasonable estimate of the useful life for fit-out assets.

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 AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is 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.

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30th June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 practitioners annual registration fees (due on 31 May for the ensuing financial year) and annual hospital licence fees (due on 31 May 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 practitioners registration fees and hospital licence fees which represent the fees for the period after 30 June 2015 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 in the main is rendering of service which is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Veterinary Practitioners Board of NSW
Notes to the Financial Statements
For the Year ended 30th June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

| | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| 2. EXPENSES | | |
| (a) Employee Related Expenses | | |
| Salaries & Wages (Including Recreation Leave) | 418,092 | 443,555 |
| Superannuation – Defined Contribution Plans | 37,483 | 39,530 |
| Fringe Benefit Tax | 4,949 | 18,897 |
| Other Employee Related Expenses | - | - |
| | <u>460,524</u> | <u>501,982</u> |
| (b) Other Operating Expenses | | |
| AVBC Contribution & Meeting Expenses | 76,238 | 66,245 |
| Auditor's Remuneration – Audit of the Financial Statements | 15,000 | 12,830 |
| Accounting | 12,300 | 13,500 |
| IT Services | 5,308 | 4,415 |
| Legal Cost | 113,273 | 37,307 |
| Operating Expenses | 48,594 | 47,216 |
| Operating Lease Rental Expense | 72,264 | 71,464 |
| Repairs & Maintenance | 210 | 275 |
| | <u>343,187</u> | <u>253,252</u> |
| (c) Depreciation and Amortisation Expenses | | |
| Depreciation | 20,736 | 32,105 |
| | <u>20,736</u> | <u>32,105</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 30th June 2015

| | 2015 | 2014 |
|---|---------|---------|
| | \$ | \$ |
| 2. EXPENSES (continued) | | |
| (d) Other Expenses | | |
| Bad Debts | 1,275 | 25 |
| Bank Charges | 4,944 | 5,505 |
| Board Meeting Fees & Expenses | 146,282 | 138,854 |
| Board Publication Expenses | 10,500 | 17,678 |
| Complaints Committee Expenses | 49,837 | 44,462 |
| Donations | 980 | 490 |
| Postage | 16,992 | 16,708 |
| Printing | 2,507 | 2,250 |
| Stores | 2,946 | 7,395 |
| Telephone & Internet | 5,679 | 6,630 |
| Travelling Expenses | 1,941 | 5,409 |
| | 243,883 | 245,406 |
| 3. REVENUES | | |
| (a) Licence & Application Fees | | |
| Hospital Application Fees | 3,335 | 3,910 |
| Hospital Licence Fees | 167,815 | 165,040 |
| Application Registration Fees | 31,675 | 28,405 |
| Annual Registration Fees | 743,835 | 728,730 |
| Restoration Registration Fees | 14,625 | 16,595 |
| Restoration Registration Penalty | 3,750 | 4,250 |
| Limited Registration | 2,025 | 1,460 |
| | 967,060 | 948,390 |
| (b) Other Revenue | | |
| Recovery Legal Fees | 3,738 | 4,918 |
| Fines | 5,000 | 10,500 |
| Letters of Professional Standing | 8,550 | 9,315 |
| Register Sales | 120 | 90 |
| Other Income | 173 | 20 |
| | 17,581 | 24,843 |

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 30th June 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| 4. GAIN / (LOSS) ON DISPOSAL | | |
| Gain / (loss) on Disposal of Plant and Equipment | (596) | (7,392) |
| | <u>(596)</u> | <u>(7,392)</u> |
| 5. OTHER GAINS / (LOSSES) | | |
| Operating Lease Rental Benefits | - | 46,200 |
| | <u>-</u> | <u>46,200</u> |
| 6. CURRENT ASSETS - CASH & CASH EQUIVALENTS | | |
| Cash at Bank | 992,749 | 818,157 |
| Deposit - T Corp investments | 1,658,922 | 1,614,555 |
| Cash on hand | 300 | 300 |
| | <u>2,651,971</u> | <u>2,433,012</u> |
| <p>The Board has a finance facility with Westpac of \$50,000 as at 30th June 2015. The outstanding balance was Nil.</p> | | |
| 7. CURRENT / NON-CURRENT ASSETS - RECEIVABLES | | |
| Current | | |
| Deposits | 20,533 | 20,533 |
| Sundry Debtors | - | 275 |
| Trade Debtors | 6,075 | 12,760 |
| Less Allowance for Impairment | (2,275) | (1,000) |
| Other Debtors | 4,407 | - |
| | <u>28,740</u> | <u>32,568</u> |
| Non-Current | | |
| Trade Debtors | 19,800 | 15,240 |
| | <u>48,540</u> | <u>47,808</u> |
| Movement in the allowance for impairment | | |
| Balance at 01 July | 1,000 | 975 |
| Amount written off during the year | - | - |
| Amount recovered during the year | - | - |
| Increase/(decrease) in allowance recognised in profit and loss | 1,275 | 25 |
| Balance at 30 June | <u>2,275</u> | <u>1,000</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 30th June 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| 8. CURRENT ASSETS - INVENTORIES | | |
| Inventories Held for Distribution | <u>8,600</u> | <u>5,453</u> |
| | <u>8,600</u> | <u>5,453</u> |
| 9. CURRENT/NON-CURRENT ASSETS - OTHER | | |
| Current | | |
| Prepayments | <u>58,390</u> | <u>57,421</u> |
| | <u>58,390</u> | <u>57,421</u> |
| Non-Current | | |
| Prepayments | <u>12,513</u> | <u>24,062</u> |
| | <u>70,903</u> | <u>81,483</u> |
| 10. NON-CURRENT ASSETS - PLANT & EQUIPMENT | | |
| Plant & Equipment – Fair Value | | |
| Gross Carrying Amount | 171,383 | 169,157 |
| Accumulated Depreciation and Impairment | <u>(131,504)</u> | <u>(113,915)</u> |
| Net Carrying Amount | <u>39,879</u> | <u>55,242</u> |
| Reconciliation | | |
| Net Carrying Amount at Start of Year | 55,242 | 115,928 |
| Additions | 5,969 | 2,194 |
| Disposals | (596) | (30,775) |
| Depreciation | <u>(20,736)</u> | <u>(32,105)</u> |
| Net Carrying Amount at End of Year | <u>39,879</u> | <u>55,242</u> |
| 11. CURRENT LIABILITIES- PAYABLES | | |
| Current | | |
| Creditors | 47,167 | 9,639 |
| Unearned Revenue | 988,625 | 840,760 |
| Other Current Payables | 44,604 | 36,153 |
| Financial Liabilities | <u>5,110</u> | <u>-</u> |
| | <u>1,085,506</u> | <u>886,552</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 30th June 2015

| | 2015 | 2014 |
|--|-------------|-------------|
| | \$ | \$ |
| 12. CURRENT/ NON-CURRENT LIABILITIES - PROVISIONS | | |
| Current | | |
| Provision for Recreation Leave | 45,613 | 34,231 |
| Provision for Long Service Leave | 14,055 | 409 |
| | 59,668 | 34,640 |
| Non-Current | | |
| Provision for Long Service Leave | 31,639 | 36,252 |
| Provision for Make Good | 6,000 | 6,000 |
| | 37,639 | 42,252 |
| | 97,307 | 76,892 |
| Aggregate Employee Benefits and Related On-Costs | | |
| Provision - Current | 59,668 | 34,640 |
| Provision - Non-Current | 31,639 | 36,252 |
| | 91,307 | 70,892 |

The Board expects that \$45,613 amount of Recreation Leave will be settled no more than 12 months after reporting date and \$Nil amount of Recreation Leave will be settled more than 12 month after reporting date.

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

| | | |
|---|-----------|----------|
| Net Cash used on Operating Activities | 224,928 | 66,782 |
| Increase/(Decrease) in Receivables | (3,400) | (5,525) |
| Increase/(Decrease) in Sundry Debtor | (275) | 275 |
| Increase/(Decrease) in Prepayment | (10,580) | 41,861 |
| Increase/(Decrease) in Inventory | 3,148 | 5,452 |
| (Increase)/Decrease in Unearned Revenue | (147,865) | (5,275) |
| (Increase)/Decrease in Payables | (46,683) | (12,251) |
| (Increase)/Decrease in Provisions | (20,415) | (11,494) |
| Depreciation | (20,736) | (32,105) |
| Gain/(Loss) on Sales of Plant and Equipment | (596) | (7,392) |
| Net Result | (22,474) | 40,911 |

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 30th June 2015

| | 2015 | 2014 |
|--|-------------|-------------|
| | \$ | \$ |
| 14. ACCUMULATED FUNDS | | |
| Accumulated funds at the beginning of the financial year | 1,659,554 | 1,618,643 |
| Net Result for the year | (22,474) | 40,911 |
| Accumulated funds at the end of the financial year | 1,637,080 | 1,659,554 |

15. FINANCIAL INSTRUMENTS

Financial instruments include cash, receivables and payables and are shown in the financial records at cost. All financial instruments including revenues, expenses or other cash flows arising from instruments are recognised on an accruals basis. 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 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.

(a) Financial instruments

| Financial Assets | Category | Note | Carrying Amount 2015 | Carrying Amount 2014 |
|------------------------------|--|-------------|-----------------------------|-----------------------------|
| | | | \$ | \$ |
| Class: | | | | |
| Cash and cash equivalent | N/A | 6 | 2,651,971 | 2,433,012 |
| Receivables (1.) | Receivables measured at amortised cost | 7 | 44,133 | 47,808 |
| Financial Liabilities | | | | |
| | | Note | Carrying Amount 2015 | Carrying Amount 2014 |
| | | | \$ | \$ |
| Class: | | | | |
| Payables (2.) | Financial liabilities measured at amortised cost | 11 | 96,881 | 42,195 |

Notes

- Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

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 30th June 2015

15. **FINANCIAL INSTRUMENTS (continued)**

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

(b) 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

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. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Accounts Receivable – Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility 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 entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The 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 (2015: \$Nil; 2014: \$Nil) and less than 3 months past due (2015: \$Nil; 2014: \$Nil) 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} |
|---------------------------|----------------------|---|---------------------------------------|
| 2015 | | | |
| <30 days overdue | - | - | - |
| 30 days – 90 days overdue | - | - | - |
| >90 days overdue | 25,875 | 23,600 | 2,275 |
| 2014 | | | |
| <30 days overdue | - | - | - |
| 30 days – 90 days overdue | - | - | - |
| >90 days overdue | 28,000 | 27,000 | 1,000 |

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 30th June 2015

15. FINANCIAL INSTRUMENTS (continued)

Notes

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

Authority Deposits

The Board has placed funds on deposit with TCorp, which has been rated "AAA" 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. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.75% (2014 2.92%), while over the year the weighted average interest rate was 2.75% (2014 2.92%) on a weighted average balance during the year of \$1,636,739 (2014 – \$1,590,850). None of these assets is past due or impaired.

| | 2015 Carrying Amount | 2015 Net Fair Value | 2014 Carrying Amount | 2014 Net Fair Value |
|-------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| At call | 1,658,922 | 1,658,922 | 1,614,555 | 1,614,555 |
| Less than one year | - | - | - | - |
| One to five years | - | - | - | - |
| Greater than five years | - | - | - | - |
| Total | 1,658,922 | 1,658,922 | 1,614,555 | 1,614,555 |

(c) 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.

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 2015 were settled within a month and there is no interest rate exposure.

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 30th June 2015

15. **FINANCIAL INSTRUMENTS (continued)**

(d) 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 entity's exposures to market risk are primarily through interest rate risk on the entity's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The entity 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 entity 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 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

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 entity's exposure to interest risk is \$26,519 in net profit and equity in the 2015 year (2014 - \$24,330).

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts:

| Facility | Investment Sectors | Investment Horizon | 2015 | 2014 |
|-----------------|-----------------------------------|---------------------------|-------------|-------------|
| Cash facility | Cash and money market instruments | Up to 1.5 years | \$1,658,922 | \$1,614,555 |

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.

NSW 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 Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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 30th June 2015

15. FINANCIAL INSTRUMENTS (continued)

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

NSW 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 TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). 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 Hour-Glass statement).

| | | Impact on profit/loss | |
|-----------------------|--------|------------------------------|-------------|
| | | 2015 | 2014 |
| Hour-Glass Investment | +/- 1% | \$16,589 | \$16,145 |
| – Cash facility | | | |

(e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, 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.

(f) 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 2015 Year:

- Level 1 - Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

| Financial Assets at Fair Value | Level 1 | Level 2 | Level 3 |
|---------------------------------------|----------------|----------------|----------------|
| TCorp Hour-Glass Invt Facility | - | 1,658,922 | - |
| Total | - | 1,658,922 | - |

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 Level 1 or 2 during the periods.

The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

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 30th June 2015

16. COMMITMENTS

| | | |
|---|-----------------------|-----------------------|
| Operating Lease Commitments: | 2015 | 2014 |
| | \$ | \$ |
| Not later than one year | 62,013 | 62,013 |
| Later than one year and not later than five years | 67,180 | 129,193 |
| Total (including GST) | <u>129,193</u> | <u>191,206</u> |

The Board leases property under a non-cancellable operating lease. The lease contract will be expired on July 2017 at which time all terms are renegotiated. 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 \$11,745 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 9 and AASB 2010-7
AASB 2013-9 (Part C).
AASB 2014-1 (Part E)

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.

END OF AUDITED FINANCIAL STATEMENTS