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

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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 neccessary 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:

30 June 2021	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	2,279	-	-	-	-	2,279
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	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

		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]	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.

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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

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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