Professional Standards Council of Victoria

Financial statements
for the year ended
30 June 2018

PROFESSIONAL
STANDARDS
COUNCILS

Professional Standards Council of Victoria Annual Financial Statements

For the year ended 30 June 2018

The Professional Standards Council of Victoria (the Council) has presented its audited general purpose financial statements for the financial year ended 30 June 2018 in the following structure to provide users with the information about the Council's stewardship of resources entrusted to it.

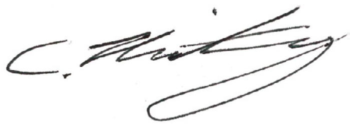
Declaration in the Financial Statements

The attached financial statements for the Professional Standards Council of Victoria have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Council as at 30 June 2018.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial statements for issue on 18 September 2018.



Christopher Breitkreuz
Chief Finance and Accounting Officer
Professional Standards Council, Victoria

Melbourne
18 September 2018

Andrew Lumsden
On behalf of the Chair
Professional Standards Council, Victoria

Sydney
21 September 2018

Independent auditors report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Council of the Professional Standards Council of Victoria

Opinion	I have audited the financial report of the Professional Standards Council of Victoria (the authority) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • cash flow statement for the year then ended • statement of changes in equity for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Council's responsibilities for the financial report	The Council of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Council determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Council is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Independent auditors report

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council • conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
25 September 2018

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2018

	Note	2018 $	2017 $
CONTINUING OPERATIONS			
Income from transactions			
Fee income	2.2	720,339	642,246
Interest income	2.3	10,179	12,736
Other income	2.4	324	41,083
Total income from transactions		**730,842**	**696,065**
Expenses from transactions			
Supplies and services	3	(692,940)	(642,422)
Total expenses from transactions		**(692,940)**	**(642,422)**
Net result from transactions (net operating balance)		**37,902**	**53,643**
Comprehensive result		**37,902**	**53,643**

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2018

	Note	2018 $	2017 $
Financial assets			
Cash and deposits	6.1	679,930	582,924
Receivables	5.1	108,510	138,108
Investments	4.1	419,073	412,038
Total financial assets		**1,207,513**	**1,133,070**
Total assets		**1,207,513**	**1,133,070**
Liabilities			
Payables	5.2	227,571	201,675
Unearned revenue	5.2	109,151	98,506
Total liabilities		**336,722**	**300,181**
Net assets		**870,791**	**832,889**
Equity			
Accumulated surplus/(deficit)		870,791	832,889
Net worth		**870,791**	**832,889**

The above balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement

For the financial year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees received		720,950	686,450
Interest received		10,116	17,011
Other revenue		324	7,557
GST received from ATO		108,979	84,090
Total receipts		**840,369**	**795,108**
Payments to suppliers		(736,328)	(1,198,815)
Net cash flows from/(used in) operating activities	**6.1**	**104,041**	**(403,707)**
Cash and cash equivalents from investing activities			
Payments for investments		(7,035)	308,907
Net increase/(decrease) in cash held		**97,006**	**(94,800)**
Cash and cash equivalents at the beginning of the financial year		582,924	677,724
Cash and cash equivalents at the end of the financial year	**6.1**	**679,930**	**582,924**

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the financial year ended 30 June 2018

	Accumulated Surplus $	Total $
Balance at 30 June 2016	779,246	779,246
Net result for the year	53,643	53,643
Balance at 30 June 2017	**832,889**	**832,889**
Net result for the year	37,902	37,902
Balance at 30 June 2018	**870,791**	**870,791**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ABOUT THIS REPORT

The Professional Standards Council, Victoria (the Council) is a Statutory Agency of the State of Victoria, established under the *Professional Standards Act 2003 (Vic)*. It is an administrative agency acting on behalf of the Crown.

Its principal address is:

Professional Standards Council
Level 2
St James Centre
111 Elizabeth Street
Sydney NSW 2000

A description of the nature of the Council's operations and its principal activities is included in the Professional Standards Councils' combined annual report, which does not form part of these financial statements.

Basis of accounting preparation and measurement

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the Council as an individual reporting entity and include all the controlled activities of the Council.

Compliance information

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

NOTE 2. FUNDING DELIVERY OF OUR SERVICES

Objectives and Funding

The objectives of the Council are to promote consumer protection and excellence in professional standards by encouraging self-regulation of occupational groups through Professional Standards schemes.

(i) Professional Standards Schemes

Professional Standards schemes apply to members of occupational associations that administer professional standards schemes approved by the Councils.

Professional Standards schemes:

- Recognise those occupational associations who implement robust risk management strategies;
- Limit occupational liability for members of occupational associations who carry professional indemnity insurance and/ or business assets which comply with the association's standard of insurance and are at (or above) the level of the limitation of liability amount (cap); and
- Entitle participating members of the occupational associations to use the *Cover of Excellence*® logo (only permitted where the scheme has been approved before February 2014 and remains in force).

(ii) The Professional Standards Councils

The Councils were constituted under state and territory professional standards legislation, with the mandate to approve Professional Standards schemes. There is a total of eight Councils, one for each Australian state and territory. Each Council consists of 11 members, who are nominated and appointed pursuant to the Professional Standards Agreement 2011.

(iii) The Victorian Council

The Council was established under the *Professional Standards Act 2003* (the Act). The Council is responsible for determining the limitation of liability. When doing so, the Council must consider the claims history of each association member and the need to adequately protect consumers. The Council's other functions are set out in section 46 of the Act, and are in summary:

- To advise the Minister about publication in the Gazette, amendments to, or revocation of a scheme;
- To advise occupational associations about insurance policies relating to limitation of liability;
- To encourage and assist in the improvement of occupational standards of members of occupational associations;
- To encourage and assist in the development of self-regulation of occupational associations;
- To monitor the occupational standards of members of participating occupational associations;
- To monitor the compliance by an occupational association with its risk management strategies;
- To publish advice and information about the functions of Council;
- To conduct forums, approved by the Minister, on issues of interest to members of occupational groups;
- To collect, analyse and provide the Minister with information on issues and policies about the standards of occupational groups; and
- To start proceedings in its own name for the prosecution of an offence against the Act or for injunctive or other relief for the offences.

(iv) Funding of the Council

The Council is fully funded through the following:

- A fee of $5,000 is payable to the Council for a *Professional Standards* scheme application for approval, amendments or revocation;

- An annual fee of $50 for each member of occupational associations participating in a Professional Standards scheme; and
- Interest received on bank accounts and term deposit.

2.1 Summary of Income that funds delivery of our services

	Note	2018	2017
Fee revenue		$	$
Fee income	2.2	720,339	642,246
Interest income	2.3	10,179	12,736
Other income	2.4	324	41,083
Total income from transactions		**730,842**	**696,065**

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

2.2 Fee income

	2018	2017
Fee income	$	$
Chartered Accountants Australia and New Zealand	425,993	356,568
Association of Taxation and Management Accountants	10,696	14,678
Law Institute of Victoria	225,750	213,800
The Victorian Bar	57,900	52,200
Institute of Public Accountants	–	5,000
Total Fee Income	**720,339**	**642,246**

In accordance with Professional Standards Regulations 2017, annual fee income is derived from the occupational associations that have been approved by the Professional Standards Council to represent professionals in a particular occupation who are members of the association for the purpose of Professional Standards legislation. Annual Fee income is also derived from occupational associations on application for Professional Standards Legislation recognition, in accordance with Professional Standards Regulations 2017. Chartered Accountants Australia and New Zealand, The Victorian Bar, Law Institute of Victoria, the Association of Taxation and Management Accountants provided annual fee income and the Association of Taxation and Management Accountants provided application fee income.

2.3 Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

2.4 Other income

	2018	2017
Other income	$	$
Interest on late payment of annual fees	222	4,192
Reversal of Provision for Doubtful Debts	–	36,891
Interest from ATO	102	–
Total other income	**324**	**41,083**

In accordance with Professional Standards Regulations 2017, other income is interest attributable to the late payment of annual fees. Interest accrues at the rate of 0.05% per day when annual member fees are not paid within 30 days after it is due.

NOTE 3. THE COST OF DELIVERING OUR SERVICES

This section provides an account of the expenses incurred by the Council in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

3.1 Expenses incurred in the delivery of our services

	2018	2017
	$	**$**
Supplies and services	692,940	642,422
Total expenses incurred in delivery of services	**692,940**	**642,422**

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

3.2 Supplies and Services

	2018	2017
	$	**$**
Cost recovery by NSW Department of Finance, Services and Innovation	692,840	642,372
Bank fees	100	50
Total expenses incurred in delivery of services	**692,940**	**642,422**

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. They represent the day to day running costs incurred in normal operations

Except for bank fees, the only expense that the Council incurs is for the provision of secretariat services by the NSW Department of Finance, Services and Innovation as agreed under the Professional Standards *Interdepartmental Service Agreement 2016*. The Council does not employ staff and as such no employee benefits are recognised.

NOTE 4. KEY ASSETS AVAILABLE TO SUPPORT DELIVERY OF OUR SERVICES

The Council controls investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Council to be utilised for delivery of those outputs.

Significant judgement: Classification of investments as ‘key assets’

The Council has made the judgement that investments are key assets utilised to support the Council’s objectives and outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Investments and other financial assets

	2018	2017
Term deposits (a)	**$**	**$**
Australian dollar term deposits > three months	419,073	412,038

Notes:

(a) Term deposits under ‘investments and other financial assets’ class include only term deposits with maturity greater than 90 days.

Ageing analysis of investments and other financial assets

	Carrying amount	Not past due and not impaired	Past but not impaired
2018	$	$	$
Term deposits	419,073	419,073	–
Total	**419,073**	**419,073**	**–**

	Carrying amount	Not past due and not impaired	Past but not impaired
2017	$	$	$
Term deposits	412,038	412,038	–
Total	**412,038**	**412,038**	**–**

NOTE 5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Council's controlled operations.

5.1 Receivables

	2018	2017
Contractual	$	$
Amounts owing from Associations	17,482	7,448
Accrued interest	3,410	3,347
Total	**20,892**	**10,795**

	2018	2017
Statutory	$	$
GST input tax credit recoverable	87,618	127,313
Total receivables	**108,510**	**138,108**

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

	2018	2017
Movement in the provision for doubtful debts	$	$
Balance at beginning of the year	–	(36,891)
Reversal of unused provision recognised in net result	–	36,891
Balance at end of the year	–	–

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past but not impaired
2018	$	$	$
Amounts owing from associations	17,482	17,482	–
Accrued interest from bank	3,410	3,410	–
Total	**20,892**	**20,892**	**–**

2017	$	$	$
Amounts owing from associations	7,448	7,448	–
Accrued interest from bank	3,347	3,347	–
Total	**10,795**	**10,795**	**–**

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 Payables

	2018	2017
Contractual	$	$
Payables	206,887	183,341
Unearned revenue	109,151	98,506
	316,038	281,847

Statutory	$	$
GST payable	20,684	18,334
Total payables	**336,722**	**300,181**

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid; and

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Maturity analysis of contractual payables

	Carrying amount	Nominal amount	Maturity dates Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
2018	$	$	$	$	$	$	$
Supplies and services	206,887	206,887	–	206,887	–	–	–
Total	**206,887**	**206,887**	**–**	**206,887**	**–**	**–**	**–**
2017	$	$	$	$	$	$	$
Supplies and services	183,341	183,341	–	183,341	–	–	–
Total	**183,341**	**183,341**	**–**	**183,341**	**–**	**–**	**–**

Note: Maturity analysis is presented using the contractual undiscounted cash flows.

NOTE 6. FINANCING OUR OPERATIONS

This section provides information on the sources of finance utilised by the Council during its operations and other information related to financing activities of the Council.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2018	2017
	$	$
Total cash and deposits disclosed in the balance sheet	**679,930**	**582,924**

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2018	2017
Reconciliation of net result for the period	$	$
Net result for the period	37,902	53,642
Movements in asset and liabilities:		
(Increase)/decrease in receivables	29,598	24,865
Increase/(decrease) in payables	25,896	(492,155)
Increase/(decrease) in unearned revenue	10,645	9,941
Net cash flows from/(used in) operating activities	**104,041**	**(403,707)**

6.2 Commitments for expenditure

Commitments for future expenditure are operating commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(a) Commitments other than public private partnerships (i)

Nominal Value	2018	2017
Operating commitments (ii)	$	$
Commitments under Inter-Departmental Service Agreement 2016	282,569	488,509
Total operating commitments	**282,569**	**488,509**

Note:

(i) The figures presented are inclusive of GST.

(ii) The commitments recorded above are estimated values for the Victorian Council's portion of known outgoings. Actual amounts are not available at this stage as Victoria's actual share is dependent upon its portion of total revenue compared to the total of all eight jurisdictions.

(b) Commitments payable

Nominal Value	2018	2017
Operating commitments payable	$	$
Less than 1 year	146,139	180,363
Longer than 1 year but not longer than 5 years	128,011	293,129
5 years or more	8,419	15,017
Total commitments (inclusive of GST)	**282,569**	**488,509**
Less GST recoverable from the Australian Tax Office	25,688	44,409
Total commitments (exclusive of GST)	**256,881**	**444,100**

NOTE 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The Council is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Council related mainly to fair value determination.

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Council's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB *132 Financial Instruments: Presentation*.

Categories of financial instruments

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Council recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- Term deposits.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Council recognises the following liabilities in this category:

- payables (excluding statutory payables);

Impairment of financial assets: At the end of each reporting period, the Council assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB *136 Impairment of Assets*.

Financial instruments

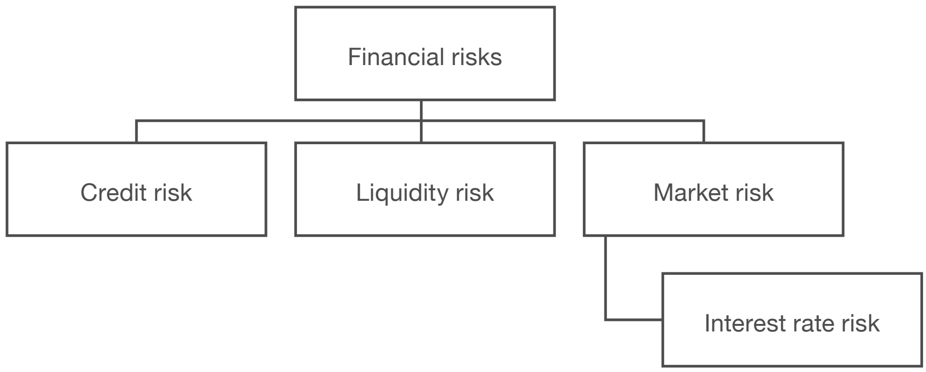
Categorisation of financial instruments

	Note	Contractual financial assets loans and receivables	Contractual financial liabilities at amortised cost	Total
2018		$	$	$
CONTRACTUAL FINANCIAL ASSETS				
Cash	6.1	679,930	–	679,930
Investments*	4.1	419,073	–	419,073
Receivables	5.1	20,892	–	20,892
Total contractual financial assets		**1,119,895**	**–**	**1,119,895**
CONTRACTUAL FINANCIAL LIABILITIES				
Payables (i)	5.2	–	206,887	206,887
Total contractual financial liabilities		**–**	**206,887**	**206,887**
2017		$	$	$
CONTRACTUAL FINANCIAL ASSETS				
Cash	6.1	582,924	–	582,924
Investments*	4.1	412,038	–	412,038
Receivables	5.1	10,795	–	10,795
Total contractual financial assets		**1,005,757**	**–**	**1,005,757**
CONTRACTUAL FINANCIAL LIABILITIES				
Payables (i)	5.2	–	183,341	183,341
Total contractual financial liabilities		**–**	**183,341**	**183,341**

*To comply with AASB 107 p.7, PSC has classified amounts held in interest bearing accounts for greater than 90 days as Investments

Notes:
(i) the the total amount disclosed here excludes statutory payables (i.e. taxes payable) and unearned revenue

7.1.2 Financial risk management objectives and policies



As a whole, the Council's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Council's financial risks in the government policy parameters.

The Council's main financial risks include credit risk and liquidity risk. The Council manages these financial risks in accordance with its financial risk management policy.

The Council uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Council.

Financial Instruments: Credit risk

Credit risk arises from the financial assets of the Council, which comprise cash and deposits and non-statutory receivables.

The Council's exposure to credit risk arises from the potential default of the financial institution on their contractual obligations and the potential default of a scheme operator on their statutory obligations resulting in financial loss to the Council.

Credit risk is measured at fair value and is monitored on a regular basis.

Receivables are not past due and are not impaired.

There are no financial assets which are individually determined to be impaired. Currently, the Council does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

There has been no material change to the Council's credit risk profile in 2017–18 with all financial assets being invested with the ANZ bank.

Credit risk exposure

		Credit Quality			
Description	**Note**	**Weighted average effective interest rate**	**Carrying amount**	**Financial institutions Double – A credit rating**	**Not credit rated**
2018			**$**	**$**	**$**
FINANCIAL ASSETS					
Cash	6.1	–	679,930	679,930	–
Investment*		–	419,073	419,073	–
Receivables	5.1	–	20,892	20,892	–
Total financial assets		**–**	**1,119,895**	**1,119,895**	**–**
FINANCIAL LIABILITIES					
Payables	5.2	–	206,887	–	206,887
Total financial liabilities		**–**	**206,887**	**–**	**206,887**
2017			**$**	**$**	**$**
FINANCIAL ASSETS					
Cash	6.1	–	582,924	582,924	–
Investment*		–	412,038	412,038	–
Receivables	5.1	–	10,795	10,795	–
Total financial assets		**–**	**1,005,757**	**1,005,757**	**–**
FINANCIAL LIABILITIES					
Payables	5.2	–	183,341	–	183,341
Total financial liabilities		**–**	**183,341**	**–**	**183,341**

*To comply with AASB 107 p.7, PSC has classified amounts held in interest bearing accounts for greater than 90 days as Investments.

Financial Instruments: Liquidity risk

Liquidity risk is the risk that the Council would be unable to meet its financial obligations as and when they fall due. The Council operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Council manages its liquidity risk by:

- close monitoring of its short term and long term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of the Council's term deposit.

The State Government of New South Wales, through the Department of Finance, Services and Innovation is the Council's only creditor, thereby minimising liquidity risk.

All financial assets and liability maturity rates are less than six months.

Financial instruments: Market risk

The Council's exposure to market risk is primarily through interest rate risk. Objectives, policies and processes used to manage this risk are disclosed below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Council has minimal exposure to cash flow interest rate risk through its cash and term deposit. The Council manages this risk by only investing in a term deposit of six months with a fixed interest rate. Management has determined that cash at bank is a financial asset that can be left at floating rate without necessarily exposing the Council to significant risk.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table that follows.

Interest rate exposure of financial instruments

Interest Rate Exposure

Description	Note	Weighted average effective interest	Carrying amount	Interest rate exposure		
				Fixed Interest rate	Variable interest rate	Non-interest bearing
2018		%	$	$	$	$
FINANCIAL ASSETS						
Cash	6.1	0.49	679,930	–	679,930	–
Investment*	4.1	1.70	419,073	419,073	–	–
Receivables	5.1		20,892	–	–	20,892
Total financial assets			**1,119,895**	**419,073**	**679,930**	**20,892**
FINANCIAL LIABILITIES						
Payables	5.2		206,887	–	–	206,887
Total financial liabilities			**206,887**	**–**	**–**	**206,887**
2017		%	$	$	$	$
FINANCIAL ASSETS						
Cash	6.1	0.47	582,924	–	582,924	–
Investment*	4.1	1.70	412,038	412,038	–	–
Receivables	5.1		10,795	–	–	10,795
Total financial assets			**1,005,757**	**412,038**	**582,924**	**10,795**
FINANCIAL LIABILITIES						
Payables	5.2		183,341	–	–	183,341
Total financial liabilities			**183,341**	**–**	**–**	**183,341**

*To comply with AASB 107 p.7, PSC has classified amounts held in interest bearing accounts for greater than 90 days as Investments.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no contingent assets or liabilities at balance date 30 June 2018. (2017: Nil)

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Council.

This section sets out information on how the Council determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of financial assets and liabilities is equal to their fair value.

The Council determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

› Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;

› Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

› Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Council determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

All financial assets and liabilities are classified as level one in accordance with the fair value measurement hierarchy, as noted above.

NOTE 8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the Council are as follows:

Attorney-General	The Hon. Martin Pakula, MP	1 Jul 17 – 30 June 18
Acting Attorney-General	The Hon. Lisa Neville, MP	23 Sep 17 – 8 Oct 17
	The Hon. Lisa Neville, MP	22 Dec 17 – 7 Jan 17
	The Hon. Lisa Neville, MP	23 Jan 18 – 31 Jan 18
	The Hon. Gayle Tierney, MP	13 May 18 – 19 May 18
	The Hon. Gayle Tierney, MP	22 Jun 18 – 25 Jun 18
	The Hon. Marlene Kairouz, MP	26 Jun 18 – 30 Jun 18
Chair	Mr Steven Finch SC	19 Dec 17 – 31 Mar 18
	Mr John Vines OAM	23 May 18 – 30 Jun 18

Remuneration

Remuneration received or receivable by the Accountable Officer (Chair) in connection with the management of the New South Wales, Western Australian, South Australian, Queensland, Tasmanian, Australian Capital Territory, Northern Territory and Victorian Councils during the reporting period was $8,384 (2017: $8,427).

Remuneration received or receivable by Councils members (including the Chair) for their responsibilities to New South Wales, Western Australian, South Australian, Queensland, Tasmanian, Australian Capital Territory, Northern Territory and Victorian Councils totalled $52,880 for the year ended 30 June 2018 (16-17: $54,385).

The eight national Professional Standards Councils meet in unison and Councils members are paid by NSW Department of Finance, Services and Innovation. As per the Inter-Departmental Service Agreement 2016, The Professional Standards Council of Victoria is required to fund 18.86% of the 2018 Council members' remuneration (2017: 19.43%).

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Councils, or on behalf of the Councils, in exchange for services rendered, and is disclosed in the following categories:

Short term employee benefits which is made up of salary; and

Post-employment benefits which is superannuation entitlements where income is greater than $450 before tax in a calendar month (as per relevant legislation). Note, members are not eligible for employee provisions such as recreational leave and long service leave.

Chair and Council Member	Mr Steven Finch SC	19 December 2017 to 31 March 2018
Chair and Council Member	Mr John Vines OAM	23 May 2018 to 30 June 2018
Council Member	Mr John Vines OAM	1 July 2017 to 30 June 2018
Council Member	Ms Julie Cameron	1 July 2017 to 8 December 2017
Council Member	Mr Terry Evans	1 July 2017 to 30 June 2018
Council Member	Mr Will Hamilton	10 August 2017 to 30 June 2018
Council Member	Mr Andrew Lumsden	17 July 2017 to 30 June 2018
Council Member	Ms Jo Metcalfe	1 July 2017 to 30 June 2018
Council Member	Ms Pam Montgomery	1 July 2017 to 30 June 2018
Council Member	Ms Tiina-Liisa Sexton	1 July 2017 to 31 December 2017
Council Member	Ms Tiina-Liisa Sexton	28 March 2018 to 30 June 2018
Council Member	Ms Elizabeth Shearer	3 April 2018 to 30 June 2018
Council Member	Mr Iain Summers	1 July 2017 to 30 June 2018
Council Member	Ms Rachel Webber	1 July 2017 to 30 June 2018

The number of members of the Council with remuneration that fell within the following bands was:

	Total remuneration	
Income Band	**2018 No.**	**2017 No.**
$0 – $9,999	12	11
$10,000 – $19,999		
Total number of Council Members	**12**	**11**

Remuneration	**2018**
Short term employee benefits	$47,321
Post-employment benefits	$4,496
Total remuneration	**$51,817**
Total number of members	**12**

Note of reconciliation: The difference between the remuneration of Councils members of $52,880 and Victorian Council members' of $51,817 is $1,063. This difference represents the Short term employee benefits and Post-employment benefits paid/ payable to Ms Caroline Lamb, who was appointed and remunerated as a member of the New South Wales Professional Standards Council, however was appointed to the Victorian Professional Standards Council post 30 June 2018.

8.2 Related parties

The Council is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Council include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over); and
- all cabinet ministers and their close family members

All related party transactions have been entered into on an arm's length basis.

The Council did not have any government-related entity transactions.

Key management personnel of the Council includes the Portfolio Minister, the Hon. Martin Pakula, MP, Council Members as listed in section 8.1, and the Chief Finance and Accounting Officer, Mr Christopher Breitkreuz.

The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Compensation to Council Members is detailed in section 8.1.

The Chief Finance and Accounting Officer is not an employee of the Council and does not receive any compensation from the Council.

Transactions and balances with key management personnel and other related parties

There were no related party transactions that involved the Council's key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.3 Remuneration of auditors

	2018	2017
	$	$
Victorian Auditor-General's Office		
Audit of the financial statements	12,900	12,600

The Council is required to fund 18.86% of the Victorian Auditor-General's Office fee (2017: 19.43%), as per the Inter-Departmental Service Agreement 2016.

8.4 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the Council of their applicability and early adoption where applicable.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 *8 Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends as follows: › Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. › Dividends are recognised in the profit and loss only when: – the entity's right to receive payment of the dividend is established; – it is probable that the economic benefits associated with the dividend will flow to the entity; and – the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: › a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; › for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and › for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 › Statutory receivables are recognised and measured similarly to financial assets AASB 15 › The 'customer' does not need to be the recipient of goods and/or services; › The 'contract' could include an arrangement entered into under the direction of another party; › Contracts are enforceable if they are enforceable by legal or 'equivalent means'; › Contracts do not have to have commercial substance, only economic substance; and › Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

Standard/ Interpretation[1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017–18 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement*

Note:

1. For the current year, given the number of consequential amendments to AASB 9 Financial Instruments AASB 15 Revenue from Contracts with Customers, and AASB 16 Leases, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

8.5 Glossary of terms

Commitments include those operating, capital and other outsourcing commitments arising from noncancellable contractual or statutory sources.

Comprehensive result is the amount included in the comprehensive operating statement representing total change in net worth other than transactions with owners as owners.

Financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another equity;

(c) a contractual right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability is any liability that is:

(a) a contractual or statutory obligation:
- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements comprises:

(a) a balance sheet as at the end of the period;

(b) a comprehensive operating statement for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and

(g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net Worth is calculates as assets less liabilities, which is an economic measure of wealth.

Payables includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Receivables includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Supplies and Services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the VPSC.

Scheme requires occupational associations to improve their professional standards and protect consumers by implementing robust risk management strategies and adhering to professional indemnity insurance standards. It rewards such practices by limiting the occupational liability of members of occupational associations.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

8.6 Style Conventions

Figures and percentages in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

….. zero, or rounded to zero
(xxx.x) negative numbers
200x year period
200x 0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2017-18 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Council’s annual reports.

Justice
and Regulation

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