Australian College of Nursing Ltd
ABN 48 154 924 642

General purpose (RDR) financial report for the year ended 30 June 2017

Contents

Directors' report

Your Directors submit their report on Australian College of Nursing Ltd (the "Company") and the entities it controlled (collectively the "Group") for the year ended 30 June 2017.

Directors

The names, qualifications, experience and special responsibilities of the Directors in office at any time during, or since the end of the year are:

Names	Qualifications	Experience and special responsibilities
Christine Duffield	RN, BScN, MHP, FAICD, FAAN, PhD	FACN Elected Director President and Chairperson (from 19 December 2016) Vice President (until 19 December 2016) Member Finance, Audit, Risk & Investment Committee
Carmen Morgan	RN, BN, MHSM, Infection Control Cert, Grad ICN Global NLP, GAICD Global NLP, GAICD	Elected Director Vice President (from 19 December 2016) Member Finance, Audit, Risk & Investment Committee (from 19 December 2016) Member Governance & Academic Studies Committee* (until 19 December 2016)
Greg Rickard OAM (Resigned: 12 August 2016)	RN, RM, BASc, GDCC, MHSMI, DPH	MACN Elected Director
Kathleen Baker AM	RN, DNE, BHA, MEd, Wharton Fellow	FACN (DLF) MAICD Elected Director Member Governance & Academic Studies Committee* (from 19 December 2016) Member Finance, Audit, Risk & Investment Committee (until 19 December 2016)
Christine Smith	RN, MSc(CHN), BA (Admin), DAppSc	FACN (DLF) Elected Director Chair Governance & Academic Studies Committee*
Leanne Smith	ENAP, Dip, Adv Dip Nursing, B.SocSc, Grad Cert MH, JP (Qual)	FACN Elected Director Member Governance & Academic Studies Committee*
Elaine Duffy	RN, RM, MN, PhD, BAppSc, DipAppSc	FACN Elected Director
Brian Gatfield	FCPA	Independent Director Chair Finance, Audit, Risk & Investment Committee
Christopher Drummer	LLB, MBA(Exec), GAICD	Independent Director Member Finance, Audit, Risk & Investment Committee

*Governance Committee was renamed Governance & Academic Studies Committee on 18 August 2016.

Directors' report (continued)

Principal activities

The principal activities of the Group during the financial year were to provide membership, professional and educational services to the nursing profession, health policy development and advocacy of the nursing profession.

There have been no significant changes in the nature of these activities during the year.

Objectives

The objectives for which the Australian College of Nursing Ltd is established are to cultivate and maintain the highest principles of nursing and healthcare by:

(a) facilitating the education and continuing professional development of nurses and other healthcare professionals;

(b) providing opportunity for and administering grants, trusts and awards to further nursing and health professional scholarship;

(c) contributing to a professional framework which enhances the practice and progression of nursing and healthcare nationally and internationally;

(d) initiating, encouraging and supporting research to seek solutions to issues and problems relevant to nursing and healthcare practice and the health of the community in general and taking action on such problems and issues;

(e) fostering and maintaining links with other nursing and allied organisations or relevant groups through co-operation or affiliation for the furtherance of any or all of the objects of the Company;

(f) acting in an advisory role and providing a consultative service on the process and outcomes of nursing and health policy development and research at National and State levels in order to improve the health care of the community; and

(g) doing all such things as are incidental or conducive to the attainment of all or any objectives of the Company.

The board of directors actively monitor the achievement of these objectives and the variety of strategies implemented to achieve them.

Operating results for the year

For the year ended 30 June 2017, the Group generated total revenue of $13,222,036 (2016: $14,731,016) and produced a surplus of $632,652 (2016: $1,425,845).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Likely developments and expected results

The Group will continue to meet its contractual commitments in the ensuing financial year.

Directors' benefits

During the financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Parent entity or a related corporation with the Director or a firm of which the Director is a member, or with a company in which the Director has substantial interest.

Directors' report (continued)

Members' guarantee

In accordance with the Constitution, every member of the Company undertakes to contribute an amount limited to $20 per member in the event of the winding up of the Company during the time he/she is a member, or within one year thereafter.

Directors' meetings

	Board meetings	
Director	**Eligible**	**Attended**
Carmen Morgan	6	6
Greg Rickard OAM	-	-
Kathleen Baker AM	6	5
Christine Smith	6	6
Elaine Duffy	6	6
Christine Duffield	6	6
Brian Gatfield	6	6
Christopher Drummer	6	5
Leanne Smith	6	6

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor independence

The Directors received an independence declaration from the auditor of Australian College of Nursing Ltd. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the Directors.

President and Chairperson
Sydney
3 November 2017

Directors' declaration

In accordance with a resolution of the Directors of Australian College of Nursing Ltd, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001* and the *Australian Charities* and *Not-for-Profits Commission Act 2012,* including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001* and the *Australian Charities* and *Not-for-Profits Commission Regulation 2013*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Professor Christine Duffield
President and Chairperson
Sydney
3 November 2017

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Auditor's Independence Declaration to the Directors of Australian College of Nursing

In relation to our audit of the financial report of Australian College of Nursing and controlled entities for the financial year ended 30 June 2017 and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Loretta Di Mento
Partner
3 November 2017

Building a better working world

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Independent Auditor's Report to the Members of Australian College of Nursing

Opinion

We have audited the financial report of Australian College of Nursing (the Company), and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives 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 our 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

L Di Mento

Loretta Di Mento
Partner
Sydney
3 November 2017

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

	Notes	2017 $	2016 $
Revenue			
Operating revenue	4.1	12,501,964	13,668,742
Finance and other income	4.1	651,123	1,012,808
Trust funds - income	4.1, 17	68,949	49,466
Total revenue		**13,222,036**	**14,731,016**
Expenses			
Depreciation and amortisation	4.2	(440,325)	(506,032)
Employee benefits expense	4.3	(7,020,154)	(7,340,517)
Administrative expenses		(3,981,097)	(4,223,819)
External service providers		(1,126,225)	(1,215,750)
Trust funds - expense	17	(21,583)	(19,053)
Total expenses		**(12,589,384)**	**(13,305,171)**
Surplus before tax		**632,652**	**1,425,845**
Income tax expense		-	-
Surplus after tax		**632,652**	**1,425,845**
Other comprehensive loss			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on available-for-sale financial assets		220,094	(603,273)
Net other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods		**220,094**	**(603,273)**
Other comprehensive income/(loss) for the year		**220,094**	**(603,273)**
Total comprehensive income for the year		**852,746**	**822,572**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash	5	5,657,568	7,378,389
Trade and other receivables	6	382,022	122,436
Other assets	7	622,604	498,661
Total current assets		6,662,194	7,999,486
Non-current assets			
Property, plant and equipment	8	3,860,586	4,136,639
Intangible asset	9	118,810	141,572
Financial assets	10	19,646,430	15,999,523
Total non-current assets		23,625,826	20,277,734
Total assets		**30,288,020**	**28,277,220**
Liabilities and funds			
Current liabilities			
Trade and other payables	11	1,568,997	1,714,154
Employee benefit liabilities	13	1,140,312	996,228
Deferred revenue	14	2,842,457	1,655,233
Total current liabilities		5,551,766	4,365,615
Non-current liabilities			
Provisions	12	250,000	250,000
Employee benefit liabilities	13	214,209	242,306
Total non-current liabilities		464,209	492,306
Total liabilities		**6,015,975**	**4,857,921**
Funds			
General fund		19,712,101	19,126,815
Reserves	15	2,679,335	2,459,241
Restricted fund	17	1,880,609	1,833,243
Total funds		**24,272,045**	**23,419,299**
Total liabilities and funds		**30,288,020**	**28,277,220**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in funds

For the year ended 30 June 2017

	General fund	Available-for-sale reserve (Note 15)	Asset revaluation reserve (Note 15)	Restricted fund	Total
	$	**$**	**$**	**$**	**$**
At 1 July 2016	**19,126,815**	**(692,975)**	**3,152,216**	**1,833,243**	**23,419,299**
Surplus for the year	585,286	-	-	47,366	632,652
Other comprehensive income	-	220,094	-	-	220,094
Total comprehensive income for the year	585,286	220,094	-	47,366	852,746
At 30 June 2017	**19,712,101**	**(472,881)**	**3,152,216**	**1,880,609**	**24,272,045**
At 1 July 2015	**17,731,383**	**(89,702)**	**3,152,216**	**1,802,830**	**22,596,727**
Surplus for the year	1,395,432	-	-	30,413	1,425,845
Other comprehensive loss	-	(603,273)	-	-	(603,273)
Total comprehensive income for the year	1,395,432	(603,273)	-	30,413	822,572
At 30 June 2016	**19,126,815**	**(692,975)**	**3,152,216**	**1,833,243**	**23,419,299**

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

Consolidated statement of cash flows

For the year ended 30 June 2017

	Note	2017 $	2016 $
Operating activities			
Receipts from customers		14,028,981	16,574,779
Payments to suppliers and employees		(12,794,904)	(15,385,225)
Interest received		186,612	479,054
Net cash flows from operating activities		**1,420,689**	**1,668,608**
Investing activities			
Purchase of property, plant and equipment		(103,419)	(202,039)
Purchase of financial asset		(3,000,000)	(10,510,524)
Purchase of intangible assets		(38,091)	(26,220)
Net cash flows used in investing activities		**(3,141,510)**	**(10,738,783)**
Financing activities			
Net cash flows from financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(1,720,821)	(9,070,175)
Cash and cash equivalents at 1 July		7,378,389	16,448,564
Cash and cash equivalents at 30 June	5	**5,657,568**	**7,378,389**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2017

1. Corporate information

The financial report of Australian College of Nursing Ltd as a consolidated entity consisting of Australian College of Nursing Ltd (the "Company") and its controlled entities (the "Group") for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 3 November 2017.

The Australian College of Nursing Ltd is a not-for-profit public company limited by guarantee, was incorporated on 23 November 2011, commenced operations on 1 July 2012, and is domiciled in Australia. The Group is exempt from income tax.

In accordance with the constitution, every member of the Group undertakes to contribute an amount limited to $20 per member in the event of the winding up of the Group during the time he/she is a member, or within one year thereafter.

The registered office and principal place of business of the Group is 1 Napier Close, Deakin, ACT 2600.

The nature of the operations and principal activities of the Group are described in the Director's report.

2. Summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001, Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a non-for-profit, the Group are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

The financial report has been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, available-for-sale (AFS) financial assets, contingent consideration and non-cash distribution liability that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

2.2 Changes in accounting policy, disclosures, standards and interpretations

a) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

b) Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and the six trusts it controls, namely Sydney Metropolitan Teaching Hospitals Nursing Consortium (SMHNC), the Sul Stuart-Fraser Trust (SSFT), the M I Quicke Memorial Fund (MIQMF), the Victorical Research Fund (VRF), the Laura Saunderson Extended Care Nursing Fund (LSECNF), and the National Research and Scholarship Fund (NRSF) (Note 17) as at 30 June of each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

a) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

a) Current versus non-current classification (continued)

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

b) Cash

Cash in the consolidated statement of financial position comprise cash at bank and on hand and cash held in Trust with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

c) Trade receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured, less an allowance for uncollectible amounts. The collectability of debts is assessed at the reporting date and specific provision is made for any doubtful accounts.

d) Fair value measurement

The Group measures financial assets such as investments in shares, and non-financial assets such as land and buildings, at fair value at each reporting date.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

e) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value in the consolidated statement of profit or loss and other comprehensive income.

AFS financial assets

AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited to the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the consolidated statement of profit or loss and other comprehensive income, or the investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of profit or loss and other comprehensive income in finance costs. Interest earned while holding AFS financial assets is reported as interest income using the EIR method in the consolidated statement of profit or loss and other comprehensive income.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value using the revaluation model, less accumulated depreciation on buildings. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Upon disposal or derecognition, any revaluation surplus relating to the particular assets being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

-	Land	Not depreciated
-	Buildings	Over 40 years
-	Plant and equipment	4 to 20 years
-	Leasehold improvement	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Intangible asset

Intangible asset acquired separately are measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group’s intangible asset is:

Software

The Group's acquired software is amortised on a straight line basis over five years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income.

2. Summary of significant accounting policies (continued)

g) Intangible asset (continued)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is de-recognised.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds recoverable amount, which is defined for not for profit entities as the higher of an asset's fair value less costs to sell or depreciated replacement cost. For the purpose of assessing impairment, assets are grouped at the level for which there are separately identifiable cash flows. An impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

j) Trade and other payables

Trade and other payables are carried at amortised cost, and they are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Due to their short term nature, they are not discounted. Trade payable amounts are unsecured and they are settled within normal trading terms.

k) Provisions and employee benefit liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group 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 any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Make good provision

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with returning the premises to its original condition. The calculation of this provision requires assumptions such as expected lease expiry dates, and cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each leased premises is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the consolidated statement of financial position by adjusting both the expense or asset (if applicable) and provision.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

k) Provisions and employee benefit liabilities (continued)

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Scholarship administration fees

Fees received for administering scholarship funds on behalf of the Commonwealth Government are recognised over the period for which the contract applies.

Membership fees

Membership fees paid in full and in advance are deferred and recognised over the period to which they relate. Membership subscriptions paid by instalments are recognised as received.

Course fees

Course fees is recognised over the duration of the course commencing from the census date for each session. Course fees received in advance is recognised as deferred income.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance and other income in the consolidated statement of profit or loss and other comprehensive income.

Distributions from financial assets at fair value

Distributions from financial assets are recognised at fair value through the consolidated statement of profit or loss and other comprehensive income when received.

m) Income tax

The Group and its controlled entities are exempt from income tax in Australia under Division 50 of the Income Tax Assessment Act 1997. As specified by the Australian Taxation Office (ATO), the Group and its controlled entities complete an annual self-assessment to confirm the exemption.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

n) Goods and services tax (GST)

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

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined by reference to market-based evidence regarding the amount for which the asset could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm’s length transaction. Fair value is also determined by direct reference to recent market transaction on arm’s length terms for land and buildings comparable in size and location to that held by the Group, and to market based yield for comparable properties.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

4. Revenue and expenses

4.1 Revenue

	2017	2016
	$	**$**
Operating revenue		
Course fees	8,123,146	8,946,569
Revenue from member subscriptions	1,954,606	1,824,634
Scholarship administration fees	1,235,637	1,766,680
Events, advertising and sponsorships	1,188,575	1,130,859
	12,501,964	**13,668,742**
Finance and other income		
Realised (loss)/gain	(106,316)	186,136
Dividend income	104,294	2,857
Distribution income	435,045	496,098
Interest income	186,612	290,061
Other income	31,488	37,656
	651,123	**1,012,808**
Trust funds income		
Trust funds - income	**68,949**	**49,466**
Total revenue	**13,222,036**	**14,731,016**

4.2 Depreciation and amortisation

	2017	2016
	$	**$**
Buildings	66,606	66,606
Plant and equipment	75,663	136,178
Leasehold improvements	237,203	237,453
Software	60,853	65,795
Total depreciation and amortisation of non-current assets	**440,325**	**506,032**

4.3 Employee benefits expense

	2017	2016
	$	**$**
Wages and salaries	6,118,887	6,444,500
Defined contribution superannuation expense	614,080	638,034
Workers' compensation insurance	60,581	52,739
Other personnel expense	226,606	205,244
Total employee benefits expense	**7,020,154**	**7,340,517**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

5. Cash

	2017	2016
	$	$
Cash at bank and on hand	**5,657,568**	**7,378,389**

The cash at bank contains an account of $305,705 which is a bank guarantee held in connection with the Parramatta office.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at 30 June:

	2017	2016
	$	$
Cash at bank and on hand	**5,657,568**	**7,378,389**

6. Trade and other receivables

	2017	2016
	$	$
Current		
Trade receivables	323,446	107,398
Goods and service tax recoverable	50,512	15,038
Other receivables - trust funds (Note 17)	8,064	-
	382,022	**122,436**

7. Other assets

	2017	2016
	$	$
Current		
Prepayments	553,187	408,875
Accrued revenue	31,355	15,971
Other assets	38,062	73,815
	622,604	**498,661**

8. Property, plant and equipment

	2017	2016
	$	$
Land and buildings		
At fair value	3,070,817	3,070,817
Accumulated depreciation	(66,606)	-
Net carrying amount	**3,004,211**	**3,070,817**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

8. Property, plant and equipment (continued)

	2017	2016
	$	$
Plant and equipment		
At cost	1,257,621	1,154,202
Accumulated depreciation	(1,097,077)	(1,021,414)
Net carrying amount	**160,544**	**132,788**
Leasehold improvements		
At cost	1,179,702	1,179,702
Accumulated depreciation	(483,871)	(246,668)
Net carrying amount	**695,831**	**933,034**
Total property, plant and equipment		
At fair value	3,070,817	3,070,817
At cost	2,437,323	2,333,904
	5,508,140	**5,404,721**
Accumulated depreciation	(1,647,554)	(1,268,082)
Net carrying amount	**3,860,586**	**4,136,639**

Reconciliation of carrying amounts at the beginning and the end of the year

	2017
	$
Land and buildings	
Balance at the beginning of the year - Net carrying amount	3,070,817
Depreciation charge for the year	(66,606)
Balance at the end of the year - Net carrying amount	**3,004,211**
Plant and equipment	
Balance at the beginning of the year - Net carrying amount	132,788
Additions	103,419
Depreciation charge for the year	(75,663)
Balance at the end of the year - Net carrying amount	**160,544**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

8. Property, plant and equipment (continued)

Reconciliation of carrying amounts at the beginning and the end of the year (continued)

	2017
	$
Leasehold improvements	
Balance at the beginning of the year - Net carrying amount	933,034
Depreciation charge for the year	(237,203)
Balance at the end of the year - Net carrying amount	**695,831**
Total property, plant and equipment	
Balance at the beginning of the year - Net carrying amount	4,136,639
Additions	103,419
Depreciation charge for the year	(379,472)
At 30 June	**3,860,586**

Revaluation

For the year ended 30 June 2017, the land and building in Canberra was valued by the Directors based on an external valuation by Collier International dated 15 June 2016. The 2016 valuation confirmed the appropriateness of the carrying value of the assets in financial statements without a revaluation increment or decrement.

9. Intangible asset

	2017	2016
	$	$
Software		
At cost	421,102	383,011
Accumulated amortisation	(302,292)	(241,439)
Net carrying amount	**118,810**	**141,572**

Reconciliation of carrying amounts at the beginning and the end of the year

	2017
	$
Software	
Balance at the beginning of the year - Net carrying amount	141,572
Additions	38,091
Amortisation	(60,853)
Balance at the end of the year - Net carrying amount	**118,810**

10. Financial assets

	2017	2016
	$	$
Available-for-sale financial assets		
Investments	**19,646,430**	**15,999,523**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

11. Trade and other payables

	2017	2016
	$	$
Current		
Trade payables	415,103	557,566
Accrued expenses	1,018,737	965,346
Other payables and accruals	135,157	191,242
	1,568,997	**1,714,154**

12. Provisions

	2017	2016
	$	$
Non-current		
Make good provision	**250,000**	**250,000**

13. Employee benefit liabilities

	2017	2016
	$	$
Current		
Long service leave	580,992	435,290
Annual leave	559,320	560,938
	1,140,312	**996,228**
Non-current		
Long service leave	**214,209**	**242,306**

14. Deferred revenue

	2017	2016
	$	$
Current		
Deferred revenue - membership fees	504,846	395,337
Deferred revenue - scholarship fees	164,780	-
Deferred revenue - other	186,017	159,915
Deferred revenue - education course fees	1,986,814	1,099,981
	2,842,457	**1,655,233**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

15. Reserves

	2017	2016
	$	$
(a) Asset revaluation reserve		
Asset revaluation reserve	**3,152,216**	**3,152,216**
(i) Movement in the asset revaluation reserve		
Balance at the start of the year	3,152,216	3,152,216
Balance at the end of the year	**3,152,216**	**3,152,216**

(ii) Nature and purpose of reserve
The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset each other.

	2017	2016
	$	$
(b) Available-for-sale reserve		
Available-for-sale reserve	**(472,881)**	**(692,975)**
(i) Movement in the available-for-sale reserve		
Balance at the start of the year	(692,975)	(89,702)
Unrealised net gain/(loss) on available-for-sale financial asset	220,094	(603,273)
Balance at the end of the year	**(472,881)**	**(692,975)**

(ii) Nature and purpose of reserve
The available-for-sale reserve is used to record increments and decrements in the fair value of AFS financial assets to the extent that they offset each other.

Total reserves	**2,679,335**	**2,459,241**

16. Scholarship assets and liabilities

	2017	2016
	$	$
Scholarship assets - cash and cash equivalents	16,001,658	25,242,832
Scholarship liabilities - future payments liability	(16,001,658)	(25,242,832)
Net assets	**-**	**-**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

16. Scholarship assets and liabilities (continued)

Reconciliation of carrying amounts at the beginning and end of the year

	2017	2016
	$	$
Opening cash held	25,242,832	32,619,275
Cash funds received from Commonwealth during the year	6,692,820	15,866,958
Cash funds provided to scholarship recipients during the year	(15,933,994)	(23,243,401)
Closing cash funds	**16,001,658**	**25,242,832**

The Group administers scholarship funds on behalf of the Commonwealth Government represented by the Department of Health and Ageing, the Nursing and Allied Health Scholarship and Support Scheme, the Aged Care Nursing Scholarships and the Puggy Hunter Memorial Scholarship Scheme.

Cash held as at the reporting date is held in trust for the Commonwealth Government for recipients of scholarships. Any unspent funds are returned to the Commonwealth.

17. Trusts

The Directors in their capacity of being directors of RCNA and TCON are the trustees of the Sydney Metropolitan Teaching Hospitals Nursing Consortium (SMHNC), the Sul Stuart-Fraser Trust (SSFT), the M I Quicke Memorial Fund (MIQMF), the Victorian Research Fund (VRF), the Laura Saunderson Extended Care Nursing Fund (LSECNF), and the National Research and Scholarship Fund (NRSF). The trusts are deemed controlled and are therefore consolidated into these financial statements.

	2017	2016
Financial Information	$	$
Assets		
Financial assets	1,893,765	1,833,243
Other receivables	8,064	-
Total assets	**1,901,829**	**1,833,243**
Liabilities		
Trade and other payables	**(21,220)**	**-**
Net assets	**1,880,609**	**1,833,243**
Revenue		
Trust funds - income	68,949	49,466
Expenses		
Trust funds - expenses	(21,583)	(19,053)
Net surplus	**47,366**	**30,413**

* Balance held by ACN is eliminated on consolidation.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

18. Parent entity disclosure

	2017	2016
	$	$
Information relating to Australian College of Nursing Ltd (the "Parent"):		
Current assets	5,968,075	5,680,638
Non-current assets	947,982	1,153,615
Total assets	**6,916,057**	**6,834,253**
Current liabilities	6,806,775	3,707,244
Non-current liabilities	-	-
Total liabilities	**6,806,775**	**3,707,244**
General fund	109,282	3,127,009
Total funds	**109,282**	**3,127,009**
Deficit	**(3,003,726)**	**(23,934)**

The Parent did not have any contingent liabilities and contractual obligations as at 30 June 2017 (2016: none).

19. Related party disclosures

(a) Investment in controlled entities

Name	Country of incorporation	Membership interest	Carrying amount
Royal College of Nursing, Australia (RCNA)	Australia	100%	-
The College of Nursing (TCON)	Australia	100%	-

All of the above controlled entities are companies limited by guarantee. Australian College of Nursing Ltd is the sole member of each of these entities. Additionally, Australian College of Nursing Ltd controls the Trusts identified in Note 17.

(b) Directors' compensation

Remuneration paid to Directors is limited to the reimbursement of direct out of pocket expenses associated with their holding of office. No other amounts are paid, payable, or otherwise made available to any Director in respect of the financial year.

The Directors of the Group who held office at any time during the financial year are set out in the Directors' report.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

19. Related party disclosures (continued)

(c) Transactions with director-related entities

The Group did not have any transactions with director-related entities during the year.

(d) Key management personnel

The aggregate compensation of key management personnel of the Group is set out below:

	2017	2016
	$	$
Total compensation during the year	**971,216**	**899,041**

20. Commitments and contingencies

(a) Operating lease commitments - Group as lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 are as follows:

	2017	2016
	$	$
Within one year	420,182	435,394
After one year but not more than five years	1,690,638	1,690,638
	2,110,820	**2,126,032**

The Group has entered into commercial leases on a Parramatta office and certain items of equipment. These leases have an average life of two to five years with renewal terms included in the contracts. Renewals are at the option of the Group.

There are no restrictions placed upon the lessee by entering into these leases.

(b) Contingencies

The Group did not have any contingencies as at 30 June 2017 (2016: none).

21. Segment information

The Group operates exclusively in Australia as a not-for-profit professional association providing membership, professional and education services, policy advice, representation, scholarships and events management.

22. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.