Australian College of Nursing Ltd
ABN 48 154 924 642

General purpose (RDR) financial report for the year ended 30 June 2020

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Directors' report

Your Directors submit their report on Australian College of Nursing Ltd (the "Company") and the entities it controlled (collectively referred to as the "Group") for the year ended 30 June 2020.

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
Professor Christine Duffield (President)	RN, BScN, MHP, FAICD, FAAN, FACN, PhD	Elected Director President and Chairperson Member, Finance, Audit, Risk & Investment Committee Deputy Chairperson, Academic Council (from February 2020)
Mrs Carmen Morgan (Vice-President)	RN, BN, MHSM, Grad Cert Emergency Nsg, Infection Control Cert, Grad ICN Global NLP, FACN, GAICD, Wharton, Nurse Leader	Elected Director Vice President Member, Finance, Audit, Risk & Investment Committee Member, Governance & Scholarship Committee (from February 2020) formerly Governance and Academic Studies Committee Member, ACN Foundation Advisory Committee
Mr Christopher Drummer (Independent Director)	LLB, MBA (Exec),GAICD	Independent Director Member, Finance, Audit, Risk & Investment Committee Member, Nominations and Selection Committee
Mr Ross Lewin (Independent Director)	B. Com. CA. F. Fin	Independent Director Chairperson, Finance, Audit, Risk & Investment Committee Chairperson, Nominations and Selection Committee Member, ACN Foundation Advisory Committee
Professor Linda Shields	DMed, PhD, MMedSci, BAppSci (Nursing), Centaur Fellow, FACN, CCYPN	Elected Director Member, Governance & Academic Studies Committee (until January 2020) Chairperson, Academic Council (from February 2020) Chairperson, ACN Order of Australia Working Party Member, Nominations and Selection Committee
Adjunct Professor David Plunkett	RN, Peri-Op Cert, MBA, FACN, GAICD	Elected Director Member, Nominations and Selection Committee Member, ACN Foundation Advisory Committee Member, Governance and Scholarship Committee (from May 2020)
Adjunct Professor Susanne Hawes	RN, MRNCert, BHlth Sc (Nursing), Grad Cert (Disability Nursing), EMBA, FACN	Elected Director Member, Nominations and Selection Committee
Mrs Belynda Abbott	RN, BN, MHlthLdr, GDipClinEd, Dip.Gov, FICDA, AAICD, FACN	Elected Director Member, Governance & Scholarship Committee (from February 2020) formerly Governance and Academic Studies Committee Member, ACN Order of Australia Working Party Member, Nominations and Selections Committee

Directors' report (continued)

Directors (continued)

Names	Qualifications	Experience and special responsibilities
Associate Professor Georgina Willetts	RN, RM, Ortho Cert, BHSc(Nursing), Grad Cert Mgt, Grad Dip Nursing, MEd, DEd, CMgr, FIML, FACN	Elected Director (appointed from February 2020)
Ms Leanne Smith * *Retired Director	ENAP, Dip, Adv Dip Nursing, B.SocSc, Grad Cert MH, JP (Qual), FACN, Diploma of Governance	Elected Director (resigned February 2020) Member, Governance & Academic Studies Committee (resigned 25 February 2020) (now Governance and Scholarship Committee)

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 2020, the Group generated total revenue of $23,387,366 (2019: $15,507,581) and produced a surplus of $5,348,963 (2019: $165,458).

Directors' report (continued)

Significant changes in the state of affairs

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

Significant events after the reporting period

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

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.

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**
Christine Duffield	6	6
Carmen Morgan	6	6
Linda Shields	6	6
Belynda Abbott	6	6
Christopher Drummer	6	4
David Plunkett	6	6
Ross Lewin	6	6
Susanne Hawes	6	6
Leanne Smith *	3	1
Georgina Willetts	3	3

*Retiring Director - replaced by Georgina Willetts.

Indemnification of directors

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Australian College of Nursing against legal costs incurred in defending proceedings for conduct other than:

(a) A wilful breach of duty
(b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*

The total amount of insurance contract premiums paid was $19,800.

Indemnification of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young (Australia), 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 (Australia) during or since the financial year.

Directors' report (continued)

Auditor's independence

The Directors received an independence declaration from the auditor of Australian College of Nursing Ltd. A copy has been included on page 6 of the report.

Signed in accordance with a resolution of the Directors.

Professor Christine Duffield FACN
President
Sydney
19 October 2020

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 2020 and performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001,* the *Australian Charities* and *Not-for-Profits Commission Regulation 2013* and *Public Ancillary Fund Guidelines 2011;*

(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 FACN
President
Sydney
19 October 2020

Building a better
working world

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

In relation to our audit of the financial report of Australian College of Nursing Ltd for the financial year ended 30 June 2020, 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

J Higgins

James Higgins
Partner
19 October 2020

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

Opinion

We have audited the the consolidated financial report of Australian College of Nursing Ltd (the "Company") and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 Company as at 30 June 2020 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* (*Including Independence Standards)* (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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

J Higgins

James Higgins
Partner
Sydney
19 October 2020

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue			
Revenue from contracts with customers	4.1	22,302,237	14,750,928
Other income	4.2	892,538	647,179
Finance income	4.3	69,019	109,474
Trust funds - donation		123,572	-
Total revenue		**23,387,366**	**15,507,581**
Expenses			
Depreciation and amortisation expense	4.4	(918,262)	(416,231)
Employee benefits expense	4.5	(9,039,501)	(7,947,809)
Administrative expenses		(4,771,800)	(4,734,784)
External service providers		(3,182,980)	(2,193,206)
Trust funds - expense	18	(74,426)	(50,093)
Finance costs	4.6	(51,434)	-
Total expenses		**(18,038,403)**	**(15,342,123)**
Surplus before tax		**5,348,963**	**165,458**
Income tax expense		-	-
Surplus after tax		**5,348,963**	**165,458**
Other comprehensive (loss)/income			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Net loss on debt instruments at fair value through other comprehensive income		(345,543)	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(345,543)**	**-**
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on equity instruments at fair value through other comprehensive income		(571,730)	267,321
Revaluation of land and building		-	629,000
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(571,730)**	**896,321**
Other comprehensive (loss)/income for the year		**(917,273)**	**896,321**
Total comprehensive income for the year		**4,431,690**	**1,061,779**

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 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash	5	10,180,652	6,109,074
Restricted funds	6	2,500,000	-
Trade and other receivables	7	454,150	564,856
Other assets	8	710,841	603,890
Accrued revenue		399,714	-
Total current assets		14,245,357	7,277,820
Non-current assets			
Property, plant and equipment	9	314,440	4,027,931
Right-of-use assets	10	5,270,059	-
Intangible asset	11	22,442	44,551
Financial assets	12	20,932,127	21,268,546
Total non-current assets		26,539,068	25,341,028
Total assets		**40,784,425**	**32,618,848**
Liabilities and funds			
Current liabilities			
Trade and other payables	13	1,812,173	1,670,016
Employee benefit liabilities	15	1,260,468	953,278
Deferred revenue		4,569,865	3,278,083
Lease liabilities	10	361,941	-
Total current liabilities		8,004,447	5,901,377
Non-current liabilities			
Provisions	14	250,000	250,000
Employee benefit liabilities	15	224,365	205,960
Lease liabilities	10	1,612,412	-
Total non-current liabilities		2,086,777	455,960
Total liabilities		**10,091,224**	**6,357,337**
Funds			
General fund		29,238,547	20,312,377
Reserves	16	(737,104)	4,036,915
Restricted fund		2,191,758	1,912,219
Total funds		**30,693,201**	**26,261,511**
Total liabilities and funds		**40,784,425**	**32,618,848**

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 2020

	General fund	Fair value reserve of financial assets at FVOCI (Note 16)	Available-for-sale reserve (Note 16)	Asset revaluation reserve (Note 16)	Restricted fund	Total funds
	$	$	$	$	$	$
At 1 July 2019	**20,312,377**	**255,699**	**-**	**3,781,216**	**1,912,219**	**26,261,511**
Effect of adoption of AASB 16 *Leases*	3,781,216	-	-	(3,781,216)	-	-
As at 1 July 2019 (restated)	**24,093,593**	**255,699**	**-**	**-**	**1,912,219**	**26,261,511**
Surplus for the year	5,069,424	-	-	-	279,539	5,348,963
Other comprehensive loss	-	(917,273)	-	-	-	(917,273)
Total comprehensive income/(loss) for the year	5,069,424	(917,273)	-	-	279,539	4,431,690
Transfer of fair value reserve of equity instruments designated at FVOCI	75,530	(75,530)	-	-	-	-
At 30 June 2020	**29,238,547**	**(737,104)**	**-**	**-**	**2,191,758**	**30,693,201**
At 1 July 2018	**20,210,717**	**-**	**(11,622)**	**3,152,216**	**1,848,421**	**25,199,732**
Effect of adoption of new accounting standards	-	(11,622)	11,622	-	-	-
At 1 July 2018 (restated)	**20,210,717**	**(11,622)**	**-**	**3,152,216**	**1,848,421**	**25,199,732**
Surplus for the year	101,660	-	-	-	63,798	165,458
Other comprehensive income	-	267,321	-	629,000	-	896,321
Total comprehensive income for the year	101,660	267,321	-	629,000	63,798	1,061,779
At 30 June 2019	**20,312,377**	**255,699**	**-**	**3,781,216**	**1,912,219**	**26,261,511**

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 2020

	Notes	2020 $	2019 $
Operating activities			
Receipts from customers		25,826,869	16,981,143
Payments to suppliers and employees		(18,786,170)	(16,341,511)
Interest received		69,019	109,474
Finance cost	4.6	(51,434)	-
Dividends received		666,411	481,426
Net cash flows from operating activities		**7,724,695**	**1,230,532**
Investing activities			
Purchase of short-term deposits		(2,500,000)	-
Net purchase of financial assets		(522,789)	(298,891)
Purchase of property, plant and equipment		(119,117)	(202,862)
Purchase of intangible assets		(7,766)	(29,869)
Net cash flows used in investing activities		**(3,149,672)**	**(531,622)**
Financing activities			
Payment of principal portion of lease liabilities		(503,445)	-
Net cash flows used in financing activities		**(503,445)**	**-**
Net increase in cash and cash equivalents		4,071,578	698,910
Cash and cash equivalents at 1 July		6,109,074	5,410,164
Cash and cash equivalents at 30 June	5	**10,180,652**	**6,109,074**

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 2020

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 collectively referred to as (the "Group") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 19 October 2020.

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.

Further information on the nature of the operations and principal activities of the Group are described in the Directors' report. Information on the Group's structure and other related party relationships of the Group are provided in Note 20.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated 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, *Public Ancillary Fund Guidelines 2011* and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a not-for-profit. Therefore, the consolidated financial statements for 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 debt and equity financial instruments that have been measured at fair value.

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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

2.2 Changes in accounting policies, disclosures, standards and interpretations

a) New and amended standards and interpretations

The Group applied AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

AASB 15 *Revenue from contracts with customers*

AASB 15 supersedes AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

a) New and amended standards and interpretations (continued)

AASB 15 *Revenue from Contracts with Customers* (continued)

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 using the modified retrospective method of adoption. There was no significant impact on recognition or measurement in the consolidated financial statements as a result of the adoptions but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

AASB 1058 *Income of Not-For-Profit Entities*

AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than fair value of the asset principally to enable the entity to further its objective (discounted goods and services).

The Group has adopted AASB 1058 using the modified retrospective method of adoption. The classification and measurement requirements of AASB 1058 did not have a material impact in the Group, but there have been some changes in the disclosures resulting from the adoption of the accounting standard.

AASB 16 *Leases*

AASB 16 replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the consolidated statement of financial position.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Group is the lessor.

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect on initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying AASB 17 and AASB Interpretation 4 at the date of initial application.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 July 2019.

As a result of adoption of AASB 16, finance lease asset with carrying amount of $3,500,000 was reclassified from property, plant and equipment to right-use-of assets and $3,781,216 of asset revaluation was reclassified to general fund as at 1 July 2019.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

a) New and amended standards and interpretations (continued)

AASB 16 *Leases* (continued)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments at 30 June 2019, as follows:

	$
Operating lease commitments as at 30 June 2019	612,002
Weighted average incremental borrowing rate as at 1 July 2019	4%
Discounted operating lease commitments as at 1 July 2019	**592,205**
Less:	
Commitments relating to leases of low-value assets	(79,548)
Add:	
Lease payments related to renewal periods not included in operating lease commitments as at 30 June 2019	1,639,357
Commitments not included in operating leases in the prior year	29,922
Lease liabilities as at 1 July 2019	**2,181,936**

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 year ended 30 June 2020. The Directors have not early adopted any of these new or amended standards or interpretations.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and the seven 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), the National Research and Scholarship Fund (NRSF) and ACN Foundation (ACNF) (Note 18) 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.

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.

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

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

b) Current versus non-current classification (continued)

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.

c) Cash

Cash in the consolidated statement of financial position comprises cash at bank and on hand and cash held in Trust.

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

d) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method, less provision for expected credit losses (ECLs), if any. Trade receivables generally have 30-60 day terms.

For trade and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Fair value measurement

The Group measures financial assets such as investments in listed equities, non-listed trust funds and debt instruments 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.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

e) Fair value measurement (continued)

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.

f) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

For purposes of subsequent measurement, financial assets are classified in the following category:

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For finance income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under the other non-current financial assets. Upon derecognition, the cumulative fair value changes recognised in OCI are recycled to profit or loss.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

f) Financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in listed equities and non-listed trust funds under this category.

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

g) 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.

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 or term of lease, whichever is shorter

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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.

h) 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.

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

i) Leases

For the year ended 30 June 2020

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Canberra - Building	40 years
Buildings	5 years
Equipment	4 to 20 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3(j) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

i) Leases (continued)

For the year ended 30 June 2020 (continued)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(iv) Concessionary lease

The Group has elected to record concessionary leases at deemed cost which is based on the fair value carrying amount of the lease asset recorded immediately before transition to AASB 16.

For the year ended 30 June 2019

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.

j) 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.

k) Trade and other payables

Trade and other payables are initially recognised at fair value, net of directly attributable transaction costs and 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 are usually paid within 30 days from recognition.

l) 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.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

l) Provisions and employee benefit liabilities (continued)

General (continued)

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.

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.

m) Revenue from contracts with customers

For the year ended 30 June 2020

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Scholarship administration fees

Revenue from contracts for the administration of Federal Government nursing scholarships are recognised equally over the life of the contract as the administration services are provided to the customer.

Membership fees

Revenue from membership fees are recognised on a monthly basis as membership services are provided to members.

Course fees

Revenue from course fees are recognised over the duration of the course or program as delivered to the participants.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

m) Revenue from contracts with customers (continued)

For the year ended 30 June 2019

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 when the entity obtains control of the contribution or the right to receive the contribution and it is probable that the economic benefits comprising the contribution will flow to the entity.

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 are 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.

Distributions from financial assets at fair value through profit or loss

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

n) Finance income

Finance income is recorded using the 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.

o) 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.

p) 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.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

p) Goods and services tax (GST) (continued)

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.

q) Accrued revenue

Accrued revenue is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, accrued revenue is recognised to the extent that service and performance obligations have been met for which invoices have not been issued.

r) Deferred revenue

Deferred revenue is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Deferred revenue is recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable periods (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

Refer to Note 10 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

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.

Fair value measurement of financial instruments

When the fair values of financial instruments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in assumptions relating to market conditions could affect the reported fair value of financial instruments.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

4. Revenue and expenses

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2020	2019
	$	$
Type of services		
Course fees	17,917,595	10,691,034
Revenue from member subscriptions	2,642,472	2,265,320
Scholarship administration fees	357,759	431,424
Consultancy, events and other income	1,384,411	1,363,150
Total revenue from contracts with customers	**22,302,237**	**14,750,928**
Timing of revenue recognition		
Goods and services transferred at a point in time	612,201	710,968
Goods and services transferred over time	21,690,036	14,039,960
Total revenue from contracts with customers	**22,302,237**	**14,750,928**

4.2 Other income

	2020	2019
	$	$
Realised gain on investment	58,065	-
Dividend income	666,411	481,426
Other income	168,062	165,753
	892,538	**647,179**

4.3 Finance income

	2020	2019
	$	$
Interest income	**69,019**	**109,474**

4.4 Depreciation and amortisation

	2020	2019
	$	$
Buildings	-	66,605
Plant and equipment	107,640	75,037
Leasehold improvements	177,161	235,432
Right-of-use assets	603,586	-
Software	29,875	39,157
Total depreciation and amortisation of non-current assets	**918,262**	**416,231**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

4. Revenue and expenses (continued)

4.5 Employee benefits expense

	2020	2019
	$	$
Wages and salaries	7,712,301	6,960,832
Defined contribution superannuation expense	834,592	689,511
Workers' compensation insurance	73,642	87,082
Other personnel expense	418,966	210,384
Total employee benefits expense	**9,039,501**	**7,947,809**

4.6 Finance costs

	2020	2019
	$	$
Interest on lease liabilities (Note 10)	**51,434**	**-**

5. Cash

	2020	2019
	$	$
Cash at bank and on hand	**10,180,652**	**6,109,074**

The cash at bank contains an amount of $360,495 (2019: $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 as per above.

6. Restricted funds

	2020	2019
	$	$
Current		
Restricted funds	**2,500,000**	**-**

The restricted cash represents funds that have been put on term deposit to enable ACN (or the Company) to meet its obligations under the Commonwealth Higher Education Standards Framework.

7. Trade and other receivables

	2020	2019
	$	$
Current		
Trade receivables	454,150	548,468
Goods and service tax recoverable	-	16,388
	454,150	**564,856**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

8. Other assets

	2020	2019
	$	**$**
Current		
Prepayments	695,121	603,082
Other assets	15,720	808
	710,841	**603,890**

9. Property, plant and equipment

	2020	2019
	$	**$**
Land and buildings		
At fair value	-	3,699,817
Accumulated depreciation	-	(199,817)
Net carrying amount	**-**	**3,500,000**
Plant and equipment		
At cost	1,667,343	1,548,226
Accumulated depreciation	(1,352,903)	(1,245,263)
Net carrying amount	**314,440**	**302,963**
Leasehold improvements		
At cost	1,131,895	1,179,702
Accumulated depreciation	(1,131,895)	(954,734)
Net carrying amount	**-**	**224,968**
Total property, plant and equipment		
At fair value	-	3,699,817
At cost	2,799,238	2,727,928
	2,799,238	**6,427,745**
Accumulated depreciation	(2,484,798)	(2,399,814)
Net carrying amount	**314,440**	**4,027,931**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

9. Property, plant and equipment (continued)

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

	2020
	$
Land and buildings	
Balance at the beginning of the year - Net carrying amount	3,500,000
Transfer to right-of-use assets	(3,500,000)
Balance at the end of the year - Net carrying amount	**-**

	2020
	$
Plant and equipment	
Balance at the beginning of the year - Net carrying amount	302,963
Additions	119,117
Depreciation charge for the year	(107,640)
Balance at the end of the year - Net carrying amount	**314,440**
Leasehold improvements	
Balance at the beginning of the year - Net carrying amount	224,968
Transfer to right-of-use assets	(47,807)
Depreciation charge for the year	(177,161)
Balance at the end of the year - Net carrying amount	**-**
Total property, plant and equipment	
Balance at the beginning of the year - Net carrying amount	4,027,931
Transfer to right-of-use assets	(3,547,807)
Additions	119,117
Depreciation charge for the year	(284,801)
At 30 June	**314,440**

Revaluation

For the year ended 30 June 2019, the land and building in Canberra was valued by the Directors based on an external independent valuation by Collier International dated 30 June 2019. The 2019 valuation confirmed the appropriateness of the carrying value of the assets in financial statements with revaluation increment of $629,000.

10. Leases

Group as a lessee

The Group has lease contracts for various items of land and buildings, leasehold improvements and equipment used in its operations. Leases of land and buildings generally have lease terms between 5 to 40 years, while equipment generally have lease terms between 4 and 20 years. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

10. Leases (continued)

Group as a lessee (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Canberra - Land and a building	Buildings	Equipment	Total
	$	$	$	$
As at 1 July 2019 (on adoption of AASB 16)	**3,500,000**	**1,919,406**	**158,377**	**5,577,783**
Additions	-	295,862	-	295,862
Depreciation expense	(78,575)	(478,657)	(46,354)	(603,586)
As at 30 June 2020	**3,421,425**	**1,736,611**	**112,023**	**5,270,059**

Concessionary leases

The Company has the right to use land and a building in Canberra, which are required to be used for the day to day operations of the Group. The term of the lease is 99 years. The Group has elected to measure the right-of-use asset arising from the concessionary leases at deemed cost which is based on the fair value carrying amount of the lease asset recorded immediately before transition to AASB 16.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020
	$
As at 1 July 2019 (on adoption of AASB 16)	**2,181,936**
Additions	295,862
Accretion of interest	51,434
Payments	(554,879)
As at 30 June	**1,974,353**
Current	361,941
Non-current	1,612,412

The following are the amounts recognised in profit or loss:

	2020
	$
Depreciation expense of right-of-use assets	603,586
Interest expense on lease liabilities	51,434
Expense relating to short-term leases	74,598
Total amount recognised in profit or loss	**729,618**

The Group had total cash outflows for leases of $629,477 in 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of $295,862 in 2020.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

11. Intangible asset

	2020	2019
	$	$
Software		
At cost	463,529	455,763
Accumulated amortisation	(441,087)	(411,212)
Net carrying amount	**22,442**	**44,551**

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

	2020
	$
Software	
Balance at the beginning of the year - Net carrying amount	44,551
Additions	7,766
Amortisation	(29,875)
Balance at the end of the year - Net carrying amount	**22,442**

12. Financial assets

	2020	2019
	$	$
Financial assets at FVOCI		
Investments in listed equities, non-listed trust funds and debt instruments	**20,932,127**	**21,268,546**

13. Trade and other payables

	2020	2019
	$	$
Current		
Trade payables	699,802	592,972
Accrued expenses	974,898	912,942
Other payables and accruals	109,103	164,102
Goods and service tax payable	28,370	-
	1,812,173	**1,670,016**

14. Provisions

	2020	2019
	$	$
Non-current		
Make good provision	**250,000**	**250,000**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

15. Employee benefit liabilities

	2020	2019
	$	$
Current		
Long service leave	538,289	456,602
Annual leave	722,179	496,676
	1,260,468	**953,278**
Non-current		
Long service leave	**224,365**	**205,960**

16. Reserves

	Fair value reserve of financial assets at FVOCI	Available-for-sale reserve	Asset revaluation reserve	Total
	$	$	$	$
At 30 June 2018	**-**	**(11,622)**	**3,152,216**	**3,140,594**
Effect of adoption of new accounting standards	(11,622)	11,622	-	-
At 1 July 2018 (restated)	**(11,622)**	**-**	**3,152,216**	**3,140,594**
Unrealised net gain on financial assets at FVOCI	267,321	-	-	267,321
Movement in asset revaluation reserve	-	-	629,000	629,000
At 30 June 2019	**255,699**	**-**	**3,781,216**	**4,036,915**
Effect of adoption of AASB 16 *Leases*	-	-	(3,781,216)	(3,781,216)
At 1 July 2019 (restated)	**255,699**	**-**	**-**	**255,699**
Reclassified to consolidated statement of profit or loss	58,066	-	-	58,066
Fair value loss on debt instruments designated at FVOCI	(403,609)	-	-	(403,609)
Fair value loss on equity instruments designated at FVOCI	(571,730)	-	-	(571,730)
Transfer of fair value reserve of equity	(75,530)	-	-	(75,530)
At 30 June 2020	**(737,104)**	**-**	**-**	**(737,104)**

Nature and purpose of reserves

Asset revaluation 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. As a result of adoption of AASB 16, $3,781,216 of asset revaluation reserve was reclassified to general fund as at 1 July 2019.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

16. Reserves (continued)

Nature and purpose of reserves (continued)

Fair value reserve of financial assets at FVOCI

In the 2018 financial year, the available-for-sale reserve is used to record increments and decrements in the fair value of available for sale financial assets to the extent that they offset each other. As a result of the adoption of AASB 9, the classification of the Group's investments, the available-for-sale reserve of $11,622 was reclassified to fair value reserve of financial assets at FVOCI as at 1 July 2018.

From 1 July 2018, the fair value reserve of financial assets at FVOCI reserve is used to record increments and decrements in the fair value of financial assets at FVOCI to the extent that they offset each other.

17. Scholarship assets and liabilities

	2020	2019
	$	$
Scholarship assets - cash and cash equivalents	11,221,061	10,762,060
Scholarship liabilities - future payments liability	(11,221,061)	(10,762,060)
Net assets	**-**	**-**

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

	2020	2019
	$	$
Opening cash held	10,762,060	10,875,885
Cash funds received from Commonwealth during the year	3,791,239	4,441,117
Cash funds provided to scholarship recipients during the year	(3,332,238)	(4,554,942)
Closing cash funds	**11,221,061**	**10,762,060**

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.

These bank accounts are held in the name of the Group but are not recorded on balance sheet. 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

18. Trusts

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), National Research and Scholarship Fund (NRSF) represent funds/donations that have been received by RCNA and TCON. The Directors of RCNA and TCON have undertaken to fulfil the wishes of the donors with respect to how the funds are spent. These funds combined with the assets and liabilities of the ACN Foundation (being a separate foundation controlled by ACN) are consolidated and set out below:

Financial Information	2020 $	2019 $
Assets		
Cash at bank	129,186	1,008
Financial assets	6,927,274	7,076,794
Other assets	1,001,519	-
Total assets	**8,057,979**	**7,077,802**
Liabilities		
Trade and other payables	-	(3,174)
Total liabilities	**-**	**(3,174)**
Net assets	**8,057,979**	**7,074,628**
Revenue		
Trust funds - income	1,353,968	5,113,891
Expenses		
Trust funds - expenses	(74,429)	(50,093)
Net surplus	**1,279,539**	**5,063,798**

The above information has been audited in accordance with the *Public Ancillary Fund Guidelines 2011.*

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

19. Parent entity disclosure

	2020	2019
	$	$
Information relating to Australian College of Nursing Ltd (the "Parent"):		
Current assets	34,477,521	19,439,741
Non-current assets	19,587,397	14,755,948
Total assets	**54,064,918**	**34,195,689**
Current liabilities	39,383,465	33,980,292
Non-current liabilities	2,224,353	250,000
Total liabilities	**41,607,818**	**34,230,292**
General fund	13,042,896	(124,577)
Reserves	(585,796)	89,974
Total funds/(deficit)	**12,457,100**	**(34,603)**
Surplus/(deficit)	**9,628,901**	**(20,055)**
Other comprehensive (loss)/income		
Net loss on debt instruments at fair value through other comprehensive income	(238,158)	-
Net (loss)/gain on equity instruments at fair value through other comprehensive income	(382,927)	89,974
Other comprehensive (loss)/income for the year	(621,085)	89,974
Total comprehensive income for the year	**9,007,816**	**69,919**

For the year ended 30 June 2020 and 2019, the Parent holds the bank guarantee for the lease of the Parramatta office.

The Parent did not have any contingent liabilities as at 30 June 2020 (2019: none).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

20. 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 18.

(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.

(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:

	2020	2019
	$	$
Total compensation during the year	**1,169,864**	**972,149**

21. Deductible gift recipients

In accordance with the ACNC Group reporting Condition 2, it is noted that the following entities are endorsed as deductible gift recipients:

- Australian College of Nursing
- Australian College of Nursing Foundation
- The Royal Collage of Nursing (TCON)
- Royal Collage of Nursing, Australia (RCNA)

22. Commitments and contingencies

(a) Operating lease commitments - Group as lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 were $612,002.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2020

22. Commitments and contingencies (continued)

(b) Contingencies

The Group did not have any contingencies as at 30 June 2020 (2019: none).

23. Events after the reporting period

There were 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.