

# Financial Statements

## Architects Registration Board of Victoria - Financial Statements

### How this report is structured

The Architects Registration Board of Victoria (ARBV) has presented its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the ARBV's stewardship of resources entrusted to it.

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# Financial Statements

## Declaration in the financial statements

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the ARBV at 30 June 2021.

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

We authorise the attached financial statements for issue on the 1 September, 2021



D. O'Beirne  
Chief Finance Officer  
ARBV

Melbourne  
Date 1 September 2021



G. Fox  
Chief Executive Officer  
ARBV

Melbourne  
Date 1 September 2021



G. Marfella  
Chairperson of the Board  
ARBV

Melbourne  
Date 1 September 2021



Victorian Auditor-General's Office

## Independent Auditor's Report

To the Board of the Architects Registration Board of Victoria

<b>Opinion</b>	<p>I have audited the financial report of the Architects Registration Board of Victoria (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2021</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>.</p> <p>My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
6 September 2021



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Financial Statements

## Comprehensive operating statement for the financial year ended 30 June 2021

	Notes	2021	2020
		\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Revenue from continuing operations	2.1	2,501,132	2,184,555
<b>Total income from transactions</b>		<b>2,501,132</b>	<b>2,184,555</b>
<b>Expenses from transactions</b>			
Application for registration		29	6,585
Annual registration		2,452	1,395
Employee expenses	3.1.1	1,503,559	1,398,169
Professional services		197,116	94,428
Legal and tribunal		196,020	253,462
Administration	3.2	191,484	259,409
Examinations		186,402	153,917
Occupancy		111,312	165,013
Interest Expense	6.2.2	4,638	0
Depreciation	4.1.2	40,269	17,888
Sponsorships and donations		0	5,000
<b>Total expenses from transactions</b>		<b>2,433,281</b>	<b>2,355,266</b>
<b>Net result from transactions (net operating balance)</b>		<b>67,851</b>	<b>(170,711)</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows		-	-
<b>Comprehensive result</b>		<b>67,851</b>	<b>(170,711)</b>

The accompanying notes form part of these financial statements.

# Financial Statements

## Balance sheet

as at 30 June 2021

	Notes	2021	2020
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	2,924,182	3,163,994
Receivables	5.1	62,492	80,743
<b>Total financial assets</b>		<b>2,986,674</b>	<b>3,244,737</b>
<b>Non-financial assets</b>			
Prepayments	5.2	35,315	34,551
Plant and equipment	4.1	61,414	57,687
Right of Use asset	4.2	619,218	
Intangible assets	4.3	212,850	32,761
<b>Total non-financial assets</b>		<b>928,797</b>	<b>124,999</b>
<b>Total assets</b>		<b>3,915,471</b>	<b>3,369,736</b>
<b>Liabilities</b>			
Employee-related provisions	3.1.2	113,452	78,566
Income received in advance	5.2	1,618,808	1,819,403
Payables	5.3	213,907	190,918
Lease liability	6.2	620,650	
<b>Total liabilities</b>		<b>2,566,817</b>	<b>2,088,887</b>
<b>Net assets</b>		<b>1,348,654</b>	<b>1,280,849</b>
<b>Equity</b>			
Contributed capital		221,718	221,718
Accumulated surplus		1,126,936	1,059,131
<b>Net worth</b>		<b>1,348,654</b>	<b>1,280,849</b>

The accompanying notes form part of these financial statements.

# Financial Statements

## Statement of changes in equity for the financial year ended 30 June 2021

	<i>Accumulated Surplus</i>	<i>Contributed Capital</i>	<i>Total</i>
	\$	\$	\$
Balance at 1 July 2019	1,229,841	221,718	1,451,559
Net result for the year	(170,711)	-	(170,711)
<b>Balance at 30 June 2020</b>	<b>1,059,130</b>	<b>221,718</b>	<b>1,280,848</b>
Net result for the year	67,851	-	67,851
<b>Balance at 30 June 2021</b>	<b>1,126,981</b>	<b>221,718</b>	<b>1,348,699</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

# Financial Statements

## Cash Flow Statement

for the financial year ended 30 June 2021

	Notes	2021	2020
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Receipts:			
Interest		9,672	13,172
Receipts from subscribers and sundry Income		2,417,314	2,815,918
<b>Total receipts</b>		<b>2,426,986</b>	<b>2,829,090</b>
Payments:			
Payments to suppliers and employees		(2,467,312)	(2,352,860)
<b>Total payments</b>		<b>(2,467,312)</b>	<b>(2,352,860)</b>
<b>Net cash flows from operating activities</b>	<b>6.1.2</b>	<b>(40,326)</b>	<b>476,231</b>
<b>Cash flows from investing activities:</b>			
Payments for plant & equipment		(19,352)	(28,150)
Payments for intangible assets		(180,134)	(32,761)
<b>Net cash flows from / (used in) investing activities</b>		<b>(199,486)</b>	<b>(60,911)</b>
Net increase (decrease) in cash and cash equivalents		(239,812)	415,320
Cash and cash equivalents at beginning of financial year		3,163,994	2,748,674
<b>Cash and cash equivalents at end of financial year</b>	<b>6.1</b>	<b>2,924,182</b>	<b>3,163,994</b>

The accompanying notes form part of these financial statements.



## Notes to the financial statements

### 1. About this Report

The financial statements cover the ARBV as an individual reporting entity. The ARBV is a self funded statutory authority established by *the Architects Act 1991*. Its principal address is:

The Architects Registration Board of Victoria  
Level 10, 533 Little Lonsdale Street  
Melbourne VIC 3000

A description of the nature of the ARBV's operations and its principal activities is included in the ARBV overview, which does not form part of these financial statements.

### Basis of preparation

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention.

All amounts in the financial statements have been rounded to the nearest \$1 unless otherwise stated.

### Compliance information

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 8.8.

These annual financial statements were authorised for issue by the ARBV Chairman, Chief Executive Officer and Chief Financial Officer on behalf of the Board of the ARBV on 1 September 2021.

### Changes in accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

The following standard has been adopted by ARBV: none in 2020-21

## 2. FUNDING DELIVERY OF OUR SERVICES

The Architects Registration Board of Victoria (ARBV) has as its primary objectives the registration of architects and approval of architectural companies/partnerships, investigation of complaints against architects, provision of Tribunal inquiry into professional conduct and accreditation of architecture courses.

Income is generated from the following sources and is used to deliver ARBV's objectives.

### 2.1 Summary of Income that funds the delivery of our services

	2021	2020
	\$	\$
<b>Income</b>		
Revenue from fees:		
Annual registration	2,066,938	1,902,979
Application and revocation	82,224	84,521
Revenue from examinations:		
Examination	310,555	141,090
Interest received:		
Interest on bank deposits	9,672	13,172
Sundry income	3,274	3,637
Legal fees recovery	28,469	39,156
<b>Total income from transactions</b>	<b>2,501,132</b>	<b>2,184,555</b>

#### Revenue from Contracts with Customers

Revenue from fees and examinations are recognised under AASB15 Revenue from Contracts with Customers. The ARBV charges an annual fee for registration of Architects and is recognised in the year that the renewal is due. There are also examination fees which are recognised when the service is provided. In the instance where annual registration fees are paid in advance then this revenue is recognised as unearned revenue.

#### Interest

Interest income includes interest received on bank term deposits. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Interest income on investments and cash holdings are recognised as they accrue.

### 3. The Cost of Delivering Services

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

#### Structure

3.1 Expenses incurred in delivery of services

3.1.1 Employee and contractor expenses

3.2 Administration expenses

#### 3.1 Expenses incurred in delivery of services

		2021	2020
Application for registration		29	6,585
Annual registration		2,452	1,395
Employee expenses	3.1.1	1,503,559	1,398,169
Professional services		197,116	94,428
Legal and tribunal		196,020	253,462
Administration	3.2	191,484	259,409
Registration examinations		186,402	153,917
Occupancy		111,312	165,013
Interest expense		4,638	0
Sponsorships and donations		0	5,000
<b>Total expenses from transactions</b>		<b>2,393,012</b>	<b>2,337,378</b>

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

# Financial Statements

## 3.1.1 Employee benefits in the comprehensive operating statement

	2021	2020
	\$	\$
Employee expenses	1,389,147	1,281,163
Superannuation 3.1.2	114,412	117,006
<b>Total employee expenses</b>	<b>1,503,559</b>	<b>1,398,169</b>

Employee expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is the employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period. The ARBV does not have a defined benefit plan.

## 3.1.2 Employee-related provisions in the balance sheet

	2021	2020
	\$	\$
<b>Current provisions</b>		
Employee benefits – annual leave:		
Unconditional and expected to settle within 12 months (i)	73,209	47,724
Unconditional and expected to settle after 12 months		
Employee benefits – long service leave:		
Unconditional and expected to be settled within 12 months		13,473
Unconditional and expected to settle after 12 months		
Provisions related to employee benefit on-cost:		
Unconditional and expected to be settled within 12 months	7,325	6,123
Unconditional and expected to settle after 12 months		
<b>Total current provisions</b>	<b>80,534</b>	<b>67,320</b>
<b>Non-current provisions</b>		
Employee benefits	29,924	10,223
Employee benefits on costs	2,994	1,023
<b>Total non-current provisions</b>	<b>32,918</b>	<b>11,246</b>
<b>Total provisions</b>	<b>113,452</b>	<b>78,566</b>

### Reconciliation of movement in on-cost provision

Opening balance	78,566
Additional provisions recognised	143,195
Amounts utilised during period	-108,309
<b>Closing balance</b>	<b>113,452</b>

Current	106,127
Non Current	7,325

### Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave and long service leave for services rendered to the reporting date.

## **(i) Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities for wages and salaries (including non-monetary benefits, annual leave, accumulating sick leave and on-costs) are recognised as part of the employee benefit provision as current liabilities.

Liabilities for salaries and annual leave are all recognised in the provision for employee benefits as 'current liabilities' as per AASB 119 Employee Benefits.

## **(ii) Long service leave**

Long Service Leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where the ARBV does not expect to settle the liability within 12 months. The ARBV does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

• Undiscounted value – the component the ARBV expects to wholly settle within 12 months; or

• Present value – the component the ARBV does not expect to wholly settle within 12 months.

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the operating statement.

## **(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The ARBV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## **(iv) Employee benefits on-costs**

Employee benefits on-costs such as workers compensation and superannuation are recognised separately from the provision for employee benefits.

# Financial Statements

## 3.1.3 Superannuation

Fund	Paid Contribution for the Year		Contribution outstanding at year	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Defined contribution plans</b>				
Allan Bawden Superannuation Fund	8,029			
AMP		110		
Australian Super	38,419	31,449	598	5,092
BT Super	2,902		174	
Colonial First State	1,090			342
Construction & Building unions		2,063		154
Chemhouse Staff superannuation fund				88
D & G Fox Family Superannuation Fund	9,342		338	
Esssuper		88		154
Future Super	5,038	3,090	117	496
Hesta	7,078			
Larrikin superannuation fund		44		
Macquarie super manager		154		
Pssap fund		16,206		1,044
Qsuper	7,905	7,455	126	1,609
Rest industry super		5,357		
Salt Super Fund	282			
Schwarz Superannuation Fund	130			
Sunsuper superannuation fund	4,745	2,262		367
Telstra Superannuation Scheme	4,666		143	
The Trustee for Redaqua Holdings Super Fund	45			
Unisuper	1,765	9,298		1,263
Vicsuper futuresaver	26,690	25,718	460	3,218
Vision super	44	1,221		322
	<b>118,170</b>	<b>104,513</b>	<b>1,955</b>	<b>14,149</b>

## 3.2 Administration expenses

Administration expenses comprise

	2021	2020
	\$	\$
Finance and bank charges	22,391	27,263
Advertising	10,871	10,327
Travel and accommodation	132	8,048
Awards	4,000	3,000
Service and maintain office equipment	0	2,275
IT and computer services	83,827	125,368
Other expenses	1,835	6,584
Subscriptions	66,219	68,483
Postage	2,209	8,061
<b>Total administration expenses</b>	<b>191,484</b>	<b>259,409</b>

# Financial Statements

## 4. Key Assets available to support output delivery

The ARBV controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the ARBV to be utilised for service delivery.

### Structure

- 4.1 Plant and equipment
  - 4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
  - 4.1.2 Depreciation and impairment
- 4.2 Right of Use Assets
- 4.3 Intangible assets

### 4.1 Plant and equipment

	2021	2020
	\$	\$
Office equipment at cost	127,217	122,934
Accumulated depreciation	(73,137)	(65,247)
	<b>54,080</b>	<b>57,687</b>
Leasehold improvements at cost	43,289	35,955
Accumulated depreciation	(35,955)	(35,955)
	<b>7,334</b>	
	<b>61,414</b>	<b>57,687</b>

These assets are all classified as public administration fixed assets

#### 4.1.1 Movements in carrying amounts

2021	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$
Opening balance	57,687	-	57,687
Additions	12,018	7,334	19,352
Disposals	(2,510)	-	(2,510)
Depreciation	(13,114)	-	(13,114)
<b>Closing balance</b>	<b>54,080</b>	<b>7,334</b>	<b>61,414</b>

  

2020	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$
Opening balance	46,065	1,360	47,425
Additions	28,150	-	28,150
Disposals	-	-	-
Depreciation	(16,528)	(1,360)	(17,888)
<b>Closing balance</b>	<b>57,687</b>		<b>57,687</b>

#### 4.1.2 Depreciation, Amortisation and Impairment

All plant and equipment with finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

# Financial Statements

Asset class	Useful life
Computers	3 years
Furniture and Fittings	5 – 13 years
Intangible Assets	5 years
Leasehold improvements	5 years

#### 4.1.2 Aggregate depreciation recognised as an expense during the year

	2021	2020
	\$	\$
Office equipment at cost	15,624	16,528
Right-Of-Use Asset	24,645	
Leasehold improvements at cost		1,360
	<b>40,269</b>	<b>17,888</b>

#### 4.2 Right-of-Use Assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and are also subject to revaluations. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

##### 4.2.1 Carrying value of Right-Of-Use Asset

	2021	2020
Leased building	643,863	
Accumulated depreciation	(24,645)	
<b>Net carrying amount leased building</b>	<b>619,218</b>	

##### 4.2.2 Total right-of-use assets: buildings, plant, equipment and vehicles.

	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
	2021	2021	2021	2020	2020	2020
Buildings at fair value	643,863	-24,645	619,218			
Plant, equipment and vehicles						
Infrastructure at fair value						
<b>Net carrying amount</b>	<b>643,863</b>	<b>- 24,645</b>	<b>619,218</b>			

	Buildings	Plant, equipment and vehicles at fair value	Infrastructure at fair value
Opening balance – 1 July 2020			
Additions	643,863		
Disposals			
Depreciation	(24,645)		
<b>Closing balance – 30 June 2021</b>	<b>619,218</b>		
Opening balance – 1 July 2019 <sup>(a)</sup>			
Additions			
Disposals			
Depreciation			
<b>Closing balance – 30 June 2020</b>			



## Right-of-use asset acquired by lessees – Initial measurement

The ARBV recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

## Right-of-use asset – Subsequent measurement

The ARBV depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Fair value for **plant and equipment** that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the current replacement cost method.

## 4.3 Intangible Assets

			Total	
	2021	2020	2021	2020
<b>Gross carrying amount</b>				
Opening balance	32,761		32,761	
Additions	180,134	32,761	180,134	32,761
Additions from internal development				
Acquisitions from business combinations				
Disposals or classified as held for sale				
<b>Closing balance</b>	<b>212,895</b>	<b>32,761</b>	<b>212,895</b>	<b>32,761</b>
<b>Accumulated depreciation, amortisation and impairment</b>				
<b>Opening balance</b>				
Amortisation of intangible produced assets				
Amortisation of intangible non produced assets				
Acquisitions from business combinations				
Disposals or classified as held for sale				
Impairment losses charged to net result				
Reversals of impairment losses charged to net result				
<b>Closing balance</b>				
<b>Net book value at end of financial year</b>	<b>212,895</b>	<b>32,761</b>	<b>212,895</b>	<b>32,761</b>

## Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An intangible asset of \$32,761 for the ARBV's website redevelopment has been recognised at 30 June 2020 and \$6,300 in 2020-21 as well as \$159,247 for a Customer Relationship Management (CRM) implementation and \$11,392 for Protective Marking and Multi Factor Authentication security software.

## Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between three and five years.

# Financial Statements

## 5. Other Assets and Liabilities

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

Structure

5.1 Receivables

5.2 Annual registration fees received in advance

5.2a Other non financial assets

5.3 Payables

### 5.1 Receivables

	2021	2020
	\$	\$
<b>Contractual</b>		
Security Deposit Bond		77,757
Trade Receivables	55,987	
	<b>55,987</b>	<b>77,757</b>
<b>Statutory</b>		
GST Receivable	6,505	2,986
	<b>6,505</b>	<b>2,986</b>
<b>Total Receivables</b>	<b>62,492</b>	<b>80,743</b>

#### Receivables consist of:

- contractual receivables such as debtors in relation to goods and services and accrued investment income; and
- statutory receivables such as GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as financial assets at amortised cost (refer to Note 7.1 Financial Instruments for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. An expected credit loss is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

#### Ageing analysis of contractual financial assets

2021

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Trade Receivables	55,987	55,987		
<b>Total</b>			-	-

2020

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Security Deposit bond	77,757	77,757		
<b>Total</b>	<b>77,757</b>	<b>77,757</b>	-	-

# Financial Statements

## 5.2 Income received in advance

	2021	2020
Registration fees	\$	\$
Practising architect	1,159,329	1,273,699
Company	357,060	446,818
Partnership	7,139	8,516
<b>Sub Total</b>	<b>1,523,528</b>	<b>1,729,033</b>
Examination fees	95,280	90,370
<b>Total income received in advance</b>	<b>1,618,808</b>	<b>1,819,403</b>

Registration fees received relating to the subsequent year are recognised at year-end as annual registration fees in advance.

## 5.2a Other non-financial assets

### Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of

	2020	2019
	\$	\$
Prepayments	35,315	34,551

## 5.3 Payables

	2021	2020
	\$	\$
<b>Contractual</b>		
Accrued expenses	100,013	39,341
Creditors	64,628	104,468
Other	-	-
	<b>164,641</b>	<b>143,809</b>
<b>Statutory</b>		
PAYG liability	49,266	33,343
Superannuation	-	14,149
FBT and GST payable	-	(383)
	<b>49,266</b>	<b>47,109</b>
<b>Total Payables</b>	<b>213,907</b>	<b>190,918</b>

### Payables consist of:

- contractual payables, such as accounts payable and fees received in advance. Accounts payable represent
  - statutory payables, such as goods and services tax, fringe benefits tax and PAYG withholding tax.
- Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised Terms of settlement are generally 30 days from date of invoice.

### Maturity Analysis of contractual liabilities

2021	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	64,628	64,628	64,628	-
Other Payables	100,013	100,013	100,013	-
<b>Total</b>	<b>164,641</b>	<b>164,641</b>	<b>164,641</b>	<b>-</b>
2020	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	104,468	104,468	104,468	-
Other Payables	39,341	39,341	39,341	-
<b>Total</b>	<b>143,809</b>	<b>143,809</b>	<b>143,809</b>	<b>-</b>

## 6. How We Financed our Operations

This section provides information on the sources of finance utilised by the ARBV during its operations, along with other information related to financing activities of the ARBV.

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

### Structure

6.1 Cash flow information and balances

6.2 Lease Liabilities

#### 6.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2021	2020
	\$	\$
Total cash and deposits disclosed in balance sheet	2,924,182	3,163,994
<b>Total Cash and cash equivalents</b>	<b>2,924,182</b>	<b>3,163,994</b>

#### 6.1.2 Reconciliation of net result for the year to net cash flows provided (used) in operating activities

	2021	2020
	\$	\$
Operating result for the period	67,851	(170,711)
Add non-cashflows		
Depreciation	14,635	17,888
Loss on disposal of non-financial assets	2,421	-
<b>Changes in Assets &amp; Liabilities</b>		
(Increase)/decrease in current receivables	18,251	39,571
(Increase)/decrease in prepayments	(764)	(16,599)
(Decrease)/increase in current payables	22,989	51,505
(Decrease)/increase in annual registration fees received in advance	(200,595)	509,392
(Decrease)/increase in provisions	34,886	45,186
<b>Net cash flows provided (used) by operating activities</b>	<b>(40,326)</b>	<b>476,232</b>

#### 6.2 Leases liabilities

##### The ARBV leasing activities

The ARBV leases a building at 533 Little Lonsdale St. Melbourne. The lease expires in April 2024 with an option of a further two years. The lease is fixed for years one and three and is subject to an annual increase of 3.5% in years two and four.

##### 6.2.1 Right-of-use

Right-of-use Assets are presented in note 4.2

## 6.2.2 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2021	2020
	\$	\$
Interest expense on lease liabilities	4,638	0
Depreciation charge related to right-of-use assets	24,645	0
<b>Total amount recognised in the Comprehensive operating statement</b>	<b>29,283</b>	<b>0</b>

## 6.2.3 Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2021 relating to leases.

Total cash outflow for leases	29,283	0
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For any new contracts entered into, the ARBV considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the ARBV assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the ARBV and for which the supplier does not have substantive substitution rights;
- Whether the ARBV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the ARBV has the right to direct the use of the identified asset throughout the period of use; and
- Whether the ARBV has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

### Recognition and measurement of leases as a lessee

#### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the ARBV incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

### ***Lease Liability – subsequent measurement***

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

### ***Short-term leases and leases of low-value assets***

The ARBV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### ***Below market/Peppercorn lease***

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the ARBV to further its objectives, are initially and subsequently measured at cost.

These 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.

### ***Presentation of right-of-use assets and lease liabilities***

The ARBV presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

### **6.3 Commitment for Expenditure**

There were no commitments at balance date.

## 7. Risks, Contingencies and Valuation Judgements

### Introduction

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

### Structure

- 7.1 Financial Instruments
- 7.2 Contingent Assets and Liabilities
- 7.3 Fair Value Determination

### 7.1 Financial Instruments specific disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the ARBV's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 9 Financial Instruments. For example, statutory receivables do not meet the definition of financial instruments as they do not arise under contract.

#### Categories of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the ARBV to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The ARBV recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

##### Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the ARBV to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the ARBV has irrevocably elected at initial recognition to recognise in this category. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income. Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss.

However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings. The ARBV recognises certain unlisted equity instruments within this category.

## Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the ARBV may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The ARBV recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain five-year government bonds as fair value through net result.

## Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the ARBV's own credit risk. In this case, the portion of the change attributable to changes in the ARBV's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. The ARBV recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

**Derivative financial instruments** are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

**Offsetting financial instruments:** Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the ARBV concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the ARBV does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the ARBV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the ARBV has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



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Where the ARBV has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the ARBV's continuing involvement in the asset.  
Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the ARBV's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, the ARBV is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government ARBVs are required to apply the PMF under the Standing Directions 2018 under the FMA.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

#### Impairment of financial assets

At the end of each reporting period, the ARBV assesses whether there is objective evidence that a financial Receivables are assessed for expected credit loss on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for expected credit loss are classified as other economic flows in the net result.

#### (a) Financial risk management objectives and policies

The ARBV's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 1 of the financial statements.

#### Categorisation of financial instruments

	Note	Carrying Amount 2021	Carrying Amount 2020
		\$	\$
<b>Contractual Financial Assets</b>			
Cash and deposits	6.1	2,924,179	3,163,991
Receivables	5.1	55,987	77,757
Term Deposits	4.2	-	0
<b>Total Contractual Financial Assets</b>		<b>2,980,166</b>	<b>3,241,748</b>
<b>Financial Contractual Liabilities</b>			
Payables	5.3	164,641	143,809
<b>Total Contractual Financial Liabilities</b>		<b>164,641</b>	<b>143,809</b>

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## (b) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, 2021

	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and deposits	2,924,179	-	2,924,179	0
Receivables	55,987	-	0	55,987
Term Deposits	-	-	-	-
<b>Total Contractual Financial Assets</b>	<b>2,980,166</b>	<b>-</b>	<b>2,924,179</b>	<b>55,987</b>
Weighted Average Interest Rate		0.56%	0.22%	0%
<b>Contractual Financial Liabilities</b>				
Payables	164,641	-	-	164,641
<b>Total Contractual Financial Liabilities</b>	<b>164,641</b>	<b>-</b>	<b>-</b>	<b>164,641</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>2,815,525</b>	<b>0</b>	<b>2,924,179</b>	<b>-108,654</b>
<b>2020</b>				
	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	\$	\$	\$	\$
<b>Contractual Financial Assets</b>				
Cash and deposits	3,163,991	-	3,163,841	150
Receivables	77,757	-	77,757	-
Term Deposits	-	-	-	-
<b>Total Contractual Financial Assets</b>	<b>3,241,748</b>	<b>0</b>	<b>3,241,598</b>	<b>150</b>
Weighted Average Interest Rate		0%	0.55%	0%
<b>Contractual Financial Liabilities</b>				
Payables	143,809	-	-	143,809
<b>Total Contractual Financial Liabilities</b>	<b>143,809</b>	<b>-</b>	<b>-</b>	<b>143,809</b>
Weighted Average Interest Rate		0%	0%	0%
<b>Net Contractual Financial Assets/ Liabilities</b>	<b>3,097,939</b>	<b>0</b>	<b>3,241,598</b>	<b>-143,659</b>

# Financial Statements

## Contractual receivables at amortised cost

2021	Current	Less than 1mth	1-3mths	3mths to a year	1-5yrs	Total
Expected loss rate	0%	4%	15%	50%	100%	
Gross carrying amount of contractual receivables	2,980,166					2,980,166
<b>Loss allowance</b>	<b>0</b>					<b>0</b>

## Contractual receivables at amortised cost

2020	Current	Less than 1mth	1-3mths	3mths to a year	1-5yrs	Total
Expected loss rate	0%	4%	15%	50%	100%	
Gross carrying amount of contractual receivables	3,241,748					3,241,748
<b>Loss allowance</b>	<b>0</b>					<b>0</b>

## Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

	2021	2020
Balance at beginning of the year		
Opening Loss Allowance	0	0
Transfers in / acquired outputs		
Transfers out / disposed outputs		
AASB 7.35(b) Modification of contractual cash flows on financial assets ...		
Increase in provision recognised in the net result		
Reversal of provision of receivables written off during the year as uncollectible		
Reversal of unused provision recognised in the net result		
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

## Statutory receivables and debt investments at amortised cost

The ARBV's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments. Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance has been recognised.

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## (c) Credit risk

Credit risk arises from the contractual financial assets of the ARBV, which comprise cash and deposits and non statutory receivables. The ARBV's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the ARBV. Credit risk is measured at fair value and is monitored on a regular basis.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet. Credit risk is minimal as the main debtor is a security deposit held with the Macquarie Bank for the leased premises.

### Credit quality of contractual financial assets that are neither past due nor impaired

	Other (min triple B credit rating)	Other (not rated)	Total
	\$	\$	\$
<b>2021</b>			
Cash and deposits	2,924,179	-	2,924,179
<b>Total contractual financial assets</b>	<b>2,924,179</b>	<b>-</b>	<b>2,924,179</b>
<b>2020</b>			
Cash and deposits	3,163,631	360	3,163,991
Security deposit bond	-	77,757	77,757
<b>Total contractual financial assets</b>	<b>3,163,631</b>	<b>78,117</b>	<b>3,241,748</b>

### Ageing analysis of contractual financial assets

<b>2021</b>				
	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not Impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Security Deposit bond	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020</b>				
	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not Impaired
	\$	\$	\$	\$
<b>Investments and other contractual financial assets</b>				
Security Deposit bond	77,757	77,757	-	-
<b>Total</b>	<b>77,757</b>	<b>77,757</b>	<b>-</b>	<b>-</b>

# Financial Statements

## (d) Risks and mitigation

The risks associated with the ARBV's main financial instruments and our policies for minimising these risks are detailed below.

### Market risk

Market risk is the risk that the fair value or future cash flows of the ARBV's financial instruments will fluctuate because of changes in market prices. The only market risk to which the ARBV is exposed is interest rate risk.

### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The ARBV is not exposed to any material interest rate risk.

### (e) Liquidity risk

Liquidity risk is the risk that the ARBV would be unable to meet its financial obligations as and when they fall due. The ARBV settles financial obligations within 30 days.

## Maturity Analysis of contractual liabilities

2021	Carrying Amount	Nominal Amount	Maturity Dates	
			Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	64,628	64,628	64,628	-
Other Payables	100,013	100,013	100,013	-
<b>Total</b>	<b>164,641</b>	<b>164,641</b>	<b>164,641</b>	<b>-</b>

2020	Carrying Amount	Nominal Amount	Maturity Dates	
			Less than 1 month	1-3 months
	\$	\$	\$	\$
<b>Payables</b>				
Supplies and services	104,468	104,468	104,468	-
Other Payables	39,341	39,341	39,341	-
<b>Total</b>	<b>143,809</b>	<b>143,809</b>	<b>143,809</b>	<b>-</b>

## (f) Interest rate risk sensitivity

	Carrying amount	Interest rate	
		100 basis points	+100 basis points
		Available for sale revaluation surplus	Available for sale revaluation surplus
		Net result	Net result
<b>2021</b>			
<b>Contractual financial assets</b>	<b>\$</b>		<b>\$</b>
Cash and deposits <sup>(i)</sup>	2,924,179.00	-29,241.79	29,241.79
<b>Total impact</b>		<b>-29,241.79</b>	<b>29,241.79</b>
<b>2020</b>			
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	3,163,991.00	-31,639.91	31,639.91
<b>Total impact</b>		<b>-31,639.91</b>	<b>31,639.91</b>

Notes:

# Financial Statements

(i) Cash and deposits includes no deposits that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2021:  $\$2,924,182 \times 0.01 = \$29,242$ ; and  $\$2,924,182 \times 0.01 = \$29,242$ ; and
- 2020:  $\$3,163,991 \times 0.01 = \$31,640$ ; and  $\$3,163,991 \times 0.01 = \$31,640$

## 7.2 Contingent assets and liabilities

As at 30 June 2021 there were no contingent assets and contingent liabilities in existence (2020 nil).

## 7.3 Fair value determination

The ARBV considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts:

Financial Instruments	Carrying amount		Fair value	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and deposits	2,924,179	3,163,991	2,924,179	3,163,991
Receivables	55,987	77,757	55,987	77,757
<b>Total Financial Assets</b>	<b>2,980,166</b>	<b>3,241,748</b>	<b>2,980,166</b>	<b>3,241,748</b>
<b>Financial Liabilities</b>				
Payables	164,641	143,809	164,641	143,809
<b>Total Financial Liabilities</b>	<b>164,641</b>	<b>143,809</b>	<b>164,641</b>	<b>143,809</b>

## 8. Other Disclosures

### Introduction

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

- 8.1 Other economic flows included in net result
- 8.2 Responsible Persons
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of auditors
- 8.6 Subsequent events
- 8.7 Australian accounting standards issued that are not yet effective
- 8.8 Glossary of technical terms
- 8.9 Style conventions

### 8.1 Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal.

#### Other economic flows other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- a. Changes in physical asset revaluation surplus;
- b. Share of net movement in revaluation surplus of associates and joint ventures; and
- c. Gains and losses on remeasuring available-for-sale financial assets;

### 8.1 Other economic flows included in net result

	2021	2020
<b>Other gains/(losses) from other economic flows</b>	\$	\$
Net gain/(loss) arising from revaluation of long service liability <sup>(i)</sup>	-	-
<b>Total other gains/(losses) from other economic flows</b>	-	-

(i) Revaluation gain/(loss) due to changes in inflation factors and discount rates

# Financial Statements

## 8.2 Responsible Persons

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

<u>Title</u>	<u>Name</u>	<u>Period of Appointment</u>
Minister for Planning	The Hon Richard Wynne, MLA	(1 July 2020 to 30 June 2021)
Chairperson	Ms Karen Alcock	(1 July 2020 to 25 May 2021)
Chairperson	Dr Giorgio Marfella	(26 May 2021 to 30 June 2021)
ARBV member	Ms Karen Alcock	(26 May 2021 to 30 June 2021)
ARBV member	Dr Giorgio Marfella	(1 July 2020 to 25 May 2021)
Deputy Chairperson	Mr Richard Salter	(1 July 2020 to 30 June 2021)
ARBV member	Mr David Islip	(1 July 2020 to 21 July 2020)
ARBV member	Ms Catherine Duggan	(1 July 2020 to 30 June 2021)
ARBV member	Mr Bruce Allen	(1 July 2020 to 30 June 2021)
ARBV member	Ms Jenny Gretgrix	(6 October 2020 to 30 June 2021)
ARBV member	Mr Stuart Brown	(1 July 2020 to 30 June 2021)
ARBV Accountable Officer	Mr Allan Bawden	(1 July 2020 to 8 Feb 2021)
ARBV Accountable Officer	Dr Glenice Fox	(9 Feb 2021 to 30 June 2021)

The number of responsible persons are shown in their relevant income bands.

Income Band	Total Remuneration	
	2021	2020
\$0- \$9,999 (Board Members)	7	11
\$10,000- \$19,999 (Board Members)	2	
\$20,000- \$29,999 (Board Members)		1
<b>Total number of Board members</b>	<b>9</b>	<b>12</b>
\$160,000 - \$179,999 (Accountable Officer)		1
\$180,000 - \$189,999 (Accountable Officer)	1	
<b>Total annualised employee equivalents</b>	<b>1</b>	<b>1</b>
<b>Total remuneration</b>	<b>\$257,204</b>	<b>\$286,468</b>

The table includes those that receive no remuneration in the band \$0-\$9,999



# Financial Statements

## 8.3 Remuneration of Executives

Other than the Responsible persons detailed in Note 8.2 there are no other executives requiring this disclosure.

## 8.4 Related Parties

The ARBV is a self-funding Statutory Authority in the State of Victoria.

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

In the prior year Bruce Allen received payments from the ARBV for activities other than board fees as follows:

	2021	2020
	\$	\$
Examiner fees		1,400

### Significant transactions with government-related entities

During the year there were no related party transactions with government related entities.

Related parties of the ARBV include all key management personnel (KMP) and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over), and all cabinet ministers and their close family members.

The KMP's of the ARBV is the same as listed in 8.3 Responsible Persons.

Compensation of KMP	2021	2020
	\$	\$
Short term employee benefits	219,494	239,761
Post-employment benefits	23,829	16,657
Other long-term employee benefits	13,880	14,821
Termination benefits		-
<b>Total</b>	<b>257,204</b>	<b>271,239</b>

Compensation for the Minister is not included in this table

### Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Related party transactions with the members of the ARBV and their related parties, which occurred during the normal course of business, apart from remuneration of Board directors which is disclosed in Note 8.3 above:

Bruce Allen, Board member received payments from the ARBV for activities other than board fees as follows:

	2021	2020
	\$	\$
Examiner fees		1,400

The ARBV has prepared the related party disclosures for the year based on reasonable enquiries made by management in relation to the portfolio ministers and their related parties and the information available to the organisation.

## 8.5 Remuneration of auditors

	2021	2020
	\$	\$
<b>Victorian Auditor-General's Office</b>		
External audit services	25,000	15,800
<b>H L Mann Judd</b>		
Internal audit services	15,840	24,300

## 8.6 Subsequent events

### Events Occurring after the reporting date

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment. Actual economic events and conditions in future may be materially different from those estimated by the entity at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the entity. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the entity cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in the future financial years. As at 30 June 2021 there were no subsequent events.

## 8.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the ARBV Financial Statements. The ARBV is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

### AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The ARBV has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

The ARBV is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

### AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by 1 year to periods beginning on or after 1 January 2023. The ARBV will not early adopted the Standard.

The ARBV is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the ARBV's reporting.

## 8.8 Glossary of technical terms

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable

### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and defined contribution superannuation plans.

### Financial instrument

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

### Financial liability

A financial liability is any liability that is:

(a) A contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially

(b) A contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

### Interest income

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

### Net result

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

### Net result from transactions/net operating balance

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

### Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment.

## **Other economic flows included in net result**

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments; and
- depletion of natural assets (non produced) from their use or removal.

## **Other economic flows – other comprehensive income**

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets;

## **Payables**

Includes accounts payable, grants and taxes.

## **Receivables**

Includes amounts owing to the ARBV through accounts receivable, accrued investment income, and interest receivable.

## **Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services.

## **Supplies and services**

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

## **Transactions**

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

## **8.9 Style conventions**

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