



FINANCE REPORT

2022-23



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 2023 in the following structure to provide users with the information about the ARBV's stewardship of resources entrusted to it.

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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 Assistant Treasurer 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 2023 and financial position of the ARBV at 30 June 2023.

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 22nd August 2023.



Giorgio Marfella
Chairperson



Glenice Fox
Chief Executive Officer



Mihir Thakar
Chief Finance Officer

Melbourne
22 August 2023



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Architects Registration Board of Victoria

Opinion	<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"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 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>
Basis for Opinion	<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.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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>
Board's responsibilities for the financial report	<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>

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
5 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

**Comprehensive operating statement
for the year ended 30 June 2023**

	Notes	2023	2022
		\$	\$
Continuing operations			
Income from transactions			
Revenue from continuing operations	2.1	2,869,560	2,636,197
Total income from transactions		2,869,560	2,636,197
Expenses from transactions			
Registration expenses		180	2,205
Employee expenses	3.1.1	1,634,586	1,597,084
Professional services		93,219	90,645
Legal and tribunal		206,366	224,122
Administration	3.1.4	59,012	58,764
Information Technology		236,990	119,239
Examinations		212,783	181,592
Occupancy		52,121	13,613
Interest Expense	6.2.2	11,057	20,307
Depreciation & amortisation	4.1.2	213,085	212,542
Subscriptions		91,280	72,574
Sponsorships and awards		13,091	4,000
Total expenses from transactions		2,823,770	2,596,687
Net result from transactions (net operating balance)		45,790	39,510
Other economic flows included in net result			
Net gains/(losses) on disposal of non-financial assets		-	(1,747)
Net gains/(losses) from revaluation of long service liability		706	646
Total other economic flows included in net result		706	(1,101)
Net result		46,496	38,409
Other economic flows - other comprehensive income			
Other gains/(losses) from other economic flows		-	-
Comprehensive result		46,496	38,409

The accompanying notes form part of these financial statements.

Balance Sheet

As of 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Financial assets			
Cash and deposits	6.1	3,674,627	2,998,470
Receivables	5.1	29,952	40,572
Total financial assets		3,704,579	3,039,042
Non-financial assets			
Prepayments	5.3	12,419	61,631
Property, plant and equipment	4.1	188,130	232,902
Right of use assets	4.2	260,339	417,387
Intangible assets	4.3	158,917	196,138
Total non-financial assets		619,805	908,058
Total assets		4,324,384	3,947,100
Liabilities			
Employee-related provisions	3.1.2	158,488	135,508
Income received in advance	5.2	2,119,974	1,701,030
Payables	5.4	268,400	227,087
Lease liability	6.2	275,515	496,415
Total liabilities		2,822,377	2,560,040
Net assets		1,502,007	1,387,060
Equity			
Contributed capital		221,718	221,718
Accumulated surplus		1,280,289	1,165,342
Net worth		1,502,007	1,387,060

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the financial year ended 30 June 2023

	Accumulated Surplus \$	Contributed Capital \$	Total \$
Balance at 1 July 2021	1,126,933	221,718	1,348,651
Net result for the year	38,409	-	38,409
Balance at 30 June 2022	1,165,342	221,718	1,387,060
Adjustment to accumulated surplus/(deficit) due to changes in ROU Asset and Liabilities (i)	68,451	-	68,451
Restate Balance at 1 July 2022	1,233,793	221,718	1,455,511
Net result for the year	46,496	-	46,496
Balance at 30 June 2023	1,280,289	221,718	1,502,007

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

- (i) The Right of Use Asset and Liability was reviewed during the financial year 2022-23 and the figures were adjusted accordingly. The net adjustment of \$68,451 was restated in Statement of Changes in Equity related to the year 2021-22.

Cash flow statement

For the financial year ended 30 June 2023

	Notes	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts:			
Interest		79,804	7,337
Receipts from subscribers and sundry Income (incl GST)		3,219,370	2,822,502
GST receipts from Australian Tax Office		92,965	106,229
Total receipts		3,392,139	2,936,068
Payments:			
Payments to suppliers and employees (incl GST)		(2,578,432)	(2,436,431)
Interest expense		(11,057)	(20,307)
Total payments		(2,589,489)	(2,456,738)
Net cash flows from operating activities	6.1	802,650	479,330
Cash flows from investing activities:			
Receipts from sales of fixed assets		-	-
Investment in term deposits		-	-
Payments for plant & equipment		(18,202)	(243,005)
Payments for intangible assets		(19,634)	(37,800)
Net cash flows from / (used in) investing activities		(37,836)	(280,805)
Cash flows from financing activities:			
Repayment of principal portion of lease liability		(88,657)	(124,234)
Net cash flows from / (used in) financing activities		(88,657)	(124,234)
Net increase (decrease) in cash and cash equivalents		676,157	74,291
Cash and cash equivalents at beginning of financial year		2,998,470	2,924,179
Cash and cash equivalents at end of financial year	6.1	3,674,627	2,998,470

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:

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.

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. 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.

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 Australian Accounting Standards (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.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards, 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 8.10 and 8.11.

These annual financial statements were authorised for issue by the ARBV Chairperson, Chief Executive Officer and Chief Financial Officer on behalf of the ARBV on 22 August 2023.

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 standards has been adopted by ARBV for the first time: Not applicable for 2022-2023.

2. FUNDING DELIVERY OF OUR SERVICES

The 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

	2023	2022
	\$	\$
Income		
Revenue from fees:		
Annual registrations	2,331,156	2,206,913
Applications and revocation	58,394	80,015
Examinations	320,766	308,125
Interest	79,804	7,337
Sundry income	6,345	60
Legal fees recovered	73,095	33,747
Total income from transactions	2,869,560	2,636,197

Revenue from contracts with customers

Revenue from fees is recognised under AASB15 Revenue from Contracts with Customers. The ARBV charges an annual fee for registration of architects, which is recognised in the year to which the renewal relates. Annual registration fees paid in advance are recognised as income in advance. Examination fees are recognised when the service is provided.

Interest

Interest income includes interest received on bank term deposits and other cash holdings. Interest income 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 is recognised as it accrues.

3. THE COST OF DELIVERING SERVICES

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

Structure

3.1 Expenses incurred in delivery of services

3.1.1 Employee benefits

3.1.2 Employee related provisions

3.1.3 Superannuation

3.1.4 Administration expenses

3.1 Expenses incurred in delivery of services

		2023	2022
		\$	\$
Registration expenses		180	2,205
Employee expenses	3.1.1	1,634,586	1,597,084
Professional services		93,219	90,645
Legal and tribunal		206,366	224,122
Administration	3.1.4	59,012	58,764
Information Technology		236,990	119,239
Examinations		212,783	181,592
Occupancy		52,121	13,613
Interest expense		11,057	20,307
Subscriptions		91,280	72,574
Sponsorships and awards		13,091	4,000
Total expenses from transactions		2,610,685	2,384,145

Expenses from transactions are recognised and reported in the financial year to which the related goods and services are received.

3.1.1 Employee benefits in the Operating Statement

		2023	2022
		\$	\$
Employee expenses (excluding superannuation)		1,503,780	1,475,133
Superannuation	3.1.3	130,806	121,951
Total employee expenses		1,634,586	1,597,084

Employee expenses include all costs related to employment including wages and salaries, superannuation, leave entitlements, redundancy payments, payroll tax 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

	2023	2022
	\$	\$
Current provisions		
Employee benefits – annual leave:		
Unconditional and expected to settle within 12 months (i)	87,532	92,389
Unconditional and expected to settle after 12 months	-	-
Employee benefits – long service leave:		
Unconditional and expected to be settled within 12 months	27,033	21,015
Unconditional and expected to settle after 12 months	-	-
Provisions related to employee benefit on-cost:		
Unconditional and expected to be settled within 12 months	6,565	11,346
Unconditional and expected to settle after 12 months	-	-
Total current provisions	121,130	124,750
Non-current provisions		
Employee benefits	32,057	9,780
Employee benefits on costs	5,301	978
Total non-current provisions	37,358	10,758
Total provisions	158,488	135,508

Reconciliation of movement in employee related provisions

	2023	2022
	\$	\$
Opening balance	135,508	113,452
Additional provisions recognised	150,010	147,908
Amounts utilised during period	(126,324)	(116,734)
Reductions transferred out	-	(8,472)
Effect of changes in the discount rate	(706)	(646)
Closing balance	158,488	135,508
Current	121,130	124,750
Non Current	37,358	10,758

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, and annual 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.

(ii) Long service leave

Long service leave is recognised in the provision for employee benefits.

Unconditional long service leave (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 long service leave 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 long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates, which is recognised as other economic flows included in net result.

(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.

3.1.3 Superannuation

Fund	Total contributions payable		Contributions outstanding	
	2023	2022	2023	2022
	\$	\$	\$	\$
Defined contribution plans				
Vicsuper Futuresaver	40,716	24,513	2,823	3,482
Other	90,090	97,438	9,114	10,877
Total	130,806	121,951	11,937	14,359

3.1.4 Administration expenses

Administration expenses comprise:

	2023	2022
	\$	\$
Finance and bank charges	12,313	25,067
Advertising	1,000	-
Travel and accommodation	127	184
Small office equipment	36,211	29,171
Other expenses	5,771	498
Postage & couriers	3,590	3,844
Total administration expenses	59,012	58,764

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 Property, plant and equipment
 - 4.1.1 Reconciliation of movements in carrying amounts for property, plant and equipment
 - 4.1.2 Depreciation and impairment
- 4.2 Right-of-use assets
- 4.3 Intangible assets

4.1 Property, plant and equipment

	2023	2022
	\$	\$
Office equipment at cost	82,647	82,647
Accumulated depreciation	(71,760)	(65,443)
	10,887	17,204
Leasehold improvements at cost	263,714	245,512
Accumulated depreciation	(86,471)	(29,814)
	177,243	215,698
	188,130	232,902

These assets are all classified as public administration fixed assets.

4.1.1 Reconciliation of movements in carrying amounts for property, plant and equipment

2023	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$
Opening balance	17,204	215,698	232,902
Additions	-	18,202	18,202
Disposals	-	-	-
Transferred to expenses	-	-	-
Depreciation	(6,317)	(56,657)	(62,974)
Closing balance	10,887	177,243	188,130

2022	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$
Opening balance	54,080	7,334	61,414
Additions	4,827	238,178	243,005
Disposals	(1,747)	-	(1,747)
Transferred to expenses	(26,820)	-	(26,820)
Depreciation	(13,136)	(29,814)	(42,950)
Closing balance	17,204	215,698	232,902

During the 2021-22 reporting period, the ARBV has increased the threshold for recognising purchases as assets from \$1,000 to \$5,000 and expensed the written down value of any previously capitalised items with a purchase cost below \$5,000. This resulted in a transfer of \$26,820 from Property, plant and equipment to expenditure in the Comprehensive operating statement.

4.1.2 Depreciation and impairment

All property, plant and equipment with a finite useful life is 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.

Asset class	Useful life
Computers	3 years
Furniture and Fittings	5 - 13 years
Intangible Assets	5 years
Leasehold Improvements	5 years

Aggregate depreciation & amortisation recognised as an expense during the year

	2023	2022
	\$	\$
Office equipment	6,317	13,136
Leasehold improvements	56,657	29,814
Right-of-use assets	93,256	115,080
Intangible assets	56,855	54,512
Total	213,085	212,542

4.2 Right-of-use assets

Right-of-use assets acquired as lessee - 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 restore the underlying asset or site on which it is located.

Right-of-use assets - Subsequent measurement

The ARBV depreciates 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.

4.2.1 Carrying value of Right-of-use assets

	<i>Gross carrying amount</i>	<i>Accumulated depreciation</i>	<i>Net carrying amount</i>	<i>Gross carrying amount</i>	<i>Accumulated depreciation</i>	<i>Net carrying amount</i>
	2023			2022		
	\$			\$		
Buildings at fair value	466,279	(205,940)	260,339	557,112	(139,725)	417,387
Net carrying amount	466,279	(205,940)	260,339	557,112	(139,725)	417,387

4.2.2 Reconciliation of movement in carrying amounts

	<i>Buildings</i>
Opening balance - 1 July 2022	417,387
Additions	-
Disposals	-
Depreciation	(93,256)
Prior year adjustment to ROU Asset	(63,792)
Lease incentive received	-
Closing balance - 30 June 2023	260,339
Opening balance - 1 July 2021	619,218
Additions	-
Disposals	-
Depreciation	(115,080)
Lease incentive received	(86,751)
Closing balance - 30 June 2022	417,387

(i) The Right of Use Assets were reduced by \$63,792 in the financial year 2022-23

4.3 Intangible Assets

	Computer Software		Total	
	2023	2022	2023	2022
	\$	\$	\$	\$
Gross carrying amount				
Opening balance	250,650	212,850	250,650	212,850
Additions	19,634	37,800	19,634	37,800
Closing balance	270,284	250,650	270,284	250,650
Accumulated depreciation, amortisation and impairment				
Opening balance	(54,512)	-	(54,512)	-
Amortisation	(56,855)	(54,512)	(56,855)	(54,512)
Disposals	-	-	-	-
Closing balance	(111,367)	(54,512)	(111,367)	(54,512)
Net book value at end of financial year	158,917	196,138	158,917	196,138

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.

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.

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 Income received in advance
- 5.3 Prepayments
- 5.4 Payables

5.1 Receivables

	2023	2022
	\$	\$
Contractual		
Trade Receivables	11,263	40,041
	11,263	40,041
Statutory		
GST Receivable	18,688	531
	18,688	531
Total Receivables	29,951	40,572

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.

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

2023

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not Impaired
	\$	\$	\$	\$
Investments and other contractual financial assets				
Trade Receivables	11,263	11,263	-	-
Total	11,263	11,263	-	-

2022

	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not
	\$	\$	\$	\$
Impaired				
Investments and other contractual financial assets				
Trade Receivables	40,041	40,041	-	-
Total	40,041	40,041	-	-

5.2 Income received in advance

	2023	2022
	\$	\$
Registration fees		
Practising architect	1,540,954	1,217,322
Company	563,075	463,256
Partnership	10,606	8,027
Sub Total	2,114,635	1,688,605
Examination fees	5,340	12,425
Total Income received in advance	2,119,975	1,701,030

5.3 Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

	2023	2022
	\$	\$
Prepayments	12,419	61,631
Total Prepayments	12,419	61,631

5.4 Payables

	2023	2022
	\$	\$
Contractual		
Accrued expenses	105,115	121,282
Creditors	124,766	46,801
	229,881	168,083
Statutory		
PAYG liability	26,582	44,288
Superannuation	11,937	14,716
	38,519	59,004
Total Payables	268,400	227,087

Payables consist of:

- contractual payables, including liabilities for goods and services provided to the ARBV prior to the end of the financial year that are unpaid at 30th June, and
- 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 cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Terms of settlement are generally 30 days from date of invoice.

Maturity Analysis of contractual liabilities

2023	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
Payables				
Supplies and services	124,766	124,766	124,766	-
Other payables	105,115	105,115	105,115	-
Total	229,881	229,881	229,881	-

2022	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
Payables				
Supplies and services	46,801	46,801	46,801	-
Other payables	121,282	121,282	121,282	-
Total	168,083	168,083	168,083	-

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

6.3 Commitments for expenditure

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.

	2023	2022
	\$	\$
Total cash and deposits disclosed in balance sheet	3,674,627	2,998,470
Total Cash and cash equivalents	3,674,627	2,998,470

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

	2023	2022
	\$	\$
Operating result for the period	37,962	38,409
Add non-cashflows		
Depreciation	221,619	212,542
Loss on disposal of non-financial assets	-	1,747
Assets reclassified as expenses	-	26,820
Changes in Assets & Liabilities		
(Increase)/decrease in receivables	10,621	108,671
(Increase)/decrease in prepayments	49,212	(26,316)
(Decrease)/increase in payables	41,312	13,180
(Decrease)/increase in income received in advance	418,944	82,222
(Decrease)/increase in provisions	22,979	22,055
Net cash flows provided (used) by operating activities	802,650	479,330

6.2 Lease liabilities

The ARBV leases office premises at 533 Little Lonsdale St. Melbourne. The three year lease expires in April 2024 and has an option for a further term of two years. Rent under the lease increases by 3.5% on the second and fourth anniversary of the commencement date. An annual interest rate of 3.5% was adopted to determine the lease liability.

	2023	2022
	\$	\$
Current liability	94,629	128,654
Non-current liability	180,886	367,761
Total lease liability	275,515	496,415

(i) The Right of Use Liabilities were reduced by \$132,243 in the financial year 2022-23

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:

	2023	2022
	\$	\$
Interest expense on lease liabilities	11,057	20,307
Depreciation expense related to right-of-use assets	93,256	115,080
Total amount recognised in the Comprehensive operating statement	104,313	135,387

6.2.3 Amounts recognised in the Cash flow statement

The following amounts are recognised in the Cash flow statement for the year ending 30 June 2023 relating to leases.

	2023	2022
	\$	\$
Total cash outflow for leases	99,714	144,542

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 criteria:

- 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.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee has an option 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.

The ARBV has not adopted this option in relation to outgoings payable to the landlord, which have been treated as lease payments for the determination of the initial lease liability and right-of-use asset.

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

The ARBV currently has no below market/peppercorn leases.

Presentation of right-of-use assets and lease liabilities

The ARBV presents right-of-use assets and lease liabilities as separate lines on the Balance Sheet.

6.3 Commitment for Expenditure

There were no commitments at balance date not otherwise disclosed in the financial statements and notes.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The ARBV is exposed to risk from its activities and external 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

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.

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

The ARBV does not hold debt or equity investments.

Financial assets at fair value through net result

The ARBV does not hold equity investments for trading.

Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they 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).

Derivative financial instruments are not held by ARBV.

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 has a legal right to offset the amounts and intends 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:
 - o has transferred substantially all the risks and rewards of the asset; or
 - o has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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.

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 asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

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 2023 \$	Carrying Amount 2022 \$
Contractual Financial Assets			
Cash and deposits	6.1	3,674,627	2,998,470
Trade Receivables	5.1	11,263	40,041
Total Contractual Financial Assets		3,685,890	3,038,511
Financial Contractual Liabilities			
Payables	5.4	229,881	168,083
Total Contractual Financial Liabilities		229,881	168,083

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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, both recognised and unrecognised, at balance date are as follows:

2023

	Carrying Amount \$	Fixed Interest \$	Variable Interest Rate \$	Non Interest Bearing \$
Contractual Financial Assets				
Cash and deposits	3,674,627	-	3,674,627	-
Trade Receivables	11,263	-	-	11,263
Total Contractual Financial Assets	3,685,890	-	3,674,627	11,263
Weighted Average Interest Rate		N/A	3.13%	0%
Contractual Financial Liabilities				
Payables	229,881	-	-	229,881
Total Contractual Financial Liabilities	229,881	-	-	229,881
Weighted Average Interest Rate		N/A	N/A	-
Net Contractual Financial Assets/ Liabilities	3,456,009	-	3,674,627	(218,618)
2022				
	Carrying Amount \$	Fixed Interest \$	Variable Interest Rate \$	Non Interest Bearing \$
Contractual Financial Assets				
Cash and deposits	2,998,470	-	2,998,470	-
Receivables	40,041	-	-	40,041
Total Contractual Financial Assets	3,038,511	-	2,998,470	40,041
Weighted Average Interest Rate		N/A	1.00%	0%
Contractual Financial Liabilities				
Payables	168,083	-	-	168,083
Total Contractual Financial Liabilities	168,083	-	-	168,083
Weighted Average Interest Rate		N/A	N/A	0%
Net Contractual Financial Assets/ Liabilities	2,870,428	-	2,998,470	(128,042)

Contractual receivables at amortised cost

2023	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	11,263	-	-	-	-	11,263
Loss allowance	-	-	-	-	-	-

Contractual receivables at amortised cost

2022	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	40,041	-	-	-	-	40,041
Loss allowance	-	-	-	-	-	-

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

	2023	2022
Balance at beginning of the year		
Opening Loss Allowance	-	-
Transfers in / acquired outputs	-	-
Transfers out / disposed outputs	-	-
AASB 7.35I(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	-	-
Balance at end of the year	-	-

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 are considered as written off by mutual consent.

Statutory receivables 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. Statutory receivables 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.

(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 financial asset is represented by the carrying amount of those assets on the Balance Sheet.

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

	Other (min triple B credit rating)	Other (not rated)	Total
	\$	\$	\$
2023			
Cash and deposits	3,674,627	-	3,674,627
Trade Receivables	-	11,263	11,263
Total contractual financial assets	3,674,627	11,263	3,685,890
2022			
Cash and deposits	2,998,470	-	2,998,470
Trade Receivables	-	40,041	40,041
Total contractual financial assets	2,998,470	40,041	3,038,511

Ageing analysis of contractual financial assets

2023				
	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not Impaired
	\$	\$	\$	\$
Investments and other contractual financial assets				
Trade Receivables	11,263	11,263	-	-
Total	11,263	11,263	-	-
2022				
	Carrying Amount	Not past due and not impaired	Less than 1 month	Past due but not Impaired
	\$	\$	\$	\$
Investments and other contractual financial assets				
Trade Receivables	40,041	40,041	-	-
Total	40,041	40,041	-	-

(d) Risks and mitigation

The risks associated with the ARBV's financial instruments and the 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 and the exposure to liquidity risk is deemed insignificant based on forecast cashflow projections.

Maturity Analysis of contractual liabilities

2023	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
Payables				
Supplies and services	124,766	124,766	124,766	-
Other Payables	105,115	105,115	105,115	-
Total	229,881	229,881	229,881	-
2022	Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
	\$	\$	\$	\$
Payables				
Supplies and services	46,801	46,801	46,801	-
Other Payables	121,282	121,282	121,282	-
Total	168,083	168,083	168,083	-

(f) Interest rate risk sensitivity

	Carrying amount	Interest rate			
		-300 basis points		+300 basis points	
		Available-for-sale revaluation surplus		Available-for-sale revaluation surplus	
2023					
Contractual financial assets	\$				\$
Cash and deposits (i)	3,674,627	(110,239)	-	110,239	-
Total impact		(110,239)	-	110,239	-
2022					
Contractual financial assets					
Cash and deposits (i)	2,998,470	(29,985)	-	29,985	-
Total impact		(29,985)	-	29,985	-

Notes:

(i) Cash and deposits includes deposits that are exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- 2023: \$ 3,674,627 x -0.03 = -\$110,239; and \$3,674,627 x 0.03 = \$110,239; and
- 2022: \$2,998,470 x -0.01 = -\$29,985; and \$2,998,470 x 0.01 = \$29,985

7.2 Contingent assets and liabilities

As at 30 June 2023 there were no contingent assets and contingent liabilities in existence (2022 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial Assets				
Cash and deposits	3,674,627	2,998,470	3,674,627	2,998,470
Trade Receivables	11,263	40,041	11,263	40,041
Total Financial Assets	3,685,890	3,038,511	3,685,890	3,038,511
Financial Liabilities				
Payables	229,881	168,083	229,881	168,083
Total Financial Liabilities	229,881	168,083	229,881	168,083

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
- 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 Changes in accounting policies
- 8.9 Ex-Gratia Payments
- 8.10 Glossary of technical terms
- 8.11 Style conventions

8.1 Other economic flows

8.1.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- transfer of amounts from reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

	2023	2022
Other gains/(losses) from other economic flows	\$	\$
Net gain/(loss) arising from revaluation of long service liability (i)	706	646
Total other gains/(losses) from other economic flows	706	646

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

8.1.2 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;

8.2 Responsible Persons

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

Title	Name	Period of Appointment
Minister for Planning	The Hon Lizzie Blandthorn MLA	(1 July 2022 to 5 December 2022)
Minister for Planning	The Hon Sonya Kilkenny MLA	(5 December 2022 to 30 June 2023)
Chairperson	Dr Giorgio Marfella	(1 July 2022 to 30 June 2023)
Deputy Chairperson	Mr Richard Salter	(1 July 2022 to 30 June 2023)
ARBV member	Mr Bruce Allen	(1 July 2022 to 30 June 2023)
ARBV member	Ms Sophie Cleland	(1 July 2022 to 30 June 2023)
ARBV member	Mr Mark Curry	(1 July 2022 to 30 June 2023)
ARBV member	Mr Richard Drew	(1 July 2022 to 30 June 2023)
ARBV member	Mr Stefan Preuss	(1 July 2022 to 30 June 2023)
ARBV member	Ms Danielle Roche	(1 July 2022 to 13 March 2023)
ARBV member	Ms Sally Wills	(13 September 2022 to 30 June 2023)
ARBV Accountable Officer	Dr Glenice Fox	(1 July 2022 to 30 June 2023)

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Department during the reporting period was in the range: \$230 000–239 000 (2022: \$230 000–239 000).

8.3 Remuneration of Executives

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

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 8.2 Responsible Persons.

Compensation of KMP

	2023	2022
	\$	\$
Short term employee benefits	271,073	277,458
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Total	271,073	277,458
Total numbers	10	10

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.

Outside of normal citizen type transactions with ARBV, there were no related party transactions that involved key management personnel, their close family members or their personal businesses interests.

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

	2023	2022
	\$	\$
Victorian Auditor-General's Office		
External audit services	26,000	25,500

8.6 Subsequent events

There are no matters or circumstances that 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 ARBV in the future financial years. As at the date of signing the annual financial statements there were no subsequent events requiring disclosure.

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 2022-2023 reporting period. These accounting standards have not been applied to the ARBV annual financial statements. The ARBV is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;

- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.
- This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector

AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2020-1 amended AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

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 Changes in accounting policies

In 2021-2022 the threshold for classifying an item as an asset was increased from \$1,000 to \$5,000. \$26,820, being the written down value of previously capitalised acquisitions costing less than \$5,000 was expensed in the Comprehensive operating statement in 2021-2022.

8.9 Ex gratia payments

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

2023	2022
\$	\$
-	-

8.10 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 other comprehensive income.

Commitments

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

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 asset

A financial asset is any asset that is either:

(a) cash

(b) an equity instrument of another entity

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

(c) a financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:

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

Financial instrument

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 unfavourable to the entity; or
- (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 comprehensive operating 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 - Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with 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.

8.11 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.

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