

Notes to the Financial Statements for the Year Ended 31 March 2020

Reporting Entity

The NZNO Mental Health Nurses Section (MHNS) is a section of the New Zealand Nurses Organisation Incorporated. The New Zealand Nurses Organisation (NZNO) is incorporated under the Incorporated Societies Act 1908 and is defined as a public benefit entity.

MHNS has a committee of six to eight individuals elected from the membership that work to achieve the following objectives.

Objectives of MHNS

The objectives of MHNS include:

- The provision of leadership, education and professional development of mental health nursing in New Zealand/Aotearoa.
- To bring mental health nurses together in their diversity to positively influence policy and practice for the development of consumer centred care in New Zealand/Aotearoa.

Financial Statements of MHNS

The MHNS financial statements and accompanying notes have been prepared by the NZNO Management Accountant for the purposes of the MHNS Committee and its membership.

NZNO auditors Deloitte Limited, audit the financial statements of NZNO which includes a review of the financial transactions of both NZNO and colleges and sections. The auditors give an opinion on the overall NZNO financial statements which include the consolidation of college and section transactions and balances, but does not give an opinion on the individual college and section financial statements and their accompanying notes.

Deloitte Limited at the conclusion of their audit provide comments on matters arising during the audit including any findings with respect to individual colleges and sections. For the 2019/20 audit no comments or findings specific to MHNS were provided.

Measurement System

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by NZNO and have also been used in the preparation of the MHNS financial statements.

Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis, except that Accounts Receivable and Accounts Payable are stated inclusive of GST where applicable.

National Office Funding and Administrative Support

NZNO provided funding of \$11,741 in 2019/20 (\$15,626 2018/19) to MHNS to meet the costs of Committee expenses. NZNO did not charge MHNS for administrative support provided during 2018/19 and 2019/20.

Income Tax

In 2016/17 NZNO agreed that income tax liabilities arising from surpluses on taxable activities (e.g. conferences, training courses) undertaken by colleges and sections would be borne at NZNO level and would no longer be recovered from each college or section. Conversely tax refunds for losses on taxable activities would no longer be reimbursed to colleges and sections.

This change recognised the complexity and time involved in assessing and allocating individual tax liabilities for colleges and sections. Much of the deductible expenditure that could be claimed on behalf of colleges and sections was dependent on an arbitrary allocation of the NZNO administrative overhead against taxable and non-taxable activities.

The impact of this change was first reflected in the 2017/18 financial statements and onwards.

The one exception is resident withholding tax (RWT) on interest earnings, which is still recognised by each college and section as this is directly related to college and section interest income.