



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Sydney West Area Health Service

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Sydney West Area Health Service (the Service), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2010, and of the financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

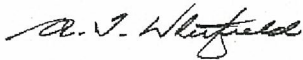
My opinion does *not* provide assurance:

- about the future viability of the Service or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal controls
- on the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



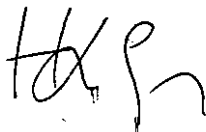
A T Whitfield
Acting Auditor-General

7 October 2010
SYDNEY

2009/10 Financial Statements

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that to the best of my knowledge and belief:

- 1) the financial report has been prepared in accordance with:
 - Australian Accounting Standards
 - *Public Finance and Audit Act 1983*
 - *Public Finance and Audit Regulations 2010*
 - *Health Services Act 1997 and its Regulations*
 - the Accounts and Audit Determination
- 2) the financial report exhibits a true and fair view of the financial position and financial performance of the Sydney West Area Health Service Special Purpose Service Entity.
- 3) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Heather Gray
Chief Executive

Date: 30 September 2010

ABN 70667812600
PO Box 63 Penrith NSW 2751

Sydney West Area Health Service
Statement of Financial Position as at 30 June 2010

PARENT

CONSOLIDATION

Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
ASSETS						
Current Assets						
141,851	159,017	109,154	Cash and Cash Equivalents	19	141,851	109,154
52,402	57,523	64,580	Receivables	20	52,402	64,580
18,058	13,659	13,907	Inventories	21	18,058	13,907
397	455	-	- Other Financial Assets	22	397	-
4,568	-	-	- Non-Current Assets Held for Sale	25	4,568	-
217,276	230,654	187,641	Total Current Assets	217,276	230,654	187,641
Non-Current Assets						
7,277	8,167	8,187	Receivables	20	7,277	8,187
2,862	3,698	-	- Other Financial Assets	22	2,862	-
Property, Plant and Equipment						
1,312,062	1,313,268	1,328,361	- Land and Buildings	23	1,312,062	1,328,381
113,120	110,785	109,136	- Plant and Equipment	23	113,120	109,138
26,724	24,011	25,582	- Infrastructure Systems	23	26,724	25,582
1,451,906	1,448,064	1,463,101	Total Property, Plant and Equipment		1,451,906	1,463,101
8,712	3,438	4,444	Intangible Assets	24	8,712	4,444
1,470,757	1,463,387	1,475,732	Total Non-Current Assets	1,470,757	1,463,387	1,475,732
1,686,033	1,694,041	1,663,373	Total Assets	1,686,033	1,694,041	1,663,373
LIABILITIES						
Current Liabilities						
142,758	143,434	137,006	Payables	27	142,758	137,008
31,548	23,155	16,226	Borrowings	28	31,548	16,226
359,946	366,431	334,291	Provisions	29	359,946	334,291
1,836	2,083	2,083	Other	30	1,836	2,083
536,088	535,103	489,606	Total Current Liabilities	536,088	535,103	489,606
Non-Current Liabilities						
25,653	42,303	35,757	Borrowings	28	25,653	35,757
28,035	25,925	23,835	Provisions	29	28,035	23,835
53,688	68,228	59,592	Total Non-Current Liabilities	53,688	68,228	59,592
589,776	603,331	549,198	Total Liabilities	589,776	603,331	549,198
1,098,257	1,090,710	1,114,175	Net Assets	1,098,257	1,090,710	1,114,175
EQUITY						
257,302	231,020	231,020	Reserves		257,302	231,020
836,387	859,690	663,155	Accumulated Funds		836,387	883,155
1,093,689	1,090,710	1,114,175			1,093,689	1,114,175
Amounts Recognised in Equity Relating to Assets						
4,568	-	-	- Held for Sale	25	4,568	-
1,098,257	1,090,710	1,114,175	Total Equity	1,098,257	1,090,710	1,114,175

The accompanying notes form part of these financial statements.

Sydney West Area Health Service
Statement of Changes in Equity for the year ended 30 June 2010

	Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009		883,155	231,020	-	1,114,175
Changes in Accounting Policy		-	-	-	-
Correction of Errors		-	-	-	-
Restated Total Equity at 1 July 2009		883,155	231,020	-	1,114,175
Result For The Year		(25,158)	-	-	(25,158)
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-	29,576	-	29,576
Assets Held for Sale		(1,274)	(3,294)	4,568	-
Total Other Comprehensive Income		(1,274)	26,282	4,568	29,576
Total Comprehensive Income For The Year		(26,432)	26,282	4,568	4,418
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	38	(20,336)	-	-	(20,336)
Balance at 30 June 2010		836,387	257,302	4,568	1,098,257
Balance at 1 July 2008		943,935	232,834	-	1,176,769
Changes in Accounting Policy		-	-	-	-
Correction of Errors		-	-	-	-
Restated Total Equity at 1 July 2008		943,935	232,834	-	1,176,769
Result For The Year		(60,454)	-	-	(60,454)
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment		-	(1,814)	-	(1,814)
Administrative Restructure		(326)	-	-	(326)
Total Other Comprehensive Income		(326)	(1,814)	-	(2,140)
Total Comprehensive Income For The Year		883,155	231,020	-	1,114,175
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	38	-	-	-	-
Balance at 30 June 2009		883,155	231,020	-	1,114,175

The accompanying notes form part of these financial statements.

Sydney West Area Health Service
Statement of Cash Flows for the year ended 30 June 2010

PARENT				CONSOLIDATION		
Actual	Budget	Actual		Actual	Budget	Actual
2010	2010	2009	Notes	2010	2010	2009
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
(1,163,803)	(1,121,358)	(1,137,474)	Employee Related	(1,163,803)	(1,121,358)	(1,137,474)
(20,231)	(16,871)	(17,599)	Grants and Subsidies	(20,231)	(16,871)	(17,599)
(3,588)	(2,443)	(2,346)	Finance Costs	(3,588)	(2,443)	(2,346)
(803,089)	(766,119)	(776,628)	Other	(803,089)	(766,119)	(776,628)
(1,990,691)	(1,906,791)	(1,934,047)	Total Payments	(1,990,691)	(1,906,791)	(1,934,047)
Receipts						
374,203	310,205	309,911	Sale of Goods and Services	374,203	310,205	309,911
11,093	5,829	13,023	Interest Received	11,093	5,829	13,023
55,153	49,304	73,994	Other	55,153	49,304	73,994
440,449	365,338	396,928	Total Receipts	440,449	365,338	396,928
Cash Flows From Government						
1,611,926	1,611,307	1,534,142	NSW Department of Health Recurrent Allocations	1,611,926	1,611,307	1,534,142
42,851	42,574	83,535	NSW Department of Health Capital Allocations	42,851	42,574	83,535
1,654,777	1,653,881	1,617,677	Net Cash Flows From Government	1,654,777	1,653,881	1,617,877
104,535	112,428	80,558	NET CASH FLOWS FROM OPERATING ACTIVITIES	104,535	112,426	80,558
CASH FLOWS FROM INVESTING ACTIVITIES						
573	(308)	127	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	573	(308)	127
(74,370)	(73,887)	(103,501)	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	(74,370)	(73,887)	(103,501)
-	(1,594)	5,028	Purchases of Investments Other	-	(1,594)	5,028
(73,797)	(75,589)	(98,346)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(73,797)	(75,589)	(98,346)
CASH FLOWS FROM FINANCING ACTIVITIES						
18,054	17,177	21,648	Proceeds from Borrowings and Advances	18,054	17,177	21,648
(9,156)	(4,153)	(6,189)	Repayment of Borrowings and Advances	(9,156)	(4,153)	(6,169)
(3,259)	-	-	Other Financial Asset	(3,259)	-	-
(3,680)	-	-	Repayment of Finance Lease	(3,680)	-	-
1,959	13,024	15,479	NET CASH FLOWS FROM FINANCING ACTIVITIES	1,959	13,024	15,479
32,697	49,863	(2,309)	NET INCREASE / (DECREASE) IN CASH	32,697	49,863	(2,309)
109,154	109,154	111,483	Opening Cash and Cash Equivalents	109,154	109,154	111,463
141,851	159,017	109,154	CLOSING CASH AND CASH EQUIVALENTS	141,851	159,017	109,154

The accompanying notes form part of these financial statements.

Sydney West Area Health Service
Service Group Statements
for the Year Ended 30 June 2010

SERVICE'S EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	\$000	\$000
Expenses excluding losses	115,461	118,025	1,201	1,188	107,575	105,096	83,375	86,829	490,300	443,987	52,478	69,866	113,661	111,857	101,014	108,298	55,893	56,837	81,004	84,101	1,201,961	1,186,182		
Operating Expenses	1,176	538	0	14	1,277	4,736	1,850	1,972	31,466	29,261	6,329	4,519	2,012	2,160	1,509	1,929	377	995	138	1,048	46,134	47,172		
Employee Related	35,602	31,378	644	389	50,288	48,151	33,895	41,882	401,388	380,525	62,220	68,132	28,801	21,479	33,346	34,058	18,785	16,082	28,974	21,116	694,043	653,132		
Other Operating Expenses	4,073	7,952	26	30	8,243	8,503	4,509	5,077	37,571	31,479	3,562	4,557	6,861	5,115	8,519	6,240	2,198	2,982	3,093	4,525	78,645	76,460		
Depreciation and Amortisation	9,913	9,636	353	718	36	113	1	51	32	459	3	67	4,974	4,579	802	847	437	405	1,841	724	18,382	17,599		
Grants and Subsidies	337	198	1	-	167	72	427	12	1,852	1,867	112	127	123	22	138	24	45	9	60	15	3,252	2,346		
Finance Costs	17,389	12,887	-	-	-	-	-	-	-	-	-	-	865	841	9,110	6,751	-	-	-	-	27,364	20,279		
Payments to Affiliated Health Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Expenses excluding losses	183,952	180,614	2,225	2,337	167,585	166,671	124,157	135,823	962,609	887,578	124,703	147,268	157,206	145,853	154,438	158,147	77,736	77,410	115,099	111,529	2,069,801	2,013,230		
Revenue	5,167	3,107	39	-	7,582	5,355	10,609	9,516	201,167	191,045	23,746	12,956	2,894	2,830	26,158	16,064	2,860	1,387	34,677	35,179	314,869	277,439		
Sale of Goods and Services	579	1,291	6	3	1,023	1,294	351	661	5,171	2,838	493	846	693	1,314	765	1,193	252	319	813	2,943	10,085	12,682		
Investment Revenue	1,889	1,605	18	7	1,826	1,497	94	29	2,991	965	404	329	1,155	1,936	682	629	381	1,074	28,952	24,200	36,182	32,271		
Grants and Contributions	886	882	7	9	1,213	453	416	378	6,130	1,088	565	263	750	404	907	490	298	1,064	965	2,128	11,957	7,139		
Other Revenue	8,120	6,885	70	19	11,614	8,599	11,472	10,574	215,449	195,926	25,228	14,394	5,432	6,484	28,512	18,376	3,791	3,844	85,407	64,450	375,093	329,531		
Total Revenue	(86)	(883)	(1)	(3)	(175)	(1,515)	(96)	(1,028)	(797)	(6,531)	(76)	(1,009)	(146)	(668)	(181)	(693)	(47)	(381)	(64)	(503)	(1,669)	(13,064)		
Gain / (Loss) on Disposal	(185)	(322)	(1)	(3)	(173)	(169)	(375)	(141)	(3,172)	(1,185)	(460)	(99)	(146)	(152)	(417)	(183)	(51)	(398)	(102)	(776)	(5,054)	(3,428)		
Other Gains / (Losses)	176,103	174,954	2,157	2,324	156,319	159,756	113,156	126,418	751,129	699,368	100,011	133,982	182,158	140,089	126,525	140,647	74,943	74,295	49,859	48,358	1,701,461	1,700,191		
Net Cost of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Government Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
RESULT FOR THE YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
																							1,639,737	
																							1,639,737	
																							(60,454)	

Service Group Statements focus on the key measures of service delivery performance.

* The name and purpose of each service group is summarised in Note 18.

The Service Group Statement uses statistical data to 31 December 2009 to allocate the current period's financial information on expenses and revenue to each service group.

No changes have occurred during the period between 1 January 2010 and 30 June 2010 which would materially impact this allocation.

Sydney West Area Health Service
Service Group Statements (Continued)
for the Year Ended 30 June 2010

SERVICE'S ASSETS AND LIABILITIES	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	8,673	8,010	105	7,901	8,028	4,039	5,879	5,249	7,416	8,152	7,281	7,402	3,665	1,979	49,695	48,731	141,851	109,154						
Receivables	1,134	1,349	10	1,622	1,688	2,069	3,524	2,617	759	1,275	3,993	3,597	530	756	9,138	12,695	52,402	64,580						
Inventories	925	658	17	1,308	1,010	885	7,979	1,619	749	450	668	714	469	337	754	445	18,058	13,907						
Other Financial Assets	35	-	-	32	-	24	-	-	30	-	30	-	-	-	22	-	397	-						
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Total Current Assets	10,767	10,017	132	10,863	10,726	6,966	11,046	9,494	8,954	9,877	16,730	11,713	4,699	3,072	59,609	61,871	217,276	187,641						
Non-Current Assets																								
Receivables	158	171	1	225	214	282	4,160	4,659	105	162	553	456	74	96	1,269	1,610	7,277	8,187						
Other Financial Assets	255	-	3	232	-	172	1,331	-	217	-	214	-	107	-	159	-	2,862	-						
Property, Plant and Equipment	65,076	132,230	410	131,887	141,384	72,028	84,416	523,435	165,247	142,048	138,089	103,763	35,122	49,580	49,248	75,262	1,312,062	1,328,361						
- Land and Buildings	5,860	11,351	37	11,856	12,137	6,465	54,041	44,932	9,868	7,302	12,253	8,908	3,162	4,256	4,434	6,480	113,120	109,199						
- Plant and Equipment	1,385	2,661	9	2,801	2,845	1,532	1,689	10,532	2,331	1,712	2,895	2,088	747	998	1,047	1,512	26,724	25,582						
- Infrastructure Systems	451	462	3	913	494	295	4,162	1,830	760	297	944	363	244	173	341	263	8,712	4,454						
Intangible Assets	73,185	146,875	463	147,714	157,074	80,839	676,716	585,588	178,528	151,519	152,958	115,566	39,456	55,103	58,498	85,107	1,470,757	1,475,732						
Total Non-Current Assets	83,952	156,892	595	158,577	167,800	89,304	762,827	649,442	187,482	161,396	169,668	127,279	44,155	58,175	116,107	146,978	1,688,033	1,663,373						
TOTAL ASSETS																								
LIABILITIES																								
Current Liabilities																								
Payables	7,323	6,482	132	10,344	9,947	8,992	82,562	78,811	5,924	4,437	8,659	7,038	3,864	3,322	5,980	4,364	142,758	137,008						
Borrowings	2,604	1,457	34	2,554	1,345	1,692	14,672	7,152	2,398	1,175	2,354	1,275	1,185	624	1,754	698	91,548	18,226						
Provisions	34,576	33,282	360	32,215	29,816	24,968	24,470	125,125	34,038	31,524	30,250	30,521	18,736	18,046	24,256	23,701	359,948	304,291						
Other	162	187	2	149	173	110	854	918	140	151	137	164	69	80	102	115	1,836	2,083						
Total Current Liabilities	44,865	41,388	528	45,262	41,083	33,962	34,358	211,806	42,500	37,287	39,600	38,996	21,858	20,072	32,074	29,078	536,088	489,606						
Non-Current Liabilities																								
Borrowings	2,280	3,208	26	2,075	2,960	1,539	15,764	15,448	1,950	2,590	1,914	2,809	963	1,375	1,427	1,981	25,653	35,757						
Provisions	2,693	2,372	26	2,509	2,112	1,945	11,436	8,921	2,851	2,248	2,356	2,176	1,304	1,144	1,889	1,689	28,035	23,835						
Total Non-Current Liabilities	4,973	5,580	56	4,584	5,072	3,484	4,157	24,685	4,801	4,838	4,270	4,985	2,267	2,519	3,316	3,670	53,688	59,592						
TOTAL LIABILITIES	49,838	46,968	584	49,846	46,155	37,446	38,515	236,491	47,101	42,125	43,870	43,981	24,123	22,591	35,390	32,748	589,776	549,198						
NET ASSETS	34,114	108,924	11	108,731	121,845	51,858	62,389	494,544	140,381	119,271	125,818	83,298	20,032	35,584	80,717	114,230	1,098,257	1,114,175						

The name and purpose of each service group is summarised in Note 18

Assets and liabilities that are specific to service groups are allocated accordingly, e.g. Non-Current Assets Held for Sale. Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(ee), hereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

1 The Health Service Reporting Entity

The Sydney West Area Health Service was established under the provisions of the Health Services Act with effect from 1 January 2005.

The Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Health Service. The Health Service is a not-for-profit entity (as profit is not its principal objective).

The Sydney West Area Health Service Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a Health Service to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the Health Service (as the parent entity), the financial statements of the special purpose entity division and the consolidated financial statements of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 13, 29, 31 and 36 being especially relevant.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is consolidated as part of the financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Chief Executive on 27 September 2010.

2 Summary of Significant Accounting Policies

The Health Service's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Health Services Act 1997* and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

The consolidated entity has a deficiency of working capital of \$318.812 million (2009 \$301.965 million). Notwithstanding this deficiency the financial statements have been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Judgments, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial statements of the Sydney West Area Health Service.

Accounting Standard/Interpretation

AASB 9, Financial Instruments and AASB 2009-11, Amendments to Australian Accounting Standards arising from AASB 9, have application from 1 July 2013 and focus on simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value. They also simplify the requirements for embedded derivatives and remove the tainting rules associated with held-to-maturity assets. They have been assessed as having no material impact on the Health Service.

AASB 1053, Application of tiers of Australian Accounting Standards, has application from 1 July 2013 and establishes a differential reporting framework consisting of two tiers of reporting requirements. Tier 1 entities will continue to apply existing Australian Accounting Standards. Tier 2 entities will apply the same recognition, measurement and presentation requirements but reduced disclosure requirements. Tier 2 entities include the majority of public sector entities. This standard has been assessed as having no material impact on the Health Service.

AASB 2009-5, Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project, has application from 1 July 2010 and comprises accounting changes for presentation, recognition or measurement purposes. This standard has been assessed as having no material impact on the Health Service.

AASB 2009-8, Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions, has application from 1 July 2010 and makes amendments which clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. This standard has been assessed as having no impact on the Health Service.

AASB 2009-9, Amendments to Australian Accounting Standards- Additional Exemptions for First-time Adopters, has application from 1 July 2010 and makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations. This standard has been assessed as having no impact on the Health Service.

AASB 2009-10, Amendments to Australian Accounting Standards- Classification of Rights Issues, has application from 1 July 2010 and provides clarification concerning equity instruments. This standard has been assessed as having no material impact on the Health Service.

AASB 124, Related Party Disclosures and AASB 2009-12, Amendments to Australian Accounting Standards, have application from 1 July 2011 and simplify the definition of a related party. They have been assessed as having no impact on the Health Service.

Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13, Amendments to Australian Accounting Standards arising from Interpretation 19, have application from 1 July 2010 and addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. They have been assessed as having no impact on the Health Service.

AASB 2009-14, Amendments to Australian Interpretation- Prepayments of a Minimum Funding Requirement, has application from 1 July 2011 and makes limited-application amendments to Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This standard has been assessed as having no impact on the Health Service.

AASB 2010-1, Amendments to Australian Accounting Standards- Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters, has application from 1 July 2010 and provides additional exemption on IFRS transition in relation to AASB 7 *Financial Instruments: Disclosures*, to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS-compliant preparers. This standard has been assessed as having no impact on the Health Service.

AASB 2010-2, *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*, has application from 1 July 2013 and determines disclosures in Australian Accounting Standards from which Tier 2 entities are exempt. This standard has been assessed as having no material impact on the Health Service.

AASB 2010-3 and AASB 2010-4, *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*, have application from 1 January 2011 and amend a number of different Australian Accounting Standards. These standards have been assessed as having no material impact on the Health Service.

Other significant accounting policies used in the preparation of these financial statements are as follows:

- a) **Employee Benefits and Other Provisions**
 - i) **Salaries & Wages, Annual Leave, Sick Leave and On-Costs**

At the consolidated level of reporting, liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in

Sydney West Area Health Service
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respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On-costs of 17% are applied to the value of leave payable at 30 June 2010, such on-costs being consistent with actuarial assessment (Comparable on-costs for 30 June 2009 were also 17%).

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

ii) Long Service Leave and Superannuation

At the consolidated level of reporting, long service leave entitlements are dissected as "Current" if there is an unconditional right to payment and "Non-Current" if the entitlements are conditional. Current entitlements are further dissected between "Short Term" and "Long Term" on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

Long service leave provisions are measured on a short hand basis at an escalated rate of 18.3% (9.8% at 30 June 2009) for all employees with five or more years of service. The escalation applied is consistent with actuarial assessment and is affected in the main by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

The Health Service's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The Health Service accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 27, "Payables".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when: the Health Service has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

b) Insurance

The Health Service's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with the Department's Mandate to not-for-profit general government sector agencies.

d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

Revenue from the rendering of services is generally recognised as revenue when the service is provided.

Patient Fees

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Department of Health from time to time.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139, *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB117 *Leases* on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 *Revenue* when the Health Service's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Use of Hospital Facilities

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Department of Health. Charges consist of two components:

- a monthly charge raised by the Health Service based on a percentage of receipts generated
- the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for Health Service use in the advancement of the Health Service or individuals within it.

Use of Outside Facilities

The Health Service uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities. It is not practical to estimate the related values.

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the Health Service obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for the Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Statement of Comprehensive Income before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

General operating expenses/revenues of Lottie Stewart, St Joseph's Hospital and Tresillian Family Care Centre Penrith (Affiliated Health Organisations) have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The Health Service is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

e) Accounting for the Goods & Services Tax (GST)

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

- the amount of GST incurred by the Health Service as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

Health Services recognise patient flows for patients they have treated that live outside the Service's regional area. The flows recognised are for acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patient flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient. The flow information is based on activity for the last completed calendar year. The NSW Department of Health accepts that category identification for various surgical and medical procedures is impacted by the complexities of the coding process and the interpretation of the coding staff when coding a patient's medical records. The Department reviews the flow information extracted from Health Service records and once it has accepted it, requires each Health Service and the Children's Hospital at Westmead to bring to account the value of patient flows in accordance with the Department's assessment.

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Department of Health Recurrent Allocation.

Inter State Patient Flows

Health Services recognise the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. The Health Services also recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial statements have been based on 2008/09 activity data using standard cost weighted separation values to reflect estimated costs in 2009/10 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non-residents.

The composition of patient flow expense/revenue is disclosed in Notes 5 and 11.

g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Health Service. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(z)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, ie the deferred payment amount is effectively discounted at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the Health Service are deemed to be controlled by the Health Service and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Health Service. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

"Infrastructure Systems" means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works and water reticulation systems.

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

j) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, *Property, Plant and Equipment* and AASB140, *Investment Property*. Investment Property is separately discussed at Note 2(o).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

The Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Health Service as at 1 January 2005 was completed on 30 June 2008 and was based on an independent assessment.

In accordance with the fair value requirements of AASB116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis utilising indices provided by the NSW Department of Land and Property Management Authority (Note 23 (iii)). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Result for the Year, the increment is recognised immediately as revenue in the Result for the Year.

Revaluation decrements are recognised immediately as expenses in the Result for the Year, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Health Service is effectively exempt from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

l) Assets Not Able to be Reliably Measured

The Health Service may at times hold certain assets that are not recognised in the Statement of Financial Position because the Health Service is unable to measure reliably the value of the assets. The Health Service does not presently hold any such assets.

m) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

n) Non-current Assets (or disposal groups) Held for Sale

The Health Service has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

o) Investment Properties

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116 *Property, Plant and Equipment*. The Health Service does not have any property that meets the definition of Investment Property

p) Intangible Assets

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation.

Computer software developed or acquired by the Health Service are recognised as intangible assets and are amortised over 5 years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

q) Maintenance

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

r) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

s) Inventories

Inventories are stated at cost, adjusted when applicable for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

Obsolete items are disposed of in accordance with instructions issued by the NSW Department of Health.

t) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Result for the Year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

u) **Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Sydney West Area Health Service determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- * *Fair value through profit or loss* - The Sydney West Area Health Service subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the Result for the Year.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the agency's key management personnel.

The risk management strategy of the Health Service has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

- * *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Sydney West Area Health Service has the positive intention and ability to hold to maturity are classified as "held-to-maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Result for the Year when impaired, derecognised or through the amortisation process.
- * *Available for Sale Investments* - Any residual investments that do not fall into any other category are accounted for as Available for Sale Investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the Result for the Year. However, interest calculated using the effective interest method and dividends are recognised in the Result for the Year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Health Service commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

v) **Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Result for the Year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Result for the Year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Result for the Year.

Any reversals of impairment losses are reversed through the Result for the Year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

w) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Health Service transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the Health Service has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

x) Payables

These amounts represent liabilities for goods and services provided to the Health Service and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Health Service.

y) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the Result for the Year on derecognition.

The finance lease liability is determined in accordance with AASB 117, *Leases*.

z) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, *Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

aa) Equity and Reserves

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of Non-Current Assets. This accords with the Health Service's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(ii) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

(iii) Separate Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

ab) Trust Funds

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 32. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Health Service's own objectives, they are not brought to account in the financial statements.

ac) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Department at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided.

ad) Service Group Statements Allocation Methodology

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2009 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		3. Employee Related		
		Employee related expenses comprise the following:		
-	-	Salaries and Wages	856,416	852,740
-	-	Awards	40,848	47,298
-	-	Superannuation - Defined Benefit Plans	21,526	22,060
-	-	Superannuation - Defined Contribution Plans	75,906	73,961
-	-	Long Service Leave	50,195	36,467
-	-	Annual Leave	97,979	107,782
-	-	Sick Leave and Other Leave	34,140	32,875
-	-	Redundancies	10,586	768
-	-	Workers Compensation Insurance	12,363	12,251
-	-		<u>1,201,961</u>	<u>1,186,182</u>
		4. Personnel Services		
		Personnel Services comprise the purchase of the following:		
856,418	852,740	Salaries and Wages	-	-
40,848	47,298	Awards	-	-
21,526	22,060	Superannuation - Defined Benefit Plans	-	-
75,906	73,961	Superannuation - Defined Contribution Plans	-	-
50,195	36,467	Long Service Leave	-	-
97,979	107,782	Annual Leave	-	-
34,140	32,875	Sick Leave and Other Leave	-	-
10,586	768	Redundancies	-	-
12,363	12,251	Workers' Compensation Insurance	-	-
<u>1,201,961</u>	<u>1,186,182</u>		<u>-</u>	<u>-</u>
		5. Other Operating Expenses		
232,676	225,466	Allocations towards Inter Area Patient Outflows, NSW (see (d) below)	232,678	225,466
8,488	8,924	Blood and Blood Products	6,488	8,924
20,958	21,356	Domestic Supplies and Services	20,956	21,356
73,914	69,120	Drug Supplies	73,914	69,120
23,345	11,311	Food Supplies	23,345	11,311
14,077	10,430	Fuel, Light and Power	14,077	10,430
44,735	43,413	General Expenses (See (b) below)	44,735	43,413
10,179	9,482	Hospital Ambulance Transport Costs	10,179	9,482
21,134	19,793	Information Management Expenses	21,134	19,793
2,843	2,023	Insurance	2,843	2,023
3,593	3,117	Interstate Patient Outflows (see (e) below)	3,593	3,117
		Maintenance (See (c) below)		
13,004	22,771	Maintenance Contracts	13,004	22,771
9,547	10,711	New/Replacement Equipment under \$10,000	9,547	10,711
16,542	16,156	Repairs	16,542	16,156
-	(1,559)	Maintenance/Non Contract	-	(1,559)
(2,379)	-	Other	(2,379)	-
84,464	75,369	Medical and Surgical Supplies	84,464	75,369
5,572	5,463	Postal and Telephone Costs	5,572	5,463
5,788	6,346	Printing and Stationery	5,788	6,346
2,958	2,497	Rates and Charges	2,958	2,497
2,195	1,696	Rental	2,195	1,698
40,144	42,786	Special Service Departments	40,144	42,766
6,846	6,029	Staff Related Costs	6,846	6,029
42,771	40,364	Sundry Operating Expenses (See (a) below)	42,771	40,364
10,647	10,126	Travel Related Costs	10,647	10,126
<u>694,043</u>	<u>663,192</u>		<u>694,043</u>	<u>663,192</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT		CONSOLIDATION	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
(a) Sundry Operating Expenses comprise:				
Contract for Patient Services	42,735	40,310	42,735	40,310
Isolated Patient Travel and Accommodation Assistance Scheme	36	54	36	54
	<u>42,771</u>	<u>40,364</u>	<u>42,771</u>	<u>40,364</u>
(b) General Expenses include:-				
Advertising	215	434	215	434
Books, Magazines and Journals	1,523	1,615	1,523	1,615
Consultancies				
- Operating Activities	1,711	1,301	1,711	1,301
- Capital Works	26	43	26	43
Courier and Freight	1,570	1,654	1,570	1,654
Auditor's Remuneration - Audit of Financial Statements	267	170	267	170
Auditor's Remuneration - Other Services	20	207	20	207
Data Recording and Storage	956	981	956	981
Legal Services	464	261	464	261
Memberships/Professional Fees	1,221	1,887	1,221	1,887
Motor Vehicle Operating Lease Expense - Minimum Lease Payments	5,277	4,539	5,277	4,539
Other Operating Lease Expense - Minimum Lease Payments	9,062	8,325	9,062	8,325
Payroll Services	34	27	34	27
Quality Assurance/Accreditation	380	191	380	191
Security Services	-	1,459	-	1,459
Translator Services	344	292	344	292
Health Support Charges- Financial Services	9,959	10,917	9,959	10,917
Goods & Services- Other	-	5,448	-	5,448
	<u>36,714</u>	<u>37,368</u>	<u>36,714</u>	<u>37,368</u>
(c) Reconciliation Total Maintenance				
Maintenance Expense - Contracted Labour and Other (Non-Employee Related), Included in Note 5	6,131	5,835	6,131	5,835
Employee Related/Personnel Services Maintenance expense Included in Notes 3 and 4	-	-	-	-
Total Maintenance Expenses included in Notes 3, 4 and 5	<u>42,845</u>	<u>43,203</u>	<u>42,845</u>	<u>43,203</u>
(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-				
Sydney South West Area Health Service	72,846	69,496	72,846	69,496
Children's Hospital Westmead	89,395	85,657	89,395	85,657
Northern Sydney Central Coast Area Health Service	40,072	41,631	40,072	41,631
South East Sydney Illawarra Area Health Service	24,215	23,711	24,215	23,711
Greater Western Area Health Service	2,856	2,581	2,856	2,581
Other Area Health Services	3,294	2,590	3,294	2,590
	<u>232,678</u>	<u>225,466</u>	<u>232,678</u>	<u>225,466</u>
(e) Expenses for Interstate Patient Flows are as follows:-				
Australian Capital Territory	664	403	664	403
Queensland	1,245	1,318	1,245	1,318
South Australia	389	181	389	161
Victoria	947	887	947	887
Tasmania	74	126	74	126
Northern Territory	91	74	91	74
Western Australia	183	148	183	148
	<u>3,593</u>	<u>3,117</u>	<u>3,593</u>	<u>3,117</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
50,979	50,248	Depreciation - Buildings	50,979	50,248
1,883	1,883	Amortisation - Leased Buildings	1,883	1,883
23,097	22,518	Depreciation - Plant and Equipment	23,097	22,518
1,580	1,571	Depreciation - Infrastructure Systems	1,580	1,571
1,106	240	Amortisation - Intangible Assets	1,106	240
<u>78,645</u>	<u>76,460</u>		<u>78,645</u>	<u>76,460</u>
7. Grants and Subsidies				
10,062	8,446	Non-Government Voluntary Organisations	10,062	8,446
430	432	Research Organisations	430	432
7,900	8,721	Other	7,900	8,721
<u>18,392</u>	<u>17,599</u>		<u>18,392</u>	<u>17,599</u>
8. Finance Costs				
470	1,168	Finance Lease Interest Charges	470	1,168
2,792	-	Interest on Bank Overdrafts and Loans	2,792	-
-	1,178	Other Interest Charges	-	1,178
<u>3,262</u>	<u>2,346</u>	Total Finance Costs	<u>3,262</u>	<u>2,346</u>
9. Payments to Affiliated Health Organisations				
		(a) Recurrent Sourced		
5,068	1,419	Lottie Stewart Hospital	5,068	1,419
19,025	15,444	St Joseph's Hospital	19,025	15,444
3,271	3,416	Tresillian Family Care Centre	3,271	3,416
<u>27,364</u>	<u>20,279</u>		<u>27,364</u>	<u>20,279</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		10. Other Expenses		
-	-		-	-
<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
		11. Sale of Goods and Services		
		(a) Sale of Goods comprise the following:-		
6,606	6,700	Sale of Prosthesis	8,608	6,700
449	1,130	Other	449	1,130
985	777	Pharmacy Sales	985	777
24,733	-	High Cost Drugs *	26,641	-
		(b) Rendering of Services comprises the following:-		
87,197	65,527	Patient Fees [see note 2(d)]	87,197	65,527
276	333	Staff-Meals and Accommodation	276	333
33,298	34,150	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	33,298	34,150
11,444	12,498	- Annual Charge	11,444	12,498
101,800	103,179	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	101,800	103,179
1,324	1,018	Services Provided to Non NSW Health Organisations	1,324	1,018
3,199	5,211	Cafeteria/Kiosk	3,199	5,211
3,125	2,944	Car Parking	3,125	2,944
2,482	2,353	Child Care Fees	2,482	2,353
9,271	6,120	Clinical Services (excluding Clinical Drug Trials)	9,271	6,120
28,473	20,421	Commercial Activities	28,473	20,421
6	10	Enteral Nutrition Income	6	10
346	383	Fees for Medical Records	346	383
41	20	Information Retrieval	41	20
-	7	Linen Service Revenues - Non Health Services	-	7
-	(19)	Linen Service Revenues - Other Health Services	-	(19)
35	56	PADP Patient Copayments	35	56
5,670	2,767	Patient Inflows from Interstate [see note (d) below]	5,670	2,767
634	706	Salary Packaging Fee	634	706
-	11	Shared Corporate Services	-	11
5,942	5,270	Use of Ambulance Facilities	5,942	5,270
7,533	5,867	Other	5,625	5,867
<u>314,869</u>	<u>277,439</u>		<u>314,869</u>	<u>277,439</u>
		* The Commonwealth Highly Specialised Drug program was varied from 1 July 2009. The State now claims on a recovery basis the cost of highly specialised drugs through Medicare (Commonwealth). In previous years these funds were received within the annual Government Allocation from the NSW Department of Health.		
		(c) Details of the Allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:		
46,158	46,663	Sydney South West Area Health Service	46,158	46,663
19,257	18,656	Northern Sydney/Central Coast Area Health Services	19,257	18,656
9,006	9,652	South East Sydney/Illawarra Area Health Service	9,006	9,652
14,330	13,729	Greater Western Area Health Service	14,330	13,729
8,459	7,541	Hunter New England Area Health Services	8,459	7,541
5,590	6,938	Other Area Health Services	5,590	6,938
<u>101,800</u>	<u>103,179</u>		<u>101,800</u>	<u>103,179</u>
		(d) Revenues from Patient Inflows from Interstate are as follows:-		
1,700	597	Australian Capital Territory	1,700	597
122	47	Northern Territory	122	47
1,927	1,019	Queensland	1,927	1,019
199	276	South Australia	199	278
194	273	Tasmania	194	273
729	369	Victoria	729	369
799	186	Western Australia	799	186
<u>5,670</u>	<u>2,767</u>		<u>5,670</u>	<u>2,767</u>
		12. Investment Revenue		
6,496	9,273	Interest - Other	6,496	9,273
3,589	3,409	Lease and Rental Income	3,589	3,409
<u>10,085</u>	<u>12,682</u>		<u>10,085</u>	<u>12,682</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
13. Grants and Contributions				
4,165	2,741	Clinical Drug Trials	4,165	2,741
3,141	3,767	Commonwealth Government Grants	3,141	3,767
3,893	2,969	Industry Contributions/Donations	3,893	2,969
6,596	3,238	Cancer Institute Grants	6,596	3,238
2,239	5,648	NSW Government Grants	2,239	5,648
21,526	22,060	Personnel Services - Superannuation Defined Benefit Plans	-	-
13,780	12,825	Research Grants	13,780	12,825
4,368	1,083	Other Grants	4,368	1,083
<u>59,708</u>	<u>54,331</u>		<u>38,182</u>	<u>32,271</u>
14. Other Revenue				
Other Revenue comprises the following:-				
23	6	Bad Debts Recovered	23	6
457	640	Commissions	457	640
799	1,042	Conference and Training Fees	799	1,042
1	-	Discounts	1	-
27	30	Sale of Merchandise, Old Wares and Books	27	30
5	45	Sponsorship Income	5	45
877	-	Treasury Managed Fund Hindsight Adjustment	877	-
925	917	Kings Parking Annual Fee	925	917
8,843	4,459	Other	8,843	4,459
<u>11,957</u>	<u>7,139</u>		<u>11,957</u>	<u>7,139</u>
15. Gain/(Loss) on Disposal				
17,935	118,828	Property, Plant and Equipment	17,935	118,828
15,694	105,637	Less Accumulated Depreciation	15,694	105,637
2,241	13,191	Written Down Value	2,241	13,191
572	127	Less Proceeds from Disposal	572	127
<u>(1,669)</u>	<u>(13,064)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(1,669)</u>	<u>(13,064)</u>
16. Other Gains/(Losses)				
(5,084)	(3,428)	Impairment of Receivables	(5,084)	(3,428)
<u>(5,084)</u>	<u>(3,428)</u>		<u>(5,084)</u>	<u>(3,428)</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT AND CONSOLIDATION

17. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	1,325	5,299	-	6,624
Contributions recognised in amalgamated balance as at 30 June 2009 which were not expended in the current reporting period	27,877	111,508	-	139,385
Total amount of unexpended contributions as at balance date	29,202	116,807	-	146,009

Comment on restricted assets appears in Note 26

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

18 Service Groups of the Health Service

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Area Health Services and other general health services which are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency ambulance services and treatment of patients in designated emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Overnight Acute Inpatient Services

Service Description: This service group covers the provision of health care to patients admitted to public hospitals with the intention that their stay will be overnight, including elective surgery and maternity services.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Service Group 2.3 - Same Day Acute Inpatient Services

Service Description: This service group covers the provision of health care to patients who are admitted to public hospitals with the intention that they will be admitted, treated and discharged on the same day.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Area Health Services and community based organisations for people seriously affected by mental illness and mental health problems. It also includes the development of preventative programs which meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Department's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

Objective:

This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT		CONSOLIDATION	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
19. Cash and Cash Equivalents				
Cash at bank and on hand	29,560	7,054	29,560	7,054
Short Term Deposits	112,291	102,100	112,291	102,100
	141,851	109,154	141,851	109,154
Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
Cash and cash equivalents (per Statement of Financial Position)	141,851	109,154	141,851	109,154
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	141,851	109,154	141,851	109,154

Refer to Note 39 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
		20. Receivables		
		Current		
47,708	40,210	(a) Sale of Goods and Services	47,708	40,210
-	1,052	NSW Health Department	-	1,052
1,546	3,709	Goods and Services Tax	1,546	3,709
<u>7,114</u>	<u>20,853</u>	Other Debtors	<u>7,114</u>	<u>20,853</u>
56,368	65,824	Sub Total	56,368	65,824
<u>(6,246)</u>	<u>(3,525)</u>	Less Allowance for impairment	<u>(6,246)</u>	<u>(3,525)</u>
50,122	62,299	Sub Total	50,122	62,299
2,280	2,281	Prepayments	2,280	2,281
<u>52,402</u>	<u>64,580</u>		<u>52,402</u>	<u>64,580</u>
		(b) Movement in the allowance for impairment		
		Sale of Goods and Services		
(2,144)	(1,643)	Balance at 1 July	(2,144)	(1,643)
1,848	345	Amounts written off during the year	1,848	345
<u>(2,376)</u>	<u>(846)</u>	Increase/(decrease) in allowance recognised in	<u>(2,376)</u>	<u>(846)</u>
<u>(2,672)</u>	<u>(2,144)</u>	Result for the Year	<u>(2,672)</u>	<u>(846)</u>
		Balance at 30 June	<u>(2,672)</u>	<u>(2,144)</u>
		(c) Movement in the allowance for impairment		
		Other Debtors		
(1,381)	(1,426)	Balance at 1 July	(1,381)	(1,426)
515	2,627	Amounts written off during the year	515	2,627
<u>(2,708)</u>	<u>(2,582)</u>	Amounts recovered during the year	<u>(2,708)</u>	<u>(2,582)</u>
<u>(3,574)</u>	<u>(1,381)</u>	Increase/(decrease) in allowance recognised in	<u>(3,574)</u>	<u>(1,381)</u>
		Result for the Year	<u>(3,574)</u>	<u>(1,381)</u>
		Balance at 30 June	<u>(3,574)</u>	<u>(1,381)</u>
<u>(6,246)</u>	<u>(3,525)</u>		<u>(6,246)</u>	<u>(3,525)</u>
		Non-Current		
7,277	8,187	Prepayments	7,277	8,187
<u>7,277</u>	<u>8,187</u>		<u>7,277</u>	<u>8,187</u>
		(d) Sale of Goods and Services Receivables		
		(Current and Non-Current) include:		
1,756	1,328	Patient Fees - Compensable	1,756	1,328
3,941	3,529	Patient Fees - Ineligible	3,941	3,529
<u>5,886</u>	<u>7,002</u>	Patient Fees - Other	<u>5,886</u>	<u>7,002</u>
<u>11,583</u>	<u>11,859</u>		<u>11,583</u>	<u>11,859</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 39.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
21. Inventories				
		Current - Held for Distribution		
9,630	7,578	Drugs	9,630	7,578
8,343	6,032	Medical and Surgical Supplies	8,343	6,032
6	128	Food and Hotel Supplies	6	128
-	1	Engineering Supplies	-	1
79	168	Other Including Goods in Transit	79	168
<u>18,058</u>	<u>13,907</u>		<u>18,058</u>	<u>13,907</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT		CONSOLIDATION
	2010	2009	2010
	\$000	\$000	\$000
22. Other Financial Assets			
Current			
Advances Receivable - Intra Health	397	-	397
	<u>397</u>	<u>-</u>	<u>397</u>
Non-Current			
Advances Receivable - Intra Health	2,862	-	2,862
	<u>2,862</u>	<u>-</u>	<u>2,862</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 39.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT			CONSOLIDATION	
2010	2009		2010	2009
\$000	\$000		\$000	\$000
23. Property, Plant and Equipment				
		Land and Buildings - fair value		
2,544,132	2,465,131	Gross Carrying Amount	2,544,132	2,465,131
1,232,070	1,136,750	Less accumulated depreciation and impairment	1,232,070	1,136,750
<u>1,312,062</u>	<u>1,328,381</u>	Net Carrying Amount	<u>1,312,062</u>	<u>1,328,381</u>
		Plant and Equipment - fair value		
267,973	250,692	Gross Carrying Amount	267,973	250,692
154,853	141,554	Less accumulated depreciation and impairment	154,853	141,554
<u>113,120</u>	<u>109,138</u>	Net Carrying Amount	<u>113,120</u>	<u>109,138</u>
		Infrastructure Systems - fair value		
68,075	63,583	Gross Carrying Amount	68,075	63,583
41,351	38,001	Less accumulated depreciation and impairment	41,351	38,001
<u>26,724</u>	<u>25,582</u>	Net Carrying Amount	<u>26,724</u>	<u>25,582</u>
<u>1,451,906</u>	<u>1,463,101</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>1,451,906</u>	<u>1,463,101</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT AND CONSOLIDATION

23. Property, Plant and Equipment - Reconciliations

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010							
Net Carrying amount at start of year	321,505	946,808	10,544	49,524	109,138	25,582	1,463,101
Additions	481	-	33,819	-	28,133	1,335	63,768
Recognition of Assets Held for Sale	(2,522)	(2,033)	-	-	-	(13)	(4,568)
Disposals	-	(1,138)	-	-	(1,103)	-	(2,241)
Administrative Restructures - transfers in/(out)	(20,240)	-	-	-	(242)	-	(20,482)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(22,556)	48,096	-	2,636	-	1,400	29,576
Depreciation expense	-	(50,979)	-	(1,883)	(23,097)	(1,580)	(77,539)
Reclassifications	-	13,753	(13,753)	-	291	-	291
Net Carrying Amount at End of Year	276,668	954,507	30,610	50,277	113,120	26,724	1,451,906

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009							
Net Carrying amount at start of year	321,505	875,231	80,037	51,407	108,593	27,251	1,464,024
Additions	3,309	-	63,792	-	23,527	-	90,628
Disposals	(1,809)	(10,820)	-	-	(464)	(98)	(13,191)
Administrative Restructures - transfers in/(out)	-	(326)	-	-	-	-	(326)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	(1,500)	(314)	-	-	-	-	(1,814)
Depreciation expense	-	(50,248)	-	(1,883)	(22,518)	(1,571)	(76,220)
Reclassifications	-	133,285	(133,285)	-	-	-	-
Net Carrying Amount at End of Year	321,505	946,808	10,544	49,524	109,138	25,582	1,463,101

- (i) Land and Buildings include land owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].
- (ii) Land and Buildings were valued by AON Valuation Services on 30 June 2008 [see note 2(j)]. AON Valuation Services is not an employee of the Health Service.
- (iii) In accordance with the fair value requirements of AASB 116 the land, buildings and infrastructure assets have had a factor applied in relation to the movement in the market and variation in the building and infrastructure costs. The adjustment has been performed on a gross basis in accordance with note 2 (j). This factor gives consideration to the valuation of Physical Non-Current Assets at Fair Value. The following table details the indice applied to Non Current Assets as determined by the NSW Department of Land and Property Management Authority:

Year	Land	Buildings	Infrastructure
08/09	93%	102%	102%
09/10	105%	103%	103%

- (iv) Land Administrative Restructure (\$20.24 Million), being transfer of land to the NSW Department of Land and Property Management Authority, is offset by a minor addition being recognition of an additional portion of land assigned to the Health Service. The net of these two events is represented as equity transfer (\$20.336 Million) in the Statement of Changes in Equity.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2010 \$000	2009 \$000		2010 \$000	2009 \$000
		24. Intangible Assets		
		Software		
10,058	4,684	Cost (Gross Carrying Amount)	10,058	4,684
1,346	240	Less Accumulated Amortisation and Impairment	1,346	240
<u>8,712</u>	<u>4,444</u>	Net Carrying Amount	<u>8,712</u>	<u>4,444</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT AND CONSOLIDATION

24. Intangibles - Reconciliation

	Software	Other	Total
	\$000	\$000	\$000
2010			
Net carrying amount at start of year	4,444	-	4,444
Additions (from internal development or acquired separately)	5,665	-	5,665
Amortisation (recognised in depreciation and amortisation)	(1,106)	-	(1,106)
Reclassification to Plant & Equipment	(291)	-	(291)
Net Carrying Amount at End of Year	8,712	-	8,712

	Software	Other	Total
	\$000	\$000	\$000
2009			
Net carrying amount at start of year	-	-	-
Additions (from internal development or acquired separately)	4,684	-	4,684
Amortisation (recognised in depreciation and amortisation)	(240)	-	(240)
Net Carrying Amount at End of Year	4,444	-	4,444

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT	CONSOLIDATION
	2010	2010
	\$000	\$000

26. Restricted Assets

The Health Service's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category	Brief Details of Externally Imposed Conditions including Asset Category affected		
96,266	79,319 Specific Purposes	96,266	79,319
49,743	47,266 Private Practice Funds	49,743	47,266
<u>146,009</u>		<u>146,009</u>	<u>126,585</u>
		<u>146,009</u>	<u>126,585</u>

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

CONSOLIDATION

PARENT

27. Payables	2009	2010	2009
	\$000	\$000	\$000
Accrued salaries wages and on-costs	-	17,858	34,279
Taxation and Payroll Deductions	-	23,929	8,877
Accrued Liability - Purchase of Personnel Services	41,787	-	-
Creditors	34,195	34,195	43,256
Other Creditors			
- Capital Works	3,268	3,286	3,948
- Intra Health Liability	6,827	6,827	3,764
- VMOS	7,514	7,514	6,970
- Affiliated Organisations	5,744	5,744	5,428
- Accrued Creditors	40,461	40,461	27,384
- Misc Creditors	3,162	3,162	3,100
	<u>142,758</u>	<u>142,758</u>	<u>137,006</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

28. Borrowings

Current	2009	2010	2009
	\$000	\$000	\$000
Other Loans and Deposits	27,071	27,071	12,523
Finance Leases [see note 2(f)]	4,477	4,477	3,703
	<u>31,548</u>	<u>31,548</u>	<u>16,228</u>
Non-current			
Other Loans and Deposits	14,965	14,965	20,614
Finance Leases [see note 2(f)]	10,688	10,688	15,143
	<u>25,653</u>	<u>25,653</u>	<u>35,757</u>
	<u>57,201</u>	<u>57,201</u>	<u>51,985</u>

Other loans still to be extinguished represent monies to be repaid to the NSW Health Department/ NSW Treasury. Final Repayment is scheduled for 30 June 2014.

Repayment of Borrowings
(excluding Finance Leases)

Note later than one year	27,071	27,071	12,523
Between one and five years	14,042	14,042	20,614
Later than five years	923	923	-
Total Borrowing at face value (excluding Finance Leases)	<u>42,036</u>	<u>42,036</u>	<u>33,137</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 39.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT		CONSOLIDATION	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
29. Provisions				
Current Employee benefits and related on-costs				
Annual Leave - Short Term Benefit	-	-	100,869	96,879
Annual Leave - Long Term Benefit	-	-	55,217	56,686
Long Service Leave - Short Term Benefit	-	-	9,657	11,792
Long Service Leave - Long Term Benefit	-	-	194,203	168,934
Provision for Personnel Services Liability	359,946	334,291	-	-
Total Current Provisions	359,946	334,291	359,946	334,291
Non-Current Employee benefits and related on-costs				
Long Service Leave - Conditional	-	-	28,035	23,835
Provision for Personnel Services Liability	28,035	23,835	-	-
Total Non-current Provisions	28,035	23,835	28,035	23,835
Aggregate Employee benefits and related on-costs				
Provisions - Current	359,946	334,291	359,946	334,291
Provisions - Non-current	28,035	23,835	28,035	23,835
Accrued Salaries, Wages and on-costs (Note 27)	-	-	17,858	34,279
Taxation & Payroll Deductions	-	-	23,929	8,877
Accrued Liability - Purchase of Personnel Services (Note 27)	41,787	43,156	-	-
Total	429,768	401,282	429,768	401,282

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
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	PARENT	2009	2010	2009	2010
	\$000	\$000	\$000	\$000	\$000
30. Other Liabilities					
Current					
Income in Advance	1,798	2,045	1,798	2,045	38
Other	38	38	38	38	38
	<u>1,836</u>	<u>2,083</u>	<u>1,836</u>	<u>2,083</u>	<u>2,083</u>

In June 2010, \$0.7 million represents nine months licence fee from S & K Car Park Management Ltd under the terms of a contract to provide and operate car park facility at Nepean Campus of the Area Health Service. Patient fees and other represent \$1.136 million of the total sum.

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT	2009	31.	2010	2009	2010	2009	2010
	\$000	\$000	Commitments for Expenditure	\$000	\$000	\$000	\$000	\$000
(a) Capital Commitments								
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		13,216		70,509		13,216		70,509
Not later than one year		2,052		14,178		2,052		14,178
Later than one year and not later than five years								
Total Capital Expenditure Commitments (including GST)	84,687	15,268		84,687		15,268		84,687
Of the commitments reported at 30 June 2010 it is expected that \$3.591m will be met from locally generated moneys.								
(b) Other Expenditure Commitments								
Aggregate other expenditure contracted for the acquisition of general goods and services contracted for at balance date and not provided for:		27,178		43,185		27,178		43,185
Not later than one year								
Total Other Expenditure Commitments (including GST)	43,185	27,178		43,185		27,178		43,185
(The significant increase in the commitments is as a result of change in periods from six months in financial year 2008/09 to twelve months in financial year 2009/10)								
(c) Operating Lease Commitments								
Commitments in relation to non-cancellable operating leases are payable as follows:								
Not later than one year	11,281	8,329		11,281	8,329		11,281	8,329
Later than one year and not later than five years	9,913	5,008		9,913	5,008		9,913	5,008
Later than five years	813	3,215		813	3,215		813	3,215
Total Operating Lease Commitments (including GST)	22,007	16,552		22,007	16,552		22,007	16,552

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

	PARENT		CONSOLIDATION
	2010	2009	2010
	\$000	\$000	\$000
31. Commitments for Expenditure			
(Continued)			
(d) Finance Lease Commitments			
Minimum lease payment commitments in relation to finance leases are payable as follows:			
Not later than one year	4,913	4,835	4,835
Later than one year and not later than five years	15,556	14,268	14,268
Later than five years	265	6,442	6,442
	20,734	25,545	25,545
Minimum Lease Payments (including GST)			
Less: Future Finance Charges	3,684	4,377	4,377
Less: GST	1,885	2,322	2,322
	15,165	18,846	18,846
Present Value of minimum lease payments (excluding GST)			
The present value of finance lease commitments is as follows:			
Not later than one year	4,477	3,703	3,703
Later than one year and not later than five years	10,475	12,521	12,521
Later than five years	213	2,622	2,622
	15,165	18,846	18,846
Present Value of minimum lease payments (excluding GST)			
Classified as:			
(a) Current (Note 28)	4,477	3,703	3,703
(b) Non-Current (Note 28)	10,688	15,143	15,143
	15,165	18,846	18,846

Finance Lease commitment is in respect of Hawkesbury Private Hospital commenced in August 1996. The term of the lease is twenty years at which time the ownership of the buildings transfers to the NSW State Government

(e) Contingent Asset Related to Commitments for Expenditure

The total of "Commitments for Expenditure" above, i.e. \$165.044 million as at 30 June 2010 includes input tax credits of \$13.625M that are expected to be recoverable from the Australian Taxation Office.

	13,625	5,363	13,625	5,363
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Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT AND CONSOLIDATION

32 Trust Funds

The Health Service holds trust fund monies of \$18.173 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial reporting period	1,076	1,201	1,886	1,051	13,700	14,009	16,662	16,261
Receipts	11	537	372	1,191	71,828	68,551	72,211	70,279
Expenditure	(927)	(662)	(254)	(356)	(69,519)	(68,860)	(70,700)	(69,878)
Cash Balance at the end of the financial reporting period	160	1,076	2,004	1,886	16,009	13,700	18,173	16,662

Sydney West Area Health Service
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PARENT AND CONSOLIDATED

33 Contingent Liabilities

a) Claims on Managed Fund

Since 1 July 1989, the Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Health Service all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Health Service. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against the Health Service. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against the Health Service.

b) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2003/04 fund year and an interim adjustment for the 2005/06 fund year were not calculated until 2009/10. As a result, the 2004/05 final and 2006/07 interim hindsight calculations will be paid in 2010/11. It is not possible for the Health Service to reliably quantify the benefit to be received.

c) Affiliated Health Organisations

Based on the definition of control in Australian Accounting Standard AASB127, *Consolidated and Separate Financial Statements*, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the Health Service's consolidated financial statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation, the Health Service and the NSW Department of Health.

Sydney West Area Health Service
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	PARENT	2010	2009	CONSOLIDATION
	\$000	\$000	\$000	\$000
34. Reconciliation of Net Cash Flows from Operating Activities To Net Cost of Services				
	(104,535)	(80,558)	(80,558)	(80,558)
Net Cash Flows from Operating Activities	78,645	76,460	76,460	76,460
Depreciation	5,084	3,428	3,428	3,428
Provision for Doubtful Debts	-	-	-	-
Acceptance by the Crown Entity of Employee Superannuation Benefits	29,856	33,880	33,880	33,880
Decrease/(Increase) in Provisions	8,936	22,681	22,681	22,681
Increase / (Decrease) in Prepayments and Other Assets	5,503	(8,501)	(8,501)	(8,501)
(Increase)/ Decrease in Creditors	1,669	13,064	13,064	13,064
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	1,611,926	1,534,142	1,534,142	1,534,142
NSW Health Department Recurrent Allocations	42,851	83,535	83,535	83,535
NSW Health Department Capital Allocations				
	<u>1,679,935</u>	<u>1,678,131</u>	<u>1,678,131</u>	<u>1,701,461</u>
				<u>1,700,191</u>

35. 2009/10 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the Health Service. Services provided include:

- . Chaplaincies and Pastoral Care - Patient & Family Support
- . Pink Ladies/Hospital Auxiliaries - Patient Services, Fund Raising
- . Patient Support Groups - Practical Support to Patients and Relative
- . Community Organisations - Counselling, Health Education, Transport, Home Help & Patient Activities

Sydney West Area Health Service
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2010

PARENT AND CONSOLIDATED

36 Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the *Industrial Relations Act, 1996*.

All money and personal effects of patients which are left in the custody of Health Services by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of health services.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.

37 Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services result reflects the ongoing high level of patient activity and the increased demand pressure for services throughout 2009/10. The total expenditure variance to budget was impacted by the increased demand evident in the high levels of operating expenditure for the year, particularly in patient care expenditures including payments to visiting medical officers, medical and surgical supplies as well as special services type payments. The increased demand pressure for services also continued to exceed the allowance for cost escalation received during the year. The total positive revenue variance to budget reflected the increases evident in patient fees and user charges throughout the year which continue to reflect the ongoing high priority still being assigned to ensuring the maximum generation of revenue throughout all local units of the Area Health Service. The Revenue result continues to offset somewhat the ever-increasing demand pressures evident in expenditure each year.

Result for the Year

The result for the year has significantly improved when compared to the result for the financial year ended 30 June 2009. The NCOS year-end result revealed the ongoing pressure of increased demand on expenditure including increases in operating costs for the year. This was partly offset by the level of revenue favourability to budget with the levels of revenue continuing to grow each year. The expenditure result was again impacted upon by activity noting the levels of acute admissions and emergency attendances prevalent during the year.

Assets and Liabilities

The variation to budget for current assets was impacted by the trading result for the year and notably evident in the cash result with the receivables variance due to the increased focus on debtors follow-up through the year. Current assets were affected by a reclassification of property held for sale from being a non current to a current asset with the non current assets result in line with budget. The variation to budget for current liabilities also reflected the trading result being impacted by the high level of expenditure associated with the increased levels of activity with the provisions variations impacted by the adjustment of leave entitlements for award increases. The non current liabilities result was impacted by valuation adjustments in compliance with the accounting standards requirements.

Cash Flows

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 16 June 2009 are as follows:

	\$'000	
Initial Allocation, 16 June 2009		1,363,912
Award Increases		827
Special Projects		
Severe Chronic Disease Program	1,538	
Caring Together Initiatives	3,010	
Keep Them Safe Funding	1,106	
COAG National Partnerships Sub Acute Care Relom	1,789	
Various Mental Health Projects	4,059	
AIDS and Related Project Enhancements	1,080	
Drug & Alcohol Services	1,638	
Commonwealth Youth Health	843	
Organ & Tissue Donation Funding	510	
Treasury Managed Funds Budget Adjustment	<u>2,113</u>	17,686
Other		
2009/10 Voluntary Redundancy	16,731	
Planned Surgery	6,000	
Auburn Satellite Dialysis Unit	942	
Home Dialysis Fluid Funding	596	
2009/10 National Specialty Centre - Pancreas Transplants	2,658	
Nurse/Midwife Strategy	2,458	
Cerebrovascular Embolisation (CVE) of Cerebral Aneurysm Services	1,750	
Positron Emission Tomography (PET) Services, Westmead Hospital	1,400	
Maternity Enhancement Funding	952	
Adult VDO and Child Home Ventilation Funding	589	
Interstate Area Patient Flows	130,878	
Miscellaneous NCOS Funding	63,930	
		<u>228,882</u>
Balance as per Statement of Comprehensive Income		<u>1,811,307</u>

Sydney West Area Health Service
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38 Increase/(Decrease) in Net Assets from Equity Transfers

Net Assets of \$(20,336) Million transferred from Sydney West Area Health Service as a result of the transfer of Food and Warehouse Services to Health Support and the transfer of Pathology Services from Greater Western Area Health Service and Greater Southern Area Health Service as well as the transfer of Land to Other Government Agencies at which time Sydney West Area Health Service recognised a balance of \$(20,336) Million. Assets and liabilities transferred are as follows:

	\$000
Assets	
Inventory	34
Plant & Equipment	(371)
Land	(20,227)
Prepayment	57
Liabilities	
Annual Leave Provision	75
L.S. L Leave Provision	96
	(20,336)

Increase/(Decrease) in Net Assets From Equity Transfers

Sydney West Area Health Service
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39 Financial Instruments

The Health Service's principal financial instruments are outlined below. These financial instruments arise directly from the Health Service's operations or are required to finance its operations. The Health Service does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Health Service's main risks arising from financial instruments are outlined below, together with the Health Service's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Health Service, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2010 \$000	2009 \$000
Cash and Cash Equivalents (note 19)	N/A	141,851	109,154
Receivables (note 20) ¹	Loans and receivables (at amortised cost)	38,159	55,067
Other Financial Assets (note 22)	Loans and receivables (at amortised cost)	3,259	-
Total Financial Assets		183,269	164,221
Financial Liabilities			
Borrowings (note 28)	Financial liabilities measured at	57,201	51,983
Payables (note 27) ²	amortised cost	122,300	128,296
Total Financial Liabilities		179,501	180,279

Notes

1. Excludes statutory receivables and prepayments (ie not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the Health Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Health Service. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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Credit risk arises from financial assets of the Health Service, including cash, receivables and authority deposits. No collateral is held by the Health Service. The Health Service has not granted any financial guarantees.

Credit risk associated with the Health Services's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.82% in 2009/10 compared to 6.78% in the previous year.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Department of Health Accounting Manual and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Health Service will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Health Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total trade debtors at year end, \$21.211M (2009: \$11.964M) related to debtors that were not past due and not considered impaired and debtors of \$5.137M (2009:\$13.707M) were past due but not considered impaired. Together these represent 69.04% (2009: 46.64%) of the total trade debtors. The Receivables include Patient Fees Compensables which are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired could be either 'sales of goods and services' or other debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles may represent the majority of financial assets that are past due or impaired.

	\$000		
2010	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
<3 months overdue	5,137	5,137	
3 months - 6 months overdue	4,492	4,492	
> 6 months overdue	7,319	1,073	6,246
2009			
<3 months overdue	13,707	13,707	
3 months - 6 months overdue	19,451	19,451	
> 6 months overdue	9,945	6,420	3,525

Notes

1. Each column in the table reports "gross receivables".

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

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(c) Liquidity Risk

Liquidity risk is the risk that the Health Service will be unable to meet its payment obligations when they fall due. The Health Service continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Health Service's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Department of Health has indicated its ongoing financial support for the Sydney West Area Health Service (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Department of Health. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

In those instances where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, terms of payment are negotiated with creditors.

The table below summarises the maturity profile of the Health Service's financial liabilities together with the interest rate exposure.

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure \$'000						Maturity Dates		
	Weighted Average Effective Int. Rate	Fixed Interest Rate		Variable Interest Rate		Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
		Nominal Amount 1	Rate	Rate	Rate				
2010	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Payables:									
Accrued Salaries		17,858	-	-	17,858	17,858	-	-	-
Wages, On-Costs and Payroll Deductions		3,471	-	-	3,471	3,471	-	-	-
Creditors		100,971	-	-	100,971	100,971	-	-	-
Borrowings:									
Non Interest Loans		23,307	-	-	23,307	18,098	4,232	977	-
Other Loans and Deposits	5.50%	21,840	21,840	-	-	8,973	12,689	178	-
Finance Leases	6.60%	18,849	-	18,849	-	4,467	14,142	240	-
		<u>186,296</u>	<u>21,840</u>	<u>18,849</u>	<u>145,607</u>	<u>153,838</u>	<u>31,063</u>	<u>1,395</u>	<u>-</u>
2009									
Payables:									
Accrued Salaries		34,279	-	-	34,279	34,279	-	-	-
Wages, On-Costs and Payroll Deductions		167	-	-	167	167	-	-	-
Creditors		93,850	-	-	93,850	93,850	-	-	-
Borrowings:									
Non-Interest Loans		5,383	-	-	5,383	3,091	2,292	-	-
Other Loans and Deposits	6.30%	30,995	30,995	-	-	9,155	21,816	24	-
Finance Leases	6.70%	23,245	-	23,245	-	4,396	12,971	5,878	-
		<u>187,919</u>	<u>30,995</u>	<u>23,245</u>	<u>133,679</u>	<u>144,938</u>	<u>37,079</u>	<u>5,902</u>	<u>-</u>

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Health Service can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.
- Of the \$11,108 disclosed in the 2010 'other loans and deposits' time band 1-5 yrs, the Health Service has no intent to effect payments in advance of maturity dates on or prior to

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d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Health Service's exposure to market risk are primarily through interest rate risk on the Health Service's borrowings. The Health has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

e) Interest rate risk

Exposure to interest rate risk arises primarily through the Health Service's interest bearing liabilities.

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted).

Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Health Service does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Health Service's exposure to interest rate risk is set out below.

		\$'000			
		-1%		+1%	
Carrying Amount		Profit	Equity	Profit	Equity
2010					
Financial assets					
Cash and cash equivalents	141,851	-	-	-	-
Other financial assets	3,259	-	-	-	-
Financial liabilities					
Finance Lease	18,849	188	188	188	188
2009					
Financial assets					
Cash and cash equivalents	109,154	-	-	-	-
Financial liabilities					
Finance Lease	23,245	232	232	232	232

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(f) Fair Value recognised in the Statement of Financial Position

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments.

40 Post Balance Date Events

On 20 April 2010 the State of NSW and the Commonwealth agreed on national health reforms to establish Local Health Networks in NSW and to introduce national standards for timely access to emergency care and elective surgery.

Under the Agreement, NSW will remain responsible for system-wide planning, performance and purchasing of public hospital services and supporting the transition process for the Commonwealth to assume full funding and policy responsibility for general practice, primary health care and the national aged care system.

This agreement will result in structural and corporate changes including the establishment of these Local Health Networks in 2010-11. A professional Governing Council will be constituted for each Local Health Network. It is expected that these reforms will significantly change this reporting entity.

END OF AUDITED FINANCIAL STATEMENTS

