



## Independent Auditor's Report

### Graythwaite Charitable Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Graythwaite Charitable Trust (the Trust), which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards
- 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.

### Director- General's Responsibility for the Financial Statements

The Director-General of the Ministry of Health is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Director-General determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### 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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the Trust'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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

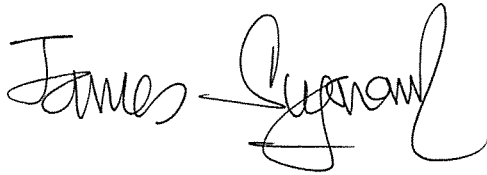
My opinion does *not* provide assurance:

- about the future viability of the Trust
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

## **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. 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 handwritten signature in black ink, reading "James Sugumar". The signature is fluid and cursive, with a large initial "J" and "S".

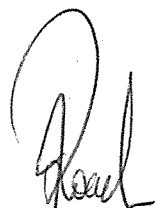
James Sugumar  
Director, Financial Audit Services

22 November 2011  
SYDNEY


**CERTIFICATION OF GRAYTHWAITE CHARITABLE TRUST**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, we state that in our opinion:

- (i) The financial statements and notes thereto of the Graythwaite Charitable Trust for the year ended 30 June 2010 have been prepared in accordance with:
- \* the requirements of Australian Accounting Standards (which include Australian Accounting Interpretations)
  - \* the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010*, and the Treasurer's Directions.
- (ii) The financial statements exhibit a true and fair view of the financial position and financial performance of the Graythwaite Charitable Trust.
- (iii) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**John Roach**  
Chief Financial Officer



**Dr Mary Foley**  
Director- General  
18 November 2011

**GRAYTHWAITE CHARITABLE TRUST**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$
<b>Revenue</b>		
Interest		321,457
Gain on Disposal of Land	3	21,240,965
		<u>21,562,422</u>
<b>Expenditure</b>		
Fees for Services Received	4	669,152
		<u>669,152</u>
<b>Surplus for the year</b>		<u>20,893,270</u>
<b>Other Comprehensive Income for the Year</b>		
Net Increase in Land Revaluation		1,573,000
<b>Total Other Comprehensive Income</b>		<u>1,573,000</u>
<b>Total Comprehensive Income For the Year</b>		<u><u>22,466,270</u></u>

The accompanying notes form part of these financial statements.

**GRAYTHWAITE CHARITABLE TRUST**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	Accumulated Funds \$	Asset Revaluation Surplus \$	Total \$
<b>At 1 July 2009</b>		----	----	----
<b>Surplus For The Year</b>		20,893,270	----	20,893,270
<b>Other Comprehensive Income</b>				
Net Increase in Land		----	1,573,000	1,573,000
<b>Total Other Comprehensive Income</b>		----	1,573,000	1,573,000
<b>Total Comprehensive Income For The Year</b>		20,893,270	1,573,000	22,466,270
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase in Net Assets From Equity Transfers	14	15,181,910	----	15,181,910
<b>At 30 June 2010</b>		<u>36,075,180</u>	<u>1,573,000</u>	<u>37,648,180</u>

The accompanying notes form part of these financial statements.

**GRAYTHWAITE CHARITABLE TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	Notes	2010 \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	5	34,802,867
Receivables	6	53,115
<b>TOTAL CURRENT ASSETS</b>		<u>34,855,982</u>
<b>NON -CURRENT ASSETS</b>		
Land and Buildings	8	2,800,268
<b>TOTAL ASSETS</b>		<u>37,656,250</u>
<b>CURRENT LIABILITIES</b>		
Payables	7	8,070
<b>NET ASSETS</b>		<u>37,648,180</u>
<b>EQUITY</b>		
Reserves		1,573,000
Accumulated Funds		36,075,180
<b>TOTAL EQUITY</b>		<u>37,648,180</u>

The accompanying notes form part of these financial statements.

**GRAYTHWAITE CHARITABLE TRUST**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010
		\$
<b>Cash Flows from Operating Activities</b>		
<b>Receipts</b>		
Interest		321,457
Total Receipts		<u>321,457</u>
<b>Payments</b>		
GST Paid		(52,381)
Fees for Services Rendered		(661,816)
Total Payments		<u>(714,197)</u>
<b>Net Cash Flows from Operating Activities</b>	12	<u><b>(392,740)</b></u>
<b>Cash Flow from Investing Activities</b>		
Net proceeds from Sale of Asset		----- 35,195,607
<b>Cash Flow from Financing Activities</b>		
<b>Net Increase in Cash</b>		<u><b>34,802,867</b></u>
Cash at the beginning of the reporting Period		-----
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<u><u><b>34,802,867</b></u></u>

The accompanying notes form part of these financial statements.

## GRAYTHWAITE CHARITABLE TRUST (THE TRUST)

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 1 The Reporting Entity

Graythwaite was officially opened as a convalescent hospital on 1 March 1916. By 1918 it was converted to a hostel for long-term cases of disablement. Graythwaite continued to operate during the 1920s and 1930s. The Second World War saw the need for facilities at the site, however in the post-war years the number of convalescing servicemen declined.

On 1 June 1977 Graythwaite began to treat civilian patients – with the assistance of the then Health Commission.

In 1980 the Homes of Peace (now Hope Healthcare Limited) took over management of the facility.

Since that time Graythwaite had been managed by Hope Healthcare Ltd as a State Government Residential Aged Care Facility by agreement with the then operative Northern Sydney Central Coast Area Health Service (NSCCAHS).

In 2006 NSCCAHS lodged an application with the NSW Supreme Court to approve a cy-pres scheme in respect of the Graythwaite Charitable Trust (the Trust).

On 20 November 2008 the court decided in favour of the State of NSW cy-pres scheme for the Trust, as it was as near as possible to the original objectives of the Trust.

The Trust is administered by the Director General of the Ministry of Health and the Director General determined that it is appropriate to prepare the financial statements from 1 July 2009.

This is the first set of financial statements for the Trust for activities for the year ended 30 June 2010. Accordingly there are no comparatives.

The Trust is a controlled entity of the NSW Ministry of Health and consolidated into NSW Total State Sector Accounts.

The financial statements are authorised for issue by the Chief Financial Officer and the Director General on 18 November 2011.



## GRAYTHWAITE CHARITABLE TRUST (THE TRUST)

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 2 Summary of Significant Accounting Policies

- a) The 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 *Public Finance and Audit Act 1983* and Regulation, and the Treasurer's Directions. Property, plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention. Judgements, key assumptions and estimations made are disclosed in the relevant notes to the financial report. All amounts are expressed in Australian currency.
- b) Physical non-current assets are valued in accordance with the Financial Reporting Code for Budget Dependent General Government Sector Agencies and the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP07-1).

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining service potential.

- c) As the Trust employs no staff, a liability for employee leave entitlements does not exist.
- d) As the only debtors of the Trust relate to accrued interest and Goods and Services Tax, an allowance for impairment is not required.
- e) Cash is carried at nominal value.
- f) The Trust has no insurance policies.

## GRAYTHWAITE CHARITABLE TRUST

### Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

g) Goods and Services Tax (GST): Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by the Trust 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;
- Receivables and Payables are stated with the amount of GST included.

#### h) Investment Revenue Recognition

Investment revenue is recognised using the effective interest method as set out in AASB139 Financial Instruments: Recognition and Measurement.

#### i) Accounting for Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate for general government sector agencies.

#### j) Accounting for 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 accounted for in the Statement of Comprehensive Income 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.

#### k) Accounting for Borrowings

Loans are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the Statement of Comprehensive Income on derecognition.

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### l) **Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Trust. 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 1(m)).

### m) **Assets transferred as a result of an equity transfer**

The transfer of asset /liabilities between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated as a contribution by owners by TPP 09-3 and recognised in the "Accumulated Funds". This treatment is consistent with Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

### n) **Accounting standards issued but not yet effective**

New or revised accounting standards or interpretations are not 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 report of the Trust.

## **GRAYTHWAITE CHARITABLE TRUST**

**Notes to and forming part of the Financial Statements for the year ended 30 June 2010.**

### **Accounting Standard/Interpretation**

AASB 101, Presentation of Financial Statements, effective for reporting periods beginning on 1 July 2009, has reduced the disclosure requirements for various reporting entities. However, in not for profit entities such as the Trust there is no change required.

AASB 123 Borrowing Costs, has application in reporting periods beginning on or after 1 January 2009. The Standard, which requires capitalisation of borrowing costs, has not been adopted in 2009/10 nor is adoption expected prior to 2010/11.

AASB 2008-5 and AASB 2008-6, Annual Improvements Project, has application from 1 July 2009 and comprises changes for presentation, recognition or measurement purposes which are currently assessed as having no material impact on the Trust.

AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101, has mandatory application from 1 July 2009 and has not been early adopted by the Trust.

AASB 2009-2, Improving Disclosures about Financial Instruments, has mandatory application from 1 July 2009. Changes to be advised by NSW Treasury concerning fair value measurement and liquidity risk will be adopted by the Trust.

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended  
30 June 2010.

### 3 Gain on Disposal of land

Proceeds from Land Disposal	35,195,607
Less Cost of land	13,954,642
<b>Gain on Disposal of Land</b>	<b><u>21,240,965</u></b>

### 4 Fees for Services Received

Legal Fees	464,055
Management fees	197,190
Other	7,907
	<b><u>669,152</u></b>

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 5 Cash and Cash Equivalents

	2010
	\$
Cash at Bank	<u>34,802,867</u>

Cash and 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)	34,802,867
<b>Closing Cash and Cash Equivalents</b> <b>(per Statement of Cash Flows)</b>	<b>34,802,867</b>

### 6 Receivables

GST Recoverable	53,115
	<u>53,115</u>

### 7 Payables

Accrued Audit Fees	7,336
Other	734
	<u>8,070</u>

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended  
30 June 2010

### 8. Land

	2010
	\$
Land at Fair Value	2,800,268
	<u>2,800,268</u>

### Reconciliation

Reconciliation of the carrying amounts for Land is set out below.

	\$
Carrying amount at start of year	-----
Administrative Transfer	15,181,910
Disposals	(13,954,642)
Revaluation Increment	1,573,000
Carrying amount at end of year	<u>2,800,268</u>

The Trust property was revalued at fair value by the NSW Department of Health following administrative transfer of the asset from Northern Sydney/Central Coast Area Health Service.

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### **9. Audit Fees**

Audit of the Trust's financial statements for the period under review was conducted by the Audit Office of NSW. The fee for auditing the financial statements is estimated at \$9,500 .

### **10. Contingent Liabilities**

The Trust is not aware of any significant or material contingent liability in existence at balance date or which has emerged subsequent to balance date which would materially impact on the financial position reported in the financial statements.

### **11. Services Received free of charges**

The Trust receives administrative support services from the NSW Ministry of Health. These costs are insignificant and have not been quantified or recognised in these financial statements.



## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 12. Reconciliation of Net Cash Flows from Operating Activities to Surplus

	2010 \$
Net Cash Flows from Operating Activities	(392,740)
Increase in Receivables	53,115
Increase in Payables	(8,070)
Gain on Disposal of Land	21,240,965
<b>Surplus for Year</b>	<b><u>20,893,270</u></b>

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 13. Financial Instruments

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

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

The Minister for Health has overall responsibility for the establishment and oversight of risk management and review and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Trust, to set risk limits and controls and monitor risks.

#### a) Financial Instrument Categories

			Total carrying amounts as per the Statement of Financial Position
			2010
			\$
Financial Assets	Note	Category	
Cash and Cash Equivalents	5	N/a	34,802,867
Total Financial Assets			34,802,867
Financial Liabilities			
Payables	7 <sup>(1)</sup>	Financial liabilities measured at amortised costs	7,336
Borrowings			-
Total Financial Liabilities			7,336

Notes

1. Excludes unearned revenue (ie not within scope of AASB 7)

#### b) Credit Risk

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

## GRAYTHWAITE CHARITABLE TRUST

### Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

Credit risk arises from financial assets of the Trust i.e. receivables. No collateral is held by the Trust nor has it granted any financial guarantees.

Credit risk associated with the Trust's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### **Cash**

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.57% and 4.4% in 2009/10 for the Trust .

#### **Receivables - trade**

The Trust had no trade debtors recognised as financial instruments at balance date.

#### **c) Liquidity Risk**

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust 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.

During the current year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. Exposure to liquidity risk is deemed insignificant based on current assessment of risk.

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 Ministry 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 statement is received.

#### **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 Trust has no exposure to foreign currency risk and do not enter into commodity contracts.

## GRAYTHWAITE CHARITABLE TRUST

Notes to and forming part of the Financial Statements for the year ended 30 June 2010.

### 14. Increase in Net Assets from Equity Transfer

In accordance with the directions from the Minister of Health, Land with a total value of \$15,181,910 transferred to the Trust in July 2009, being the parcel of land at North Sydney previously operated as a State Government Residential Aged Care Facility \$13,954,642 (as transferred from the NSW Ministry of Health) together with the Eastwood land transferred from the Northern Sydney/Central Coast Area Health Service - \$1,227,268. This transfer of land is accounted as an administrative restructure as disclosed in note 2(m)

### 15. Events After Reporting Date

The Trust is not aware of any after reporting date events which requires amendments or disclosures in the financial statements.

END OF AUDITED FINANCIAL STATEMENTS