



INDEPENDENT AUDITOR'S REPORT

Graythwaite Charitable Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Graythwaite Charitable Trust (the Trust), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Trust.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2013, and of its financial performance and its cash flows 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 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 give a true and fair view and 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 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 of the financial statements that give a true and fair view 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.

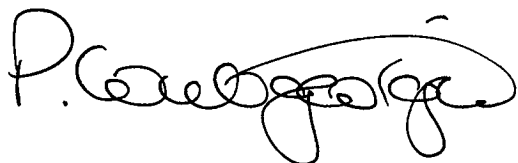
My opinion does *not* provide assurance:

- 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 other information that 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 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 roles by the possibility of losing clients or income.



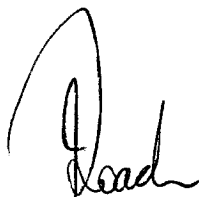
Peter Coulogeorgiou
Director, Financial Audit Services

10 October 2013
SYDNEY

Graythwaite Charitable Trust
Certification of Financial Statements for the year ended 30 June 2013

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Graythwaite Charitable Trust for the year ended 30 June 2013 have been prepared in accordance with:
 - i) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - ii) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - iii) the Financial Reporting Code for NSW General Government Sector Entities
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Graythwaite Charitable Trust; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



John Roach
Chief Financial Officer



Dr Mary Foley
Director-General
9 October 2013

Graythwaite Charitable Trust
Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	Actual	Actual
		2013	2012
		\$000	\$000
Expenses excluding losses			
Other Operating Expenses	3	8	9
Total Expenses excluding losses		<u>8</u>	<u>9</u>
 Revenue			
Investment Revenue	4	847	1,509
Total Revenue		<u>847</u>	<u>1,509</u>
Other Gains/(Losses)		---	---
 Net Result	12	<u>839</u>	<u>1,500</u>
 Total Other Comprehensive Income		---	---
 TOTAL COMPREHENSIVE INCOME		<u>839</u>	<u>1,500</u>

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Financial Position as at 30 June 2013

	Notes	Actual 2013 \$000	Actual 2012 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	10,252	34,875
Receivables	6	731	27
Total Current Assets		10,983	34,902
Non-Current Assets			
Property, Plant and Equipment			
- Land and Buildings	7	33,730	8,709
Total Property, Plant and Equipment		33,730	8,709
Total Non-Current Assets		33,730	8,709
Total Assets		44,713	43,611
LIABILITIES			
Current Liabilities			
Payables	8	3,125	2,862
Total Current Liabilities		3,125	2,862
Total Liabilities		3,125	2,862
Net Assets		41,588	40,749
EQUITY			
Reserves		1,573	1,573
Accumulated Funds		40,015	39,176
Total Equity		41,588	40,749

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Changes in Equity for the year ended 30 June 2013

	Accumulated Funds	Asset Revaluation Surplus	Total
	\$000	\$000	\$000
Balance at 1 July 2012	39,176	1,573	40,749
Restated Total Equity at 1 July 2012	<u>39,176</u>	<u>1,573</u>	<u>40,749</u>
Net Result for the year	839	----	839
Total Other Comprehensive Income for the year	----	----	----
Balance at 30 June 2013	<u>40,015</u>	<u>1,573</u>	<u>41,588</u>
Balance at 1 July 2011	37,676	1,573	39,249
Restated Total Equity at 1 July 2011	<u>37,676</u>	<u>1,573</u>	<u>39,249</u>
Net Result for the year	1,500	----	1,500
Total Other Comprehensive Income for the year	----	----	----
Balance at 30 June 2012	<u>39,176</u>	<u>1,573</u>	<u>40,749</u>

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Cash Flows for the year ended 30 June 2013

	Notes	Actual 2013 \$000	Actual 2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other - GST Paid		<u>(3,148)</u>	<u>(15)</u>
Total Payments		<u>(3,148)</u>	<u>(15)</u>
Receipts			
Interest Received		847	1,509
Other - GST Received		<u>2,426</u>	<u>-----</u>
Total Receipts		<u>3,273</u>	<u>1,509</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	12	<u><u>125</u></u>	<u><u>1,494</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		<u>(24,748)</u>	<u>(1,974)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u><u>(24,748)</u></u>	<u><u>(1,974)</u></u>
DECREASE IN CASH		<u>(24,623)</u>	<u>(480)</u>
Opening Cash and Cash Equivalents		<u>34,875</u>	<u>35,355</u>
CLOSING CASH AND CASH EQUIVALENTS	5	<u><u>10,252</u></u>	<u><u>34,875</u></u>

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

1. The Reporting Entity

The Graythwaite Trust was incorporated on 1 July 2009 by Trust Deed. The Trustee of the Graythwaite Estate is Her Majesty Queen Elizabeth II, who acts through the NSW Minister for Health.

The Trust encompasses the proceeds from the sale of the former Graythwaite Nursing Home, together with a parcel of land at the Ryde Eastwood Hospital transferred from the former Northern Sydney Central Coast Area Health Service.

Trust Funds will be used to construct a residential aged care facility at the Ryde Eastwood Hospital site, such use being consistent with the decision of the NSW Supreme Court.

The reporting entity is consolidated as part of the Ministry of Health and NSW Total State Sector Accounts. The financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Financial Officer and Director General on 9 October 2013.

2. Summary of Significant Accounting Policies

General Purpose Financial Statements

Basis of Preparation

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*, *Public Finance and Audit Regulations 2010*, and the Financial Reporting Code for NSW General Government Sector Entities.

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.

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 i.e. the replacement cost of the asset's remaining service potential.

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.

Comparative Information

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.

Statement of Compliance

☐The financial statements comply with Australian Accounting Standards which include Australian Accounting Interpretations
Significant accounting policies used in the preparation of these financial statements are as follows:

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

a) Accounting Standards/Interpretation

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application and any new Accounting Standards will not have a material impact on the Trust.

b) Employee Leave Entitlements

As the Trust employs no staff, a liability for employee leave entitlements does not exist.

c) Impairment of Receivables

As the only debtors of the Trust relate to accrual interest and Goods & Services Tax, an allowance for impairment is not required.

d) Cash

Cash is carried at nominal values.

e) Insurance

The Trust has no insurance policies.

f) 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. Land is not a depreciable asset and, until current Work In Progress is commissioned, there are no depreciable assets. Depreciation rates for Buildings, when applied will be 2.5%.

g) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except for:

- 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 expenses;
- 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 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.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

j) 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 2(k)).

Construction works are classified as "Work in Progress" until the asset is available for use and commissioned. Depreciation charges are then applied no later than one month after the month in which the asset is commissioned.

k) Assets transferred as a result of an equity transfer

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 as a contribution by owners by NSWTPP 09-3 and recognised as an adjustment to "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.

l) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the "Valuation of physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP07-1). This policy adopts fair value in accordance with AASB116, "Property, Plant and Equipment" and AASB140, "Investment Property".

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.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Trust's policy is to revalue Land and Buildings and Infrastructure every three years by independent valuation and with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

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 Net Result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the Net Result, 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 and disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

m) Payables

These amounts represent liabilities for goods and services provided to the Trust 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.

n) 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 Trust's policy on the revaluation of property, plant and equipment as discussed in Note 2(l).

(ii) Accumulated Funds

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

o) Service Group Disclosures

The Trust has not prepared Service Group Statements as it only operates under one program, namely 4.1 Rehabilitation and Extended Care Services.

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. Its objective is to contribute to the 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.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

	2013 \$000	2012 \$000
3. Other Operating Expenses		
Auditor's Remuneration - Audit of Financial Statements	8	9
	8	9
4. Investment Revenue		
Bank Interest	847	1,509
	847	1,509
5. Cash and Cash Equivalents		
Cash at Bank and On Hand	10,252	34,875
	10,252	34,875
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)	10,252	34,875
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	10,252	34,875
Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
6. Receivables		
Current		
Goods and Services Tax	731	27
	731	27

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

2013 **2012**
\$000 **\$000**

7. Property, Plant and Equipment

Land and Buildings - Fair Value

Gross Carrying Amount	33,730	8,709
Less Accumulated Depreciation and Impairment	----	----
Net Carrying Amount	33,730	8,709
Total Property, Plant and Equipment At Net Carrying Amount	33,730	8,709

Property, Plant and Equipment - Reconciliation

	Land \$000	Buildings - Work in Progress \$000	Total \$000
2013			
Net Carrying Amount at Start of Year	2,800	5,909	8,709
Additions	-----	25,021	25,021
Net Carrying Amount at End of Year	2,800	30,930	33,730
	Land \$000	Buildings Work in Progress \$000	Total \$000
2012			
Net Carrying Amount at Start of Reporting Period	2,800	1,200	4,000
Additions	-----	4,709	4,709
Net Carrying Amount at End of Year	2,800	5,909	8,709

- (i) Land was valued by the Department of Finance and Services on 26 May 2011 (Note 2 (l) refers) and confirmed the fair value measurement of the Graythwaite Trust land holding.
- (ii) The work in progress reflects construction costs to date for the Graythwaite Rehabilitation Centre at Ryde which become operational in September 2013.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

	2013	2012
	\$000	\$000
8. Payables		
Current		
Creditors	8	10
WIP Accruals	3,117	2,852
	3,125	2,862

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 13

9. Commitments for Capital Expenditure

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:

Not later than one year	187	24,205
Later than one year and not later than five years	----	----
	187	24,205

Total Capital Expenditure Commitments (Including GST)

The total "Commitments for Capital Expenditure" above includes input tax credits of \$0.019 million that are expected to be recoverable from the Australian Taxation Office. (2012: \$2.4 million)

10. Contingent Liabilities

The Trustee 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 of the Trust as shown in the financial statements.

11. Services Received Free of Charge

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

12. Reconciliation of Cash Flows from Operating Activities to Net Result

Net Cash Flows from Operating Activities	125	1,494
Increase / (Decrease) in Prepayments and Other Assets	705	----
(Increase)/ Decrease in Creditors	9	6
	839	1,500

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

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 these financial statements.

The Trustee 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 Trust, to set risk limits and controls and monitor risks.

(a) Financial Instrument Categories

Class:	Category	Carrying Amount 2013	Carrying Amount 2012
Financial Assets		\$000	\$000
Cash and Cash Equivalents (note 5)	N/A	10,252	34,875
Total Financial Assets		10,252	34,875
Financial Liabilities			
Payables (note 8) ¹	Financial liabilities measured at amortised cost	3,125	2,862
Total Financial Liabilities		3,125	2,862

Notes

¹ Excludes statutory payables and unearned revenue (i.e. 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).

Credit risk arises from financial assets of the Trust i.e.cash.

No collateral is held by the Trust. The Trust has not 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.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2013

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 3.40% and 2.65% in 2012/13 compared to 4.69% to 3.33% in the previous year for the Trust

Receivables - trade debtors

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 Trustee 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 Trustee has negotiated no loan outside of arrangements with the Ministry of Health.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health. If trade terms are not specified, payment is made not later than the end of the month following the month in which an invoice 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. Based on a movement of +/-1% the likely exposure of interest rate risk would be \$0.103M (2012 \$0.349M) based on Cash of \$10.252M (2012 \$34.875M).

The Trust has no exposure to foreign currency risk and does not enter into commodity contracts.

Note 14. Events after the Reporting Period

The Graythwaite Rehabilitation Centre at Ryde was officially opened on 19 September 2013. The Northern Sydney Local Health District will operate the facility. The operational costs for running the centre such as staff, catering, and provision of medical treatment will be met by the Northern Sydney Local Health District.

End of Audited Financial Statements