



INDEPENDENT AUDITOR'S REPORT

Albury Base Hospital

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Albury Base Hospital (the Entity), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows and service group statements 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 Entity as at 30 June 2014, 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 does not extend to the budget information. I have not audited the budget figures disclosed in the statement of comprehensive income and statement of financial position.

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

Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of 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 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, 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.

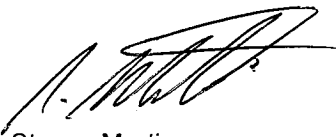
My opinion does *not* provide assurance:

- about the future viability of the Entity
- 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 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 roles by the possibility of losing clients or income.



Steven Martin
Assistant Auditor-General

30 September 2014
SYDNEY

Albury Base Hospital
Certification of the Parent/Consolidated Financial Statements
for the year ended 30 June 2014

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

- 1) The financial statements of the Albury Base Hospital for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) 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 Albury Base Hospital; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Dr Mary Foley
Secretary, NSW Health
26 September 2014



John Roach
Chief Financial Officer

26/9/14

Albury Base Hospital
Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	Actual	Budget Unaudited	Actual
		2014	2014	2013
		\$000	\$000	\$000
Expenses excluding losses				
Depreciation and Amortisation	2(c), 3	2,233	2,920	2,920
Total Expenses excluding losses		2,233	2,920	2,920
Total Revenue		-----	-----	-----
Other Gains / (Losses)	4	-----	-----	(2,187)
Net Result	8	(2,233)	(2,920)	(5,107)
Other Comprehensive Income				
Items that will not be reclassified to net result				
Net Increase/(Decrease) in Property, Plant & Equipment Revaluation Surplus		----	----	(397)
Items that may be reclassified subsequently to net result				
Total Other Comprehensive Income		-----	-----	(397)
TOTAL COMPREHENSIVE INCOME		(2,233)	(2,920)	(5,504)

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Financial Position as at 30 June 2014

	Notes	Actual 2014 \$000	Budget Unaudited 2014 \$000	Actual 2013 \$000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment				
- Land and Buildings	6	59,843	59,842	61,777
- Plant and Equipment	6	1,732	1,046	1,983
- Infrastructure Systems	6	540	540	588
Total Property, Plant and Equipment		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>
Total Non-Current Assets		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>
Total Assets		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>
LIABILITIES				
Total Liabilities				

Net Assets		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>
EQUITY				
Accumulated Funds				
		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>
Total Equity		<u>62,115</u>	<u>61,428</u>	<u>64,348</u>

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Changes in Equity for the year ended 30 June 2014

	Accumulated Funds	Asset Revaluation Surplus	Total
Notes	\$000	\$000	\$000
Balance at 1 July 2013	64,348	----	64,348
Total Equity at 1 July 2013	64,348	----	64,348
Net Result for the year	(2,233)	----	(2,233)
Total Comprehensive Income for the year	(2,233)	----	(2,233)
Balance at 30 June 2014	62,115	----	62,115
Balance at 1 July 2012	69,455	397	69,852
Total Equity at 1 July 2012	69,455	397	69,852
Net Result for the year	(5,107)	----	(5,107)
Other Comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment	----	(397)	(397)
Total Other Comprehensive Income	----	(397)	(397)
Total Comprehensive Income for the year	(5,107)	(397)	(5,504)
Balance at 30 June 2013	64,348	----	64,348

The accompanying notes form part of these financial statements.

Albury Base Hospital
Statement of Cash Flows for the year ended 30 June 2014

	Actual	Actual
Notes	2014	2013
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Infrastructure Systems and Intangibles	----	----
Purchases of Investments	----	----
	<hr/>	<hr/>
NET CASH FLOWS FROM INVESTING ACTIVITIES	----	----
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings and Advances	----	----
Repayment of Borrowings and Advances	----	----
	<hr/>	<hr/>
NET CASH FLOWS FROM FINANCING ACTIVITIES	----	----
	<hr/> <hr/>	<hr/> <hr/>
NET INCREASE / (DECREASE) IN CASH	----	----
CLOSING CASH AND CASH EQUIVALENTS	----	----
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The accompanying notes form part of these financial statements.

Albury Base Hospital
Service Group Statements
for the year ended 30 June 2014

ALBURY BASE HOSPITAL EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Expenses excluding losses																						
Depreciation and Amortisation			661	864	232	304	1,291	1,688									49	64				2,920
Total Expenses excluding losses			661	864	232	304	1,291	1,688									49	64				2,920
Total Revenue				(647)		(227)		(1,265)										(45)				(2,187)
Other Gains / (Losses)				(651)	(1,511)	(232)	(531)	(2,953)									(49)	(112)				(5,107)
Net Result	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,233)
Incr/(Decrease) in Property, Plant & Equip Revaluation Surplus				(118)		(41)		(229)										(9)				(397)
Total Comprehensive Income	0	0	(661)	(1,629)	(232)	(572)	(1,291)	(3,182)									0	(121)				(5,504)

Service Group Statements focus on the key measures of service delivery performance, refer note 2(k).

* The name and purpose of each service group is summarised in Note 5

** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

ALBURY BASE HOSPITAL ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS																						
Current Assets																						
Total Current Assets																						
Non-Current Assets																						
Property, Plant and Equipment																						
- Land and Buildings			17,714	18,286	6,224	6,425	34,588	35,707									1,317	1,359				59,843
- Plant and Equipment			513	587	180	206	1,001	1,146									38	44				1,732
- Infrastructure Systems			160	174	56	61	312	340									12	13				540
Total Non-Current Assets			18,387	19,047	6,460	6,692	35,901	37,193									1,367	1,416				62,115
TOTAL ASSETS			18,387	19,047	6,460	6,692	35,901	37,193									1,367	1,416				62,115
LIABILITIES																						
Current Liabilities																						
Total Current Liabilities																						
Non-Current Liabilities																						
Total Non-Current Liabilities																						
TOTAL LIABILITIES																						
NET ASSETS			18,387	19,047	6,460	6,692	35,901	37,193									1,367	1,416				64,348

* The name and purpose of each service group is summarised in Note 5

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(k), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

Albury Base Hospital encompasses the physical assets of Albury Base Hospital and related transactions. The reporting entity was created after the excision of Albury Base Hospital from the former GSAHS. The physical assets of ABH were transferred to a statutory corporation called 'Albury Base Hospital' on 30 June 2009. On 1 July 2009 the statutory corporation was abolished. Upon the statutory corporation being abolished, the Ministry of Health concluded the assets should be recognised by a special purpose service entity called Albury Base Hospital.

The Albury Base Hospital is a reporting entity that comprises the property, plant and equipment and related transactions of the facility. The provision of services at the hospital is covered by a contract arrangement with Albury Wodonga Health, a Victorian Government entity.

The reporting entity is consolidated as part of the Ministry of Health and NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Secretary, NSW Health on 26 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Albury Base Hospital's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions.

The financial statements of the Albury Base Hospital have been prepared on a going concern basis.

Property, plant and equipment, is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

Judgments, key assumptions and estimations management has made 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. The comparative period is a twelve month period.

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:

a) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

b) Acquisition of Assets

Assets acquired are initially recognised at cost. 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 requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. 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 Albury Base Hospital are deemed to be controlled by the Albury Base Hospital and are reflected as such in the financial statements.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

c) 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 Albury Base Hospital. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their 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%

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

d) 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 (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 6 and Note 7 for further information regarding fair value.

The Albury Base Hospital revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Albury Base Hospital was completed in the 30 June 2013 financial year and was based on an independent assessment.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, 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 revaluation surplus, 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 for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 revaluation surplus in respect of that asset is transferred to accumulated funds.

e) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Albury Base Hospital is effectively exempt from AASB 136, Impairment of Assets.

This is because AASB 136 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.

f) 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 Albury Base Hospital transfers the financial asset:

- * where substantially all the risks and rewards have been transferred; or
- * where the Albury Base Hospital has not transferred substantially all the risks and rewards, if the Albury Base Hospital has not retained control.

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

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

g) Payables

These amounts represent liabilities for goods and services provided to the Albury Base Hospital 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.

h) Fair Value Hierarchy

A number of the Albury Base Hospital's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Albury Base Hospital categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Albury Base Hospital recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 6 and Note 7 for further disclosures regarding fair value measurements of financial and non-financial assets.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

i) Equity Transfers

The transfer of net assets between entity as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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 AASB 1004, 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 entities 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 entity does not recognise that asset.

j) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Albury Base Hospital's policy on the revaluation of property, plant and equipment as discussed in Note 2(d).

(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.

k) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013/14 year.

In respect of assets and liabilities the Ministry requires the Albury Base Hospital 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 Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

l) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 7.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7. Minor Adjustment has been made to note 9.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. For not for profit entities, the changes have application from 1 July 2014 but are assessed as having no material effect.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$000	2013 \$000
3. Depreciation and Amortisation		
Depreciation - Buildings	1,934	2,345
Depreciation - Plant and Equipment	251	539
Depreciation - Infrastructure Systems	48	36
	2,233	2,920
	2,233	2,920
 4. Other Gains / (Losses)		
Property, Plant and Equipment		
Asset Revaluation Increment/(Decrement)	-----	(2,187)
	-----	(2,187)
	-----	(2,187)

5. Service Groups of the Albury Base Hospital

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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that 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 road and air ambulance services and treatment of patients in 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 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

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.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that 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 Ministry'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.

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.

Albury Base Hospital
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	2014 \$000	2013 \$000
6. Property, Plant and Equipment		
Land and Buildings - Fair Value		
Gross Carrying Amount	96,796	96,796
Less: Accumulated Depreciation and Impairment	36,953	35,019
Net Carrying Amount	59,843	61,777
Plant and Equipment - Fair Value		
Gross Carrying Amount	5,684	5,684
Less: Accumulated Depreciation and Impairment	3,952	3,701
Net Carrying Amount	1,732	1,983
Infrastructure Systems - Fair Value		
Gross Carrying Amount	1,440	1,440
Less: Accumulated Depreciation and Impairment	900	852
Net Carrying Amount	540	588
Total Property, Plant and Equipment At Net Carrying Amount	62,115	64,348

Property, Plant and Equipment - Reconciliation

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2014					
Net Carrying Amount at Start of Year	3,000	58,777	1,983	588	64,348
Depreciation Expense	----	(1,934)	(251)	(48)	(2,233)
Net Carrying Amount at End of Year	3,000	56,843	1,732	540	62,115

	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
2013					
Net Carrying Amount at Start of Year	2,650	61,122	1,917	624	66,313
Additions	----	----	604	----	604
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	350	----	----	----	350
Depreciation Expense	----	(2,345)	(538)	(36)	(2,919)
Net Carrying Amount at End of Year	3,000	58,777	1,983	588	64,348

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the Albury Base Hospital [see note 2(b)].
- (ii) Land and Buildings were valued in the 2012/13 financial year by Opteon Property Group in accordance with note 2d. Indices provided by Land and Property Information were not applied in the 2013/14 Financial Statements due to immateriality.
- (iii) The valuation was based on market values where market based evidence was available. Where there was no market based evidence the depreciated replacement cost was adopted.

Albury Base Hospital
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7 Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
Property, Plant and Equipment				
- Land and Buildings	----	----	59,843	59,843
- Infrastructure Systems	----	N/A	540	540
	-----	-----	-----	-----
	-----	-----	60,383	60,383

There were no transfers between level 1 and 2 during the period ended 30 June 2014

b) Valuation Techniques, Inputs and Processes

Land values are determined using market based evidence. Building valuations are determined by market evidence, capital value (taking into account useful remaining life and replacement cost) and standard industry rate new cost references.

c) Reconciliation of Recurring Level 3 Fair Value Measurements

	Land and Buildings \$000	Infrastructure Systems \$000	Level 3 Recurring Total \$000
Fair value as at 1 July 2013	61,777	588	62,365
Depreciation	(1,934)	(48)	(1,982)
	-----	-----	-----
Fair value as at 30 June 2014	59,843	540	60,383

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

	2014 \$000	2013 \$000
Net Cash Flows from Operating Activities	----	----
Depreciation	(2,233)	(2,920)
Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	-----	(2,187)
	-----	-----
Net Result	(2,233)	(5,107)

Albury Base Hospital
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9. Financial Instruments

Financial Instruments arise directly from the Albury Base Hospital's operations or are required to finance its operations. The Albury Base Hospital does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Secretary, NSW Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. The Albury Base Hospital carries minimal risks within its operation as it carries no payable or receivable balances.

Risk management policies are established by the Ministry of Health to identify and analyse the risk faced by the Albury Base Hospital, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal Auditors of the Ministry of Health on a continuous basis.

a) Financial Instruments Categories

	Total carrying amounts as per the Statement of Financial Position	
	2014 \$000	2013 \$000
Financial Assets	<u> -</u>	<u> -</u>
Financial Liabilities	<u> -</u>	<u> -</u>

Excludes statutory receivables and prepayments, i.e. not within the scope of AASB 7.

Albury Base Hospital
Notes to and forming part of the Financial Statements
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b) **Credit Risk**

Credit risk arises when there is the possibility of the Albury Base Hospital's debtors defaulting on their contractual obligations, resulting in a financial loss to the Albury Base Hospital. 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 Albury Base Hospital i.e. receivables. The Albury Base Hospital does not hold any financial assets and as a result has no exposure to credit risk. No collateral is held by the Albury Base Hospital nor has it granted any financial guarantees.

c) **Liquidity Risk**

Liquidity risk is the risk that the Albury Base Hospital will be unable to meet its payment obligations when they fall due. No such risk exists with the Albury Base Hospital not having any cash flows.

d) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Albury Base Hospital's exposures to market risk are considered to be minimal and the Albury Base Hospital has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities.

However, Albury Base Hospital is not permitted to borrow external to the NSW Ministry of Health (energy loans which are negotiated through Treasury excepted).

e) **Fair Value**

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short term nature of the financial instrument.

10 RELATED PARTIES

The Ministry of Health is deemed to control the Albury Base Hospital in accordance with Australian Accounting Standards. Albury Base Hospital is established under the Public Sector Employment and Management Act 2002. Transactions and balances in these financial statements relate only to the Albury Base Hospital's function as holder of the land, buildings, plant and equipment assets associated with the delivery of acute services.

The Albury Base Hospital's cash receipts and payments are effected by the Ministry of Health on the Albury Base Hospital's behalf.

11 EVENTS AFTER THE REPORTING PERIOD

Construction of the new Albury Wodonga Regional Cancer Centre has started on the grounds of Albury Base Hospital. Upon completion the Centre will be controlled by Albury Base Hospital and taken up as a lease to Albury Wodonga Health (Victoria).

END OF AUDITED FINANCIAL STATEMENTS