



INDEPENDENT AUDITOR'S REPORT

Northern Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Northern Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(ab). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for preparing 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 Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and 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 an 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 District'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 District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- 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, 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 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.

S Bond

Sally Bond
Director, Financial Audit Services

14 September 2015
SYDNEY

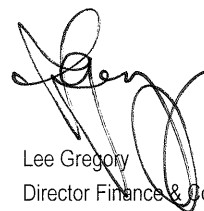
**Northern Sydney Local Health District
Certification of the Financial Statements
for the year ended 30 June 2015**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Northern Sydney Local Health District for the year ended 30 June 2015 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 2015* 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 Northern Sydney Local Health District; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Adj. Assoc. Professor Vicki Taylor
Chief Executive
09 September 2015



Lee Gregory
Director Finance & Corporate Services

Northern Sydney Local Health District
Statement of Comprehensive Income for the year ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
Expenses excluding losses						
Operating Expenses						
-----	-----	-----				
853,028	841,012	824,577	3	897,710	885,650	864,154
50,234	47,407	47,846	4	-----	-----	-----
367,626	362,913	337,908	5	50,234	47,407	47,846
60,646	62,922	54,618	2(i), 6	367,626	362,913	337,908
10,146	9,299	15,358	7	60,646	62,922	54,618
70,079	70,214	15,420	8	10,146	9,299	15,358
33,841	33,731	41,304	9	70,079	70,214	15,420
1,445,600	1,427,498	1,337,031		33,841	33,731	41,304
				1,490,282	1,472,136	1,376,608
Revenue						
1,108,947	1,109,563	1,016,610	2(d)	1,108,947	1,109,563	1,016,610
131,574	131,718	187,909	2(d)	131,574	131,718	187,909
-----	-----	(9,726)		-----	-----	(9,726)
-----	-----	-----	2(a)(ii), 14	44,682	44,638	39,577
212,894	199,166	204,597	11	212,894	199,166	204,597
3,034	3,977	3,348	12	3,034	3,977	3,348
77,247	74,740	39,830	13	77,247	74,740	39,830
9,269	2,628	5,634	15	9,269	2,628	5,634
1,542,965	1,521,792	1,448,202		1,587,647	1,566,430	1,487,779
(5,013)	(4,945)	(156)	16	(5,013)	(4,945)	(156)
(10,306)	(10,333)	(2,925)	17	(10,306)	(10,333)	(2,925)
82,046	79,016	108,090	35	82,046	79,016	108,090
Other Comprehensive Income						
Items that will not be reclassified to net result						
114,713	-----	-----	23	114,713	-----	-----
114,713	-----	-----		114,713	-----	-----
196,759	79,016	108,090		196,759	79,016	108,090

The accompanying notes form part of these financial statements.

Northern Sydney Local Health District
Statement of Financial Position as at 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2015 \$000	2015 \$000	2014 \$000		2015 \$000	2015 \$000	2014 \$000
ASSETS						
Current Assets						
132,926	120,713	100,326		20	132,926	120,713
55,890	60,729	61,751		21	55,890	60,729
9,757	10,382	10,382		22	9,757	10,382
----	6,736	----		25	----	6,736
198,573	198,560	172,459			198,573	198,560
Total Current Assets						
Non-Current Assets						
1,365	(928)	1,223		21	1,365	(928)
Property, Plant & Equipment						
1,915,986	1,757,763	1,665,499		23	1,915,986	1,757,763
76,782	64,716	86,446		23	76,782	64,716
20,571	63,506	63,506		23	20,571	63,506
300	401	401		23	300	401
2,013,639	1,886,386	1,815,852			2,013,639	1,886,386
3,172	334	335		24	3,172	334
7,166	----	6,736		25	7,166	6,736
2,025,342	1,885,792	1,824,146			2,025,342	1,885,792
2,223,915	2,084,352	1,996,605			2,223,915	2,084,352
Total Assets						
LIABILITIES						
Current Liabilities						
103,575	99,841	100,208		28	103,575	99,841
15	----	----		29	15	----
132,032	129,865	128,240		30	132,032	129,865
5,655	4,562	4,430		31	5,655	4,562
241,277	234,268	232,878			241,277	234,268
Total Current Liabilities						
Non-Current Liabilities						
721,763	699,105	699,105		29	721,763	699,105
1,415	1,415	771		30	1,415	1,415
26,523	27,672	27,672		31	26,523	27,672
749,701	728,192	727,548			749,701	728,192
990,978	962,460	960,426			990,978	962,460
1,232,937	1,121,892	1,036,179			1,232,937	1,121,892
Total Liabilities						
Net Assets						
EQUITY						
150,416	42,080	35,805			150,416	42,080
1,082,521	1,079,812	1,000,374			1,082,521	1,079,812
1,232,937	1,121,892	1,036,179			1,232,937	1,121,892
Total Equity						

The accompanying notes form part of these financial statements.

Northern Sydney Local Health District
Statement of Changes in Equity for the year ended 30 June 2015

PARENT AND CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2014		1,000,374	35,805	1,036,179
Total Equity at 1 July 2014		1,000,374	35,805	1,036,179
Net Result for the year		82,046		82,046
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment	23	-----	114,713	114,713
Available for Sale Financial Assets:				
-Transfers on Disposal		102	(102)	-----
Total Other Comprehensive Income		102	114,611	114,713
Total Comprehensive Income for the year		82,148	114,611	196,759
Balance at 30 June 2015		1,082,521	150,416	1,232,937
Balance at 1 July 2013		892,702	35,387	928,089
Total Equity at 1 July 2013		892,702	35,387	928,089
Net Result for the year		108,090		108,090
Other Comprehensive Income:				
Available for Sale Financial Assets:				
-Transfers on Disposal		(418)	418	-----
Total Other Comprehensive Income		(418)	418	-----
Total Comprehensive Income for the year		107,672	418	108,090
Balance at 30 June 2014		1,000,374	35,805	1,036,179

The accompanying notes form part of these financial statements.

Northern Sydney Local Health District
Statement of Cash Flows for the year ended 30 June 2015

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2015	2015	2014	Notes	2015	2015	2014
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----	Employee Related	(863,131)	(854,450)	(831,427)
(49,690)	(48,732)	(63,354)	Grants and Subsidies	(49,690)	(48,732)	(63,354)
(70,080)	(70,214)	(15,420)	Finance Costs	(70,080)	(70,214)	(15,420)
(1,323,227)	(1,315,909)	(1,241,513)	Other	(460,096)	(461,459)	(410,086)
<u>(1,442,997)</u>	<u>(1,434,855)</u>	<u>(1,320,287)</u>	Total Payments	<u>(1,442,997)</u>	<u>(1,434,855)</u>	<u>(1,320,287)</u>
Receipts						
1,108,947	1,109,563	1,016,610	NSW Ministry of Health Recurrent Allocations	1,108,947	1,109,563	1,016,610
131,574	131,718	187,909	NSW Ministry of Health Capital Allocations	131,574	131,718	187,909
----	----	(9,726)	Asset Sale Proceeds Transferred to the NSW Ministry of Health	----	----	(9,726)
14,776	14,776	12,803	Reimbursements from the Crown Entity	14,776	14,776	12,803
211,253	204,160	215,415	Sale of Goods and Services	211,253	204,160	215,415
2,811	3,823	2,755	Interest Received	2,811	3,823	2,755
87,928	85,420	44,759	Grants and Contributions	87,928	85,420	44,759
54,142	47,133	46,724	Other	54,142	47,133	46,724
<u>1,611,431</u>	<u>1,596,593</u>	<u>1,517,249</u>	Total Receipts	<u>1,611,431</u>	<u>1,596,593</u>	<u>1,517,249</u>
<u>168,434</u>	<u>161,738</u>	<u>196,962</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>168,434</u>	<u>161,738</u>	<u>196,962</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
1,330	32	32	Proceeds from Sale of Property, Plant & Equipment and Intangibles	1,330	32	32
62,585	62,585	60,458	Proceeds from Sale of Investments	62,585	62,585	60,458
(137,280)	(141,383)	(180,739)	Purchases of Property, Plant & Equipment and Intangibles	(137,280)	(141,383)	(180,739)
(62,585)	(62,585)	(60,458)	Purchases of Investments	(62,585)	(62,585)	(60,458)
<u>(135,950)</u>	<u>(141,351)</u>	<u>(180,707)</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(135,950)</u>	<u>(141,351)</u>	<u>(180,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
116	116	----	Proceeds from Borrowings and Advances	116	116	----
----	(116)	----	Repayment of Borrowings and Advances	----	(116)	----
<u>116</u>	<u>----</u>	<u>----</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>116</u>	<u>----</u>	<u>----</u>
32,600	20,387	16,255	NET INCREASE / (DECREASE) IN CASH	32,600	20,387	16,255
100,326	100,326	84,071	Opening Cash and Cash Equivalents	100,326	100,326	84,071
<u>132,926</u>	<u>120,713</u>	<u>100,326</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>132,926</u>	<u>120,713</u>	<u>100,326</u>

The accompanying notes form part of these financial statements.

Northern Sydney Local Health District
Service Group Statements
for the year ended 30 June 2015

	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		Not Attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Expenses excluding losses																						
Operating Expenses																						
Employee Related	31,542	32,749	339	424	97,376	105,241	87,597	78,498	388,377	363,136	135,310	135,938	100,089	64,438	12,863	12,585	44,217	71,148			887,710	864,154
Visiting Medical Officers	299	464	1	1	6,272	5,778	4,696	3,401	32,619	30,313	1,573	1,513	980	1,094	1,094	1,001	2,701	4,281			50,234	47,846
Other Operating Expenses	12,005	11,781	67	93	52,036	69,520	20,083	24,876	198,414	166,099	28,120	24,028	38,193	18,646	5,416	4,988	13,282	17,876			367,626	337,908
Depreciation and Amortisation	878	832	6	7	10,193	10,776	5,256	4,617	29,214	25,778	7,495	5,314	3,858	2,680	855	435	2,891	4,178			60,646	54,618
Grants and Subsidies	5,756	6,906	1	4					95	15	1,009	1,228	2,582	5,764	146	191	574	1,254			10,146	15,358
Finance Costs	697	213			12,226	3,087	4,885	1,056	42,061	8,440	2,809	699	2,772	665	115	6	4,314	1,253			70,079	15,420
Payments to Affiliated Health Organisations											31	4,729	29,112	41,273							33,841	41,304
Total Expenses excluding losses	51,377	52,945	412	526	178,107	194,402	122,517	112,448	690,780	593,781	181,045	168,749	177,566	134,560	20,489	19,206	67,989	99,990			1,490,282	1,376,608
Revenue																						
NSW Ministry of Health Recurrent Allocations **																						
NSW Ministry of Health Capital Allocations **																						
Transfers to the NSW Ministry of Health																						
Acceptance by the Crown Entity																						
of Employee Benefits and Other Liabilities	1,689	2,048	9	14	4,580	4,356	4,749	3,618	20,835	17,115	7,108	5,564	3,031	2,634	362	646	2,339	3,582			44,682	39,577
Sale of Goods and Services	121	474	1	1	16,482	35,618	4,274	1,324	154,282	136,587	14,129	10,846	20,454	18,893	1,719	86	1,423	767			212,894	204,597
Investment Revenue	29	29			102	550	77	56	1,742	2,113	45	212	105	334	15	8	919	48			3,034	3,348
Grants and Contributions	1,983	852	45	45	6,769	4,850	349	260	11,419	5,617	3,853	1,299	24,708	13,191	11,427	5,660	16,739	8,057			77,247	39,830
Other Revenue	106	258	1	1	1,765	742	1,570	256	4,841	3,088	769	549	21	473	106	41	91	247			9,269	5,634
Total Revenue	3,908	(6,065)	9	61	29,698	46,116	11,019	5,514	193,129	164,500	25,904	18,470	48,319	35,625	13,629	6,441	21,511	12,701			1,204,519	1,487,779
Gain / (Loss) on Disposal	(5)	(3)			(4,160)	(19)	(18)	(10)	(332)	(81)	(468)	(20)	(21)	(12)	(1)	(1)	(10)	(10)			(6,013)	(156)
Other Gains / (Losses)	(197)	(58)	(1)	(1)	(1,130)	(314)	(758)	(184)	(4,821)	(1,312)	(2,045)	(618)	(879)	(235)	(57)	(12)	(418)	(192)			(10,306)	(2,925)
Net Result	(47,671)	(59,071)	(404)	(465)	(153,699)	(148,619)	(112,274)	(107,128)	(502,804)	(430,674)	(157,652)	(150,917)	(130,147)	(99,282)	(6,919)	(12,778)	(46,906)	(87,491)			1,204,519	108,090
Other Comprehensive Income																						
Increase/(Decrease) in Revaluation Surplus	4,147		36	36	12,195		8,647	49,495	49,495	49,495	25,699	25,699	8,188		1,617		4,679				114,713	
Total Other Comprehensive Income	4,147		36	36	12,195		8,647	49,495	49,495	49,495	25,699	25,699	8,188		1,617		4,679				114,713	
Total Comprehensive Income	(43,524)	(59,071)	(368)	(465)	(141,504)	(148,619)	(103,627)	(107,128)	(453,309)	(430,674)	(131,953)	(150,917)	(121,949)	(99,282)	(5,301)	(12,778)	(42,227)	(87,491)			1,204,519	108,090

* The name and purpose of each service group is summarised in Note 19

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

Northern Sydney Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2015

	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		Not Attributable		Total			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	4,583	3,859	37	38	15,886	14,168	8,195	10,928	8,195	61,614	43,274	16,148	12,298	15,838	9,807	1,828	1,400	6,064	7,287					
Receivables	32	143			4,327	10,750	1,122	400	40,506	41,224	3,709	3,274	5,370	5,702	451	26	373	232	232					
Inventories	319	362	2	3	1,381	2,136	533	764	5,265	5,103	746	738	1,014	573	144	153	353	549						
Total Current Assets	4,934	4,364	39	41	21,694	27,054	9,359	12,583	107,385	89,601	20,603	16,310	22,222	16,082	2,423	1,579	6,790	8,068						
Non-Current Assets																								
Receivables	1	3			106	213	8	27	8	989	816	91	65	131	113	11	1	9	5					
Property, Plant and Equipment																								
- Land and Buildings	27,740	25,376	205	198	322,028	328,593	166,057	140,803	922,931	786,079	236,796	162,054	121,880	81,723	27,004	13,283	91,345	127,410						
- Plant and Equipment	1,112	1,317	8	10	12,905	17,055	6,555	7,308	36,986	40,801	9,489	8,411	4,864	4,242	1,082	688	3,661	6,613						
- Infrastructure Systems	298	968	2	8	3,457	12,529	1,783	5,369	9,909	29,973	2,542	6,179	1,309	3,116	290	506	981	4,858						
- Leasehold Improvements	4	6			50	79	26	34	146	189	37	39	19	20	4	3	14	31						
Intangible Assets	46	5			533	66	275	28	1,528	158	392	33	202	16	45	3	151	26						
Other	247	259	2	3	856	951	589	550	3,321	2,905	871	826	854	658	99	94	327	489						
Total Non-Current Assets	29,448	27,934	217	219	339,835	359,486	175,412	154,100	975,810	860,921	250,218	177,607	129,279	89,888	28,535	14,558	96,488	139,432						
TOTAL ASSETS	34,382	32,298	256	260	381,529	386,540	187,995	163,459	1,083,195	950,522	270,821	193,917	151,501	105,970	30,958	16,137	103,278	147,500						
LIABILITIES																								
Current Liabilities																								
Payables	3,382	3,494	19	28	14,661	20,616	5,658	7,377	55,901	49,257	7,923	7,126	10,760	5,530	1,526	1,479	3,745	5,301						
Borrowings	1				2		1		6		2			2			1							
Provisions	4,639	4,860	50	63	14,322	15,618	12,884	11,649	57,120	53,889	19,901	20,173	14,721	9,563	1,892	1,868	6,503	10,558						
Other	195	170	2	2	676	626	465	362	2,620	1,911	687	543	674	433	78	62	258	322						
Total Current Liabilities	8,217	8,524	71	93	29,661	36,860	19,008	19,388	115,647	105,057	28,513	27,842	25,157	15,526	3,496	3,409	10,507	16,181						
Non-Current Liabilities																								
Borrowings	24,883	26,888	200	267	86,260	98,726	59,337	57,106	334,552	301,549	87,682	85,698	68,336	68,336	9,923	9,754	32,928	50,780						
Provisions	50	29			153	94	138	70	612	324	213	121	158	57	20	11	70	63						
Other	914	1,064	7	11	3,170	3,908	2,180	2,260	12,255	11,936	3,322	3,392	3,160	2,705	365	386	1,210	2,010						
Total Non-Current Liabilities	25,847	27,981	208	278	89,583	102,728	61,655	59,436	347,459	313,809	91,117	89,212	89,316	71,098	10,308	10,151	34,208	52,853						
TOTAL LIABILITIES	34,064	36,505	279	371	119,244	139,588	80,663	78,824	463,106	418,866	119,630	117,054	115,473	86,624	13,804	13,560	44,715	69,034						
NET ASSETS	318	(4,207)	(23)	(111)	242,285	246,952	107,332	84,635	620,089	531,656	151,191	76,863	36,028	19,346	17,154	2,577	58,863	78,466						

* The name and purpose of each service group is summarised in Note 19

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
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1. The Reporting Entity

The Northern Sydney Local Health District (the NSLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

The NSLHD as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the Hospital Facilities and the Community Health Centres under its control. It also encompasses the Restricted Assets (as disclosed in notes 18 and 27), which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the parent entity.
- * The Northern Sydney Local Health District Special Purpose Service Entity which was established as a Division of the NSLHD on 1 January 2011 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the NSLHD to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The NSLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chief Executive on 09 September 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The NSLHD'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 requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015, and the Treasurer's Directions. The financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2(ab).

The financial statements of the NSLHD have been prepared on a going concern basis.

The Secretary of Health, the Chair of Northern Sydney Local Health District Board and the Chief Executive, through the Service Agreement have agreed to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the NSLHD's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the NSLHD fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
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Other circumstances why the going concern is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The NSLHD has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The NSLHD has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the NSLHD and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

Property, plant and equipment, 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 except where specified otherwise.

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

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

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 and notes 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) Employee Benefits and Other Provisions

i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Northern Sydney Local Health District
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Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.7% are applied to the value of leave payable at 30 June 2015 (comparable on-costs for 30 June 2014 were 16.5%). The NSLHD has assessed the actuarial advice based on the NSLHD's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

The NSLHD's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

The NSLHD accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity, are borne by the NSLHD as shown in Note 30.

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential On-Costs

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

iv) Other Provisions

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

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
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b) Insurance

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Patient Fees

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

High Cost Drugs

High cost drug revenue is paid by the Commonwealth through Medicare and reflects the recoupment of costs incurred for Section 100 highly specialised drugs, in accordance with the terms of the Commonwealth agreement. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria is met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

Northern Sydney Local Health District
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Motor Accident Authority Third Party

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents. The NSLHD recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. For inpatient services, revenue is recognised by the NSLHD on an accrual basis by reference to patient admissions. Non admitted patients are recognised by the Ministry of Health in the form of a block grant.

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, Financial Instruments: Recognition and Measurement.

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

The NSLHD uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities.

Where material, the cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given and is then recognised as revenue with a matching expense.

Northern Sydney Local Health District
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Grants and Contributions

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

NSW Ministry of Health Allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the NSLHD as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the "Net Result" on the basis that the allocation is earned in return for the health services provided on behalf of the Ministry. Allocations are normally recognised upon the receipt of cash.

General operating expenses/revenues of Hammondcare Health & Hospitals Ltd and Royal Rehabilitation Centre, Sydney have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Health Organisations concerned. The NSLHD is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

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

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

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

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

f) Interstate Patient Flows

Interstate patient flows are funded through the State Pool, based on activity and consistent with the price determined in the service level agreement. The funding is recognised as recurrent allocation.

g) 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 (see also assets transferred as a result of an equity transfer Note 2(y)).

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 over the period of credit.

Northern Sydney Local Health District
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Land and buildings which are owned by the Health Administration Corporation or the State and operated/occupied by the NSLHD are deemed to be controlled by the NSLHD and are reflected as such in the financial statements.

h) Capitalisation Thresholds

Individual items of Property, Plant & Equipment and Intangibles are capitalised where their cost is \$10,000 or above.

i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSLHD. 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:

	2015	2014
Buildings	2.5%	2.5%
Electro Medical Equipment		
- Costing less than \$200,000	10.0%	10.0%
- Costing more than or equal to \$200,000	12.5%	12.5%
Computer Equipment	20.0%	20.0%
Infrastructure Systems	2.5%	2.5%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20.0%	20.0%
Office Equipment	10.0%	10.0%
Plant and Machinery	10.0%	10.0%
Linen	25.0%	25.0%
Furniture, Fittings and Furnishings	5.0%	5.0%

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

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

Northern Sydney Local Health District
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j) 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.

Investment property is separately discussed at Note 2(m).

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 23 and Note 26 for further information regarding fair value.

The NSLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets recognised by the NSLHD was completed in the 30 June 2015 financial year and was based on an independent assessment.

To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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.

Northern Sydney Local Health District
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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.

k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

l) Restoration Costs

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

m) Investment Properties

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

The NSLHD does not have any property that meets the definition of Investment Property.

Northern Sydney Local Health District
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n) Intangible Assets

The NSLHD recognises intangible assets only if it is probable that future economic benefits will flow to the NSLHD and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost.

Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

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

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

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

o) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

p) Leased Assets

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

q) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

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

Northern Sydney Local Health District
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r) Loans and Receivables

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

s) Investments

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

* The NSLHD subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The T Corp Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the NSLHD's key management personnel.

The risk management strategy of the NSLHD has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act 1987.

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

The movement in the fair value of the T Corp Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

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

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

Northern Sydney Local Health District
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t) Impairment of financial assets

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

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

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

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

u) 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 NSLHD transfers the financial asset:

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

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

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

v) Payables

These amounts represent liabilities for goods and services provided to the NSLHD and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

w) Borrowings

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

Borrowings include finance lease liabilities. The finance lease liability is determined in accordance with AASB 117, Leases.

Northern Sydney Local Health District
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x) Fair Value Hierarchy

A number of the NSLHD'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 Fair Value Measurement, the NSLHD 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 NSLHD recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 26 and Note 40 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

The transfer of net assets between entities is 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 Accounting 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 NSLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the NSLHD does not recognise that asset.

z) 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 NSLHD's policy on the revaluation of property, plant and equipment as discussed in Note 2(j).

(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.

Northern Sydney Local Health District
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aa) Trust Funds

The NSLHD receives monies in a trustee capacity for various trusts as set out in Note 33.

As the NSLHD performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the NSLHD's own objectives, these funds are not recognised in the financial statements.

ab) Adjusted Budgeted Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The NSLHD's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the NSLHD's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between NSLHD and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

ac) Emerging Asset

The NSLHD's emerging interest in the Royal North Shore Hospital Car Park has been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the NSLHD to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 24 years using the annuity method and the Government Bond rate of 6% at commencement of the concession period.

ad) Service Group Statements Allocation Methodology

Service group definitions are based and allocated on methodology determined by the Independent Hospital Pricing Authority, refer note 19.

Income and expenses are allocated to service groups using statistical data for the twelve months ending 30 June 2014, then adjusted for any material change in service delivery or funding distribution occurring in the 2014-15 financial year.

In respect of assets and liabilities, the NSLHD identifies 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.

Northern Sydney Local Health District
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ae) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 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 2014-15 and have been applied for the first time as follows:

AASB 10 Consolidated Financial Statements, AASB 2011-7, and AASB 2013-8 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.

Following an assessment of the applicable new accounting standards mentioned above in relation to consolidation and joint arrangements, NSLHD management is of the opinion that there are no material implications for the financial statements.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. This standard is not applicable to NSLHD as individual budgets are not presented in parliament. Refer note 2(ab) on how NSLHD derives its adjusted budgetary information.

(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, excluding standards not considered applicable or material to NSW Health, have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9, Financial Instruments, has application from 1 January 2018. The 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 15 and AASB 2014-5, Revenue from Contracts with Customers has application from 1 January 2017. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprises 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 2014-3, Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations. This amending standard clarifies the treatment of expensing all acquisition-related costs, and recognition of share in a joint operation according to the contractual arrangements. This standard is applicable from 1 January 2016.

AASB 2014-4, Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation, has application from 1 January 2016. The change will take into account the expected future reductions in the selling price when accounting for useful life.

Northern Sydney Local Health District
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AASB 2014-7, Amendments to various Australian Accounting Standards as a result of the changes from AASB 9 (December 2014) and will have application from 1 January 2018. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-8, Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] has application from 1 January 2015. This update limits the application of the existing versions of AASB 9 (December 2009) and AASB 9 (December 2010).

AASB 2014-9, Amendments to Australian Accounting Standards – It gives entities the choice of using the Equity Method for their subsidiaries in their separate financial statements [AASB 1, 127 & 128]. It has application from 1 January 2016.

AASB 2014-10, Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]. This has application from 1 January 2016.

AASB 2015-01, Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]. This has application from 1 January 2016.

AASB 2015-02, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] require entities to disclose significant accounting policies and other explanatory information in a more detailed manner rather than a summary as previously done. This application takes place from 1 January 2016.

AASB 2015-03, Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality from 1 January 2016. It is expected that the withdrawal of AASB 1031 will not change practice regarding the application of materiality in financial reporting. In particular, amendments would not change the level of disclosure presently specified by other accounting standards.

AASB 2015-5, Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128], has application from 1 January 2016. This standard is unlikely to have any impact on this entity as the exceptions would be hard to satisfy.

AASB 2015-6, Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard could potentially increase the level of disclosure required for not for profit entities where delegated power exists for senior officers of the entity.

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	563,539	545,014
----	----	Overtime	27,161	25,231
----	----	Penalties	59,254	56,980
----	----	Superannuation - Defined Benefit Plans	9,095	9,508
----	----	Superannuation - Defined Contribution Plans	67,852	63,311
----	----	Long Service Leave	37,856	32,360
----	----	Annual Leave	77,657	75,497
----	----	Sick Leave and Other Leave	43,559	42,569
----	----	Redundancies	1,919	4,586
----	----	Workers' Compensation Insurance	9,185	8,979
----	----	Fringe Benefits Tax	633	119
-----	-----		897,710	864,154
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
563,539	545,014	Salaries and Wages	----	----
27,161	25,231	Overtime	----	----
59,254	56,980	Penalties	----	----
67,852	63,311	Superannuation - Defined Contribution Plans	----	----
2,269	2,291	Long Service Leave	----	----
77,657	75,497	Annual Leave	----	----
43,559	42,569	Sick Leave and Other Leave	----	----
1,919	4,586	Redundancies	----	----
9,185	8,979	Workers' Compensation Insurance	----	----
633	119	Fringe Benefits Tax	----	----
853,028	824,577		-----	-----
5. Other Operating Expenses				
207	271	Advertising	207	271
175	225	Auditor's Remuneration - Audit of Financial Statements	175	225
8,129	7,679	Blood and Blood Products	8,129	7,679
645	2	Consultancies - Capital Works	645	2
658	758	Consultancies - Other	658	758
49	----	Contractors	49	----
12,844	13,044	Domestic Supplies and Services	12,844	13,044
41,277	42,945	Drug Supplies	41,277	42,945
13,716	13,223	Food Supplies	13,716	13,223
11,000	11,583	Fuel, Light and Power	11,000	11,583
5,423	3,508	Hospital Ambulance Transport Costs	5,423	3,508
17,748	15,465	Information Management Expenses	17,748	15,465
1,452	1,344	Insurance	1,452	1,344
34,760	31,322	Maintenance (See (b) below)	34,760	31,322
73,465	69,230	Medical and Surgical Supplies	73,465	69,230
1,912	1,854	Motor Vehicle Expenses	1,912	1,854
2,649	2,635	Postal and Telephone Costs	2,649	2,635
2,144	2,266	Printing and Stationery	2,144	2,266
1,918	1,526	Rates and Charges	1,918	1,526
1,892	1,997	Rental	1,892	1,997
45,473	41,935	Special Service Departments	45,473	41,935
8,557	5,642	Staff Related Costs	8,557	5,642
5,145	4,802	Travel Related Costs	5,145	4,802
76,388	64,652	Other (See (a) below)	76,388	64,652
367,626	337,908		367,626	337,908

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		(a) Other Includes:		
-----	3	Aircraft Expenses (Ambulance)	-----	3
6,450	2,945	Contract for Patient Services	6,450	2,945
5,968	5,812	Corporate Support Services	5,968	5,812
724	630	Courier and Freight	724	630
18	12	Isolated Patient Travel and Accommodation Assistance Scheme	18	12
762	402	Legal Services	762	402
476	615	Membership/Professional Fees	476	615
1,625	1,774	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,625	1,774
50,426	41,730	Public Private Partnership Contracted Services	50,426	41,730
780	599	Other Operating Lease Expense - Minimum Lease Payments	780	599
51	37	Quality Assurance/Accreditation	51	37
391	338	Security Services	391	338
2,197	2,108	Translator Services	2,197	2,108
6,520	7,647	Other Miscellaneous	6,520	7,647
<u>76,388</u>	<u>64,652</u>	<i>In 2013/14, Transpac and Transitional Care Expenses of \$2.9m were recognised as Other Grants (Note 7). In 2014/15, Transpac and Transitional Care expenses of \$2.7m are recognised as Contract for Patient Services.</i>	<u>76,388</u>	<u>64,652</u>
		(b) Reconciliation of Total Maintenance		
12,549	11,375	Maintenance Contracts	12,549	11,375
17,485	15,784	New/Replacement Equipment under \$10,000	17,485	15,784
5,822	5,154	Repairs Maintenance/Non Contract	5,822	5,154
(1,096)	(991)	Other	(1,096)	(991)
34,760	31,322	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	34,760	31,322
3,236	3,519	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	3,236	3,519
<u>37,996</u>	<u>34,841</u>	Total Maintenance Expenses	<u>37,996</u>	<u>34,841</u>

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		6. Depreciation and Amortisation		
42,832	36,331	Depreciation - Buildings	42,832	36,331
14,914	15,444	Depreciation - Plant and Equipment	14,914	15,444
1,882	2,660	Depreciation - Infrastructure Systems	1,882	2,660
101	100	Amortisation - Leasehold Improvements	101	100
917	83	Amortisation - Intangible Assets	917	83
<u>60,646</u>	<u>54,618</u>		<u>60,646</u>	<u>54,618</u>
		7. Grants and Subsidies		
5,044	7,555	Non-Government Organisations	5,044	7,555
1,834	2,073	Community Packages	1,834	2,073
725	952	Grants to Research Organisations	725	952
36	----	Grant Payments to Other NSW Health Entities	36	----
2,507	4,778	Other Grants	2,507	4,778
<u>10,146</u>	<u>15,358</u>		<u>10,146</u>	<u>15,358</u>
		<i>In 2013/14, Transpac and Transitional Care Expenses of \$2.9m were recognised as Other Grants. In 2014/15, Transpac and Transitional Care expenses of \$2.7m are recognised as Contract for Patient Services (Note 5(a)).</i>		
		8. Finance Costs		
70,079	15,420	Finance Lease Interest Charges	70,079	15,420
<u>70,079</u>	<u>15,420</u>		<u>70,079</u>	<u>15,420</u>
		9. Payments to Affiliated Health Organisations		
		(a) Recurrent Sourced		
17,185	20,649	Greenwich & Neringah Hospitals (Hope Healthcare)	17,185	20,649
16,656	20,655	Royal Rehabilitation Centre Sydney	16,656	20,655
<u>33,841</u>	<u>41,304</u>		<u>33,841</u>	<u>41,304</u>

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
11. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
364	376	Pharmacy Sales	364	376
10,846	9,750	Sale of Prosthesis	10,846	9,750
4,374	3,612	Other	4,374	3,612
(b) Rendering of Services comprise the following:-				
		Patient Fees		
92,238	82,641	- Inpatient Fees	92,238	82,641
100	111	- Nursing Home Fees	100	111
3,414	2,337	- Non Inpatient Fees	3,414	2,337
26,144	29,468	Department of Veterans' Affairs	26,144	29,468
20	19	Staff-Meals and Accommodation	20	19
19,048	18,655	Infrastructure Fees - Monthly Facility Charge	19,048	18,655
7,042	7,623	- Annual Charge	7,042	7,623
188	145	Car Parking	188	145
2,922	2,961	Child Care Fees	2,922	2,961
1,064	523	Clinical Services (excluding Clinical Drug Trials)	1,064	523
2,796	2,551	Commercial Activities	2,796	2,551
145	117	Fees for Medical Records	145	117
5	2	Information Retrieval	5	2
10,768	11,110	High Cost Drugs	10,768	11,110
13,063	14,866	Motor Accident Authority Third Party	13,063	14,866
98	-----	Patient Transport Fees	98	-----
157	179	Private Use of Motor Vehicles	157	179
427	438	Salary Packaging Fee	427	438
8,019	8,565	Hosted Services Provided to Other NSW Health Entities	8,019	8,565
3,257	2,551	Services Provided to Non NSW Health Organisations	3,257	2,551
11	21	Shared Corporate Services	11	21
6,384	5,976	Other	6,384	5,976
<u>212,894</u>	<u>204,597</u>		<u>212,894</u>	<u>204,597</u>
12. Investment Revenue				
2,811	2,755	Interest	2,811	2,755
223	593	Other	223	593
<u>3,034</u>	<u>3,348</u>		<u>3,034</u>	<u>3,348</u>

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2015

PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
13. Grants and Contributions				
2,645	1,576	Clinical Drug Trials	2,645	1,576
11,270	11,735	Commonwealth Government Grants	11,270	11,735
6,333	8,293	Industry Contributions/Donations	6,333	8,293
6,163	6,710	Cancer Institute Grants	6,163	6,710
6,618	2,557	NSW Government Grants	6,618	2,557
3,336	----	Grants from Other NSW Health Entities	3,336	----
4,744	2,871	Research Grants	4,744	2,871
36,138	6,088	Other Grants	36,138	6,088
		<i>Other Grants includes a one-off grant of \$30.2m received from the Ministry of Health.</i>		
77,247	39,830		77,247	39,830
14. Acceptance by the Crown Entity of Employee Benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	9,095	9,508
----	----	Long Service Leave	35,587	30,069
----	----		44,682	39,577
15. Other Revenue				
Other Revenue comprises the following:-				
----	(16)	Bad Debts Recovered	----	(16)
64	66	Commissions	64	66
110	120	Conference and Training Fees	110	120
4	239	Insurance Refunds	4	239
3,984	3,910	Lease and Rental Income	3,984	3,910
22	85	Sale of Merchandise, Old Wares and Books	22	85
57	150	Sponsorship Income	57	150
3,055	----	Treasury Managed Fund Hindsight Adjustment	3,055	----
1,973	1,080	Other	1,973	1,080
9,269	5,634		9,269	5,634

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		16. Gain / (Loss) on Disposal		
22,709	4,100	Property, Plant and Equipment	22,709	4,100
16,366	3,912	Less: Accumulated Depreciation	16,366	3,912
<u>6,343</u>	<u>188</u>	Written Down Value	<u>6,343</u>	<u>188</u>
1,330	32	Less: Proceeds from Disposal	1,330	32
<u>(5,013)</u>	<u>(156)</u>	Gain/(Loss) on Disposal of Property, Plant and Equipment	<u>(5,013)</u>	<u>(156)</u>
<u>(5,013)</u>	<u>(156)</u>	Total Gain/(Loss) on Disposal	<u>(5,013)</u>	<u>(156)</u>
		17. Other Gains / (Losses)		
(6,693)	----	Property, Plant and Equipment Asset Revaluation Increment/(Decrement)	(6,693)	----
(3,613)	(2,925)	Impairment of Receivables	(3,613)	(2,925)
<u>(10,306)</u>	<u>(2,925)</u>		<u>(10,306)</u>	<u>(2,925)</u>

Northern Sydney Local Health District
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PARENT & CONSOLIDATION

18. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at reporting date	210	21,123	28,162	49,495
Contributions recognised in previous years which were not expended in the current reporting period	446	58,088	291	58,824
Total amount of unexpended contributions as at reporting date	656	79,211	28,453	108,319

Comment on restricted assets appears in Note 27

19. Service Groups of the NSLHD

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. 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 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.

Northern Sydney Local Health District
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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.

Northern Sydney Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		20. Cash and Cash Equivalents		
70,341	39,868	Cash at Bank and On Hand	70,341	39,868
62,585	60,458	Short Term Deposits	62,585	60,458
<u>132,926</u>	<u>100,326</u>		<u>132,926</u>	<u>100,326</u>
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>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:</p>				
132,926	100,326	Cash and Cash Equivalents (per Statement of Financial Position)	132,926	100,326
<u>132,926</u>	<u>100,326</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>132,926</u>	<u>100,326</u>

Refer to Note 40 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
21. Receivables				
Current				
33,801	32,226	Sale of Goods and Services	33,801	32,226
8,873	12,814	Intra Health Receivables	8,873	12,814
6,414	5,591	Goods and Services Tax	6,414	5,591
6,886	9,813	Other Debtors	6,886	9,813
<u>55,974</u>	<u>60,444</u>	Sub Total	<u>55,974</u>	<u>60,444</u>
<u>(4,902)</u>	<u>(5,479)</u>	Less Allowance for Impairment	<u>(4,902)</u>	<u>(5,479)</u>
51,072	54,965	Sub Total	51,072	54,965
4,818	6,786	Prepayments	4,818	6,786
<u>55,890</u>	<u>61,751</u>		<u>55,890</u>	<u>61,751</u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(4,761)	(3,071)	Balance at Commencement of Reporting Period	(4,761)	(3,071)
3,997	1,507	Amounts written off during the period	3,997	1,507
<u>(1,986)</u>	<u>(3,198)</u>	(Increase)/decrease in Allowance Recognised in the Net Result	<u>(1,986)</u>	<u>(3,198)</u>
(2,750)	(4,761)	Balance at 30 June	(2,750)	(4,761)
(b) Movement in the Allowance for Impairment				
Other Debtors				
(718)	(1,684)	Balance at Commencement of Reporting Period	(718)	(1,684)
192	694	Amounts written off during the period	192	694
<u>(1,626)</u>	<u>272</u>	(Increase)/decrease in Allowance Recognised in the Net Result	<u>(1,626)</u>	<u>272</u>
<u>(2,152)</u>	<u>(718)</u>	Balance at 30 June	<u>(2,152)</u>	<u>(718)</u>
<u>(4,902)</u>	<u>(5,479)</u>		<u>(4,902)</u>	<u>(5,479)</u>
Non-Current				
1,365	1,223	Prepayments	1,365	1,223
<u>1,365</u>	<u>1,223</u>		<u>1,365</u>	<u>1,223</u>
The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
2,652	1,470	Patient Fees - Compensable	2,652	1,470
3,008	5,007	Patient Fees - Ineligible	3,008	5,007
<u>15,286</u>	<u>13,643</u>	Patient Fees - Inpatient & Other	<u>15,286</u>	<u>13,643</u>
<u>20,946</u>	<u>20,120</u>		<u>20,946</u>	<u>20,120</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 40.

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
22. Inventories				
2,224	2,304	Drugs	2,224	2,304
5,761	6,240	Medical and Surgical Supplies	5,761	6,240
59	80	Engineering Supplies	59	80
1,713	1,758	Other Including Goods in Transit	1,713	1,758
<u>9,757</u>	<u>10,382</u>		<u>9,757</u>	<u>10,382</u>

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
23. Property, Plant and Equipment				
Land and Buildings - Fair Value				
2,466,151	2,142,663	Gross Carrying Amount	2,466,151	2,142,663
550,165	477,164	Less: Accumulated Depreciation and Impairment	550,165	477,164
<u>1,915,986</u>	<u>1,665,499</u>	Net Carrying Amount	<u>1,915,986</u>	<u>1,665,499</u>
Plant and Equipment - Fair Value*				
153,700	162,304	Gross Carrying Amount	153,700	162,304
76,918	75,858	Less: Accumulated Depreciation and Impairment	76,918	75,858
<u>76,782</u>	<u>86,446</u>	Net Carrying Amount	<u>76,782</u>	<u>86,446</u>
Infrastructure Systems - Fair Value				
43,754	106,397	Gross Carrying Amount	43,754	106,397
23,183	42,891	Less: Accumulated Depreciation and Impairment	23,183	42,891
<u>20,571</u>	<u>63,506</u>	Net Carrying Amount	<u>20,571</u>	<u>63,506</u>
Leasehold Improvements - Fair Value*				
1,006	1,006	Gross Carrying Amount	1,006	1,006
706	605	Less: Accumulated Depreciation and Impairment	706	605
<u>300</u>	<u>401</u>	Net Carrying Amount	<u>300</u>	<u>401</u>
<u>2,013,639</u>	<u>1,815,852</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>2,013,639</u>	<u>1,815,852</u>

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

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PARENT & CONSOLIDATION

23. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2015						
Net Carrying Amount at Start of Year	324,103	1,341,396	86,446	63,506	401	1,815,852
Additions	----	148,335	8,678	----	----	157,013
Reclassifications to Intangibles	----	----	(3,755)	----	----	(3,755)
Disposals	----	(3,639)	(2,706)	----	----	(6,345)
Transfers to NSW Health Entities through Statement of Comprehensive Income	----	----	2,583	----	----	2,583
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	109,169	8,778	----	(3,234)	----	114,713
Impairment Losses (Recognised in "Other Gains/Losses")	----	----	----	(6,693)	----	(6,693)
Depreciation Expense	----	(42,833)	(14,914)	(1,881)	(101)	(59,729)
Reclassifications	----	30,677	450	(31,127)	----	----
Net Carrying Amount at End of Year	433,272	1,482,714	76,782	20,571	300	2,013,639

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2014						
Net Carrying Amount at Start of Year	324,103	1,177,603	93,212	66,166	501	1,661,585
Additions	----	200,457	8,758	----	----	209,215
Reclassifications to Intangibles	----	----	219	----	----	219
Disposals	----	(114)	(80)	----	----	(194)
Depreciation Expense	----	(36,331)	(15,444)	(2,660)	(100)	(54,535)
Reclassifications	----	(219)	(219)	----	----	(438)
Net Carrying Amount at End of Year	324,103	1,341,396	86,446	63,506	401	1,815,852

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 26.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the NSLHD [see note 2(g)].

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		24. Intangible Assets		
		Intangibles		
4,173	418	Cost (Gross Carrying Amount)	4,173	418
<u>1,001</u>	<u>83</u>	Less Accumulated Amortisation and Impairment	<u>1,001</u>	<u>83</u>
<u>3,172</u>	<u>335</u>	Net Carrying Amount	<u>3,172</u>	<u>335</u>
<u>3,172</u>	<u>335</u>	Total Intangible Assets at Net Carrying Amount	<u>3,172</u>	<u>335</u>

Northern Sydney Local Health District
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PARENT & CONSOLIDATION

24. Intangibles - Reconciliation

	Intangibles \$000
2015	
Net Carrying Amount at Start of Year	335
Reclassifications from Plant & Equipment	3,755
Amortisation (Recognised in Depreciation and Amortisation)	(918)
Net Carrying Amount at End of Year	3,172
2014	
Net Carrying Amount at Start of Year	-----
Additions (From Internal Development or Acquired Separately)	199
Reclassifications from Plant & Equipment	219
Amortisation (Recognised in Depreciation and Amortisation)	(83)
Net Carrying Amount at End of Year	335

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
		25. Other Assets		
		Non-Current		
		Emerging Rights to Assets (refer Note 2(ac))		
7,166	6,736		7,166	6,736
<u>7,166</u>	<u>6,736</u>		<u>7,166</u>	<u>6,736</u>

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PARENT & CONSOLIDATION

26. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June

a) Fair Value Hierarchy

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 23)				
- Land and Buildings	----	656,612	1,067,761	1,724,374
- Infrastructure Systems	----	----	20,807	20,807
	-----	<u>656,612</u>	<u>1,088,568</u>	<u>1,745,181</u>

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Property, Plant and Equipment (Note 23)				
- Land and Buildings	----	978,260	366,994	1,345,255
- Infrastructure Systems	----	----	63,506	63,506
	-----	<u>978,260</u>	<u>430,500</u>	<u>1,408,761</u>

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

Work in Progress is carried at cost, therefore excluded from figures above and as a result will not agree to Note 23.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure systems the NSLHD obtains external valuations by independent valuers every three years. The last revaluation was performed by AON Risk Solutions for the 2014/15 financial year. AON Risk Solutions is a independent entity and is not an employee of the NSLHD.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The non-current assets categorised in a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical.

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product".

Level 3 significant valuation inputs and relationship to fair value:

The valuation of buildings was computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

Assets	Valuation Technique	Significant Unobservable Inputs	Relationship between unobservable inputs and fair value measurement
Land	Market approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning)	<ul style="list-style-type: none"> ▪ Rate per square metre ▪ Discount rate ▪ Provision for remediation 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Rate per square metre increases/(decreases) ▪ Discount rate decreases/(increases) ▪ Provision for remediation decreases/(increases)
Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
Non-Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)
Infrastructure Systems	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre 	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> ▪ Useful life assessment increases/(decreases) ▪ Replacement cost per square metre increases/(decreases)

There are no other direct or significant relationships between the unobservable inputs which materially impact fair value.

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PARENT & CONSOLIDATION

26. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements

2015	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2014	366,994	63,506	430,500
Additions	59,741	----	59,741
Revaluation increments/decrements recognised in net result – included in the line item 'Other gains/ (losses)'	----	(6,693)	(6,693)
Revaluation increments/ decrements recognised in other comprehensive income – included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	15,899	(3,234)	12,665
Transfers from Level 2	624,883	236	625,119
Disposals	(1,170)	----	(1,170)
Depreciation	(29,713)	(1,881)	(31,594)
Other - Reclassifications	31,127	(31,127)	----
Fair value as at 30 June 2015	<u>1,067,761</u>	<u>20,807</u>	<u>1,088,568</u>

Transfers from Level 2 mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

2014	Land and Buildings \$000	Infrastructure Systems \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	403,276	66,166	469,442
Disposals	(114)	----	(114)
Depreciation	(36,168)	(2,660)	(38,828)
Fair value as at 30 June 2014	<u>366,994</u>	<u>63,506</u>	<u>430,500</u>

Transfers from Level 2 mainly relate to assets initially recognised at cost (e.g. Work in Progress) which have in the current year, been subject to asset revaluations consistent with the specialised nature/use of the assets.

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PARENT		CONSOLIDATION	
2015 \$000	2014 \$000	2015 \$000	2014 \$000
27. Restricted Assets			
<p>The NSLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>			
Category			
56,877	33,339	56,877	33,339
21,171	20,596	21,171	20,596
30,271	29,930	30,271	29,930
<u>108,319</u>	<u>83,865</u>	<u>108,319</u>	<u>83,865</u>

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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		28. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	22,304	19,583
----	----	Taxation and Payroll Deductions	1,237	4,994
23,541	24,577	Accrued Liability - Purchase of Personnel Services	----	----
31,190	31,036	Creditors	31,190	31,036
		Other Creditors		
8,103	11,762	- Intra Health Liability	8,103	11,762
28,883	21,906	- PPP Monthly Service fees	28,883	21,906
11,858	10,927	- Other	11,858	10,927
103,575	100,208		103,575	100,208

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

		29. Borrowings		
		Current		
15	----	Other Loans and Deposits	15	----
15	----		15	----
		Non-Current		
101	----	Other Loans and Deposits	101	----
721,662	699,105	Public Private Partnership	721,662	699,105
721,763	699,105		721,763	699,105

No assets have been pledged as security/collateral for above borrowings and there are no restrictions on any title to property.

Final Repayment is scheduled for 2037.

Other loans still to be extinguished represent monies to be repaid to the HealthShare NSW, NSW Ministry of Health and Treasury.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 40.

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
30. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	85,995	77,765
----	----	Annual Leave - Long Term Benefit	29,764	35,827
----	----	Long Service Leave Consequential On-Costs	16,273	14,648
132,032	128,240	Provision for Personnel Services Liability	----	----
<u>132,032</u>	<u>128,240</u>	Total Current Provisions	<u>132,032</u>	<u>128,240</u>
Non-Current				
----	----	Long Service Leave Consequential On-Costs	1,415	771
1,415	771	Provision for Personnel Services Liability	----	----
<u>1,415</u>	<u>771</u>	Total Non-Current Provisions	<u>1,415</u>	<u>771</u>
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	132,032	128,240
----	----	Provisions - Non-Current	1,415	771
----	----	Accrued Salaries, Wages and On-Costs (Note 28)	23,541	24,577
156,988	153,588	Liability - Purchase of Personnel Services	----	----
<u>156,988</u>	<u>153,588</u>		<u>156,988</u>	<u>153,588</u>
31. Other Liabilities				
Current				
5,655	4,430	Income in Advance	5,655	4,430
<u>5,655</u>	<u>4,430</u>		<u>5,655</u>	<u>4,430</u>
Non-Current				
26,523	27,672	Income in Advance	26,523	27,672
<u>26,523</u>	<u>27,672</u>		<u>26,523</u>	<u>27,672</u>

Northern Sydney Local Health District
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PARENT			CONSOLIDATION	
2015 \$000	2014 \$000		2015 \$000	2014 \$000
		32. Commitments for Expenditure		
		(a) Capital Commitments		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems and intangible assets, contracted for at balance date and not provided for:		
19,370	71,881	Not later than one year	19,370	71,881
<u>6,419</u>	<u>1,258</u>	Later than one year and not later than five years	<u>6,419</u>	<u>1,258</u>
<u>25,789</u>	<u>73,139</u>	Total Capital Expenditure Commitments (Including GST)	<u>25,789</u>	<u>73,139</u>
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
1,878	2,432	Not later than one year	1,878	2,432
<u>1,791</u>	<u>1,812</u>	Later than one year and not later than five years	<u>1,791</u>	<u>1,812</u>
<u>3,668</u>	<u>4,244</u>	Total Operating Lease Commitments (Including GST)	<u>3,668</u>	<u>4,244</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Finance Lease Commitments		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
82,001	79,851	Not later than one year	82,001	79,851
350,039	341,146	Later than one year and not later than five years	350,039	341,146
<u>1,861,952</u>	<u>1,952,211</u>	Later than five years	<u>1,861,952</u>	<u>1,952,211</u>
2,293,992	2,373,208	Minimum Lease Payments	2,293,992	2,373,208
<u>1,500,164</u>	<u>1,604,193</u>	Less: Future Finance Charges	<u>1,500,164</u>	<u>1,604,193</u>
<u>793,828</u>	<u>769,015</u>	Present Value of Minimum Lease Payments	<u>793,828</u>	<u>769,015</u>
		The present value of finance lease commitments is as follows:		
2,402	-----	Later than one year and not later than five years	2,402	-----
<u>791,426</u>	<u>769,015</u>	Later than five years	<u>791,426</u>	<u>769,015</u>
<u>793,828</u>	<u>769,015</u>	Present Value of Minimum Lease Payments	<u>793,828</u>	<u>769,015</u>
		Classified as:		
<u>721,662</u>	<u>699,105</u>	(b) Non-Current (Note 29)	<u>721,662</u>	<u>699,105</u>
<u>721,662</u>	<u>699,105</u>		<u>721,662</u>	<u>699,105</u>

Royal North Shore Hospital Campus redevelopment Public Private Partnership (PPP) Contract awarded in October 2008. Project construction completed and commissioned in October 2014. PPP Contract will expire in 2037.

On 11 December 2014, Healthscope signed a contract through Health Administration Corporation (HAC) and with the Northern Sydney Local Health District to design, build, operate and maintain the new Northern Beaches Hospital. In 2018, the hospital will open to provide care to both public and private patients.

(d) **Contingent Asset Related to Commitments for Expenditure**

The total of 'Commitments for Expenditure' above, i.e. \$823 million as at 30 June 2015 (2014: \$846m) includes input tax credits of \$75m that are expected to be recoverable from the Australian Taxation Office (2014 \$77m).

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PARENT AND CONSOLIDATION

33. Trust Funds

The NSLHD holds trust funds of \$3.1 million which are held for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts.

These funds are excluded from the financial statements as the NSLHD cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the financial year	605	719	227	157	2,233	4,939	3,065	5,815
Income	1,712	1,672	348	240	43,393	41,164	45,453	43,076
Expenses	(2,085)	(1,786)	(163)	(170)	(43,127)	(43,869)	(45,375)	(45,826)
Balance at the end of the financial year	232	605	412	227	2,499	2,233	3,143	3,065

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34. Contingent Liabilities and Assets

a) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2009/10 fund year and an interim adjustment for the 2011/12 fund year were not calculated until 2014/15.

As a result, the 2010/11 final and 2012/13 adjustments pertaining to the hospitals and community services now forming part of the NSLHD will be paid in 2015/16. It is not possible for the NSLHD to reliably quantify the benefit to be received or amount payable.

b) Other

As part of the renovation and upgrade of the RNS Public Hospital under a PPP Project Deed, InfraShore claimed \$16.75m against NSW Health in June 2013 relating to the discovery of asbestos. NSW Health disputes the claim, and this continues being subject to formal dispute resolution under the Project Deed.

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PARENT			CONSOLIDATION	
2015	2014		2015	2014
\$000	\$000		\$000	\$000
35. Reconciliation of Cash Flows from Operating Activities to Net Result				
168,434	196,962	Net Cash Flows from Operating Activities	168,434	196,962
(60,646)	(54,619)	Depreciation	(60,646)	(54,619)
(3,613)	(2,925)	Allowance for Impairment	(3,613)	(2,925)
(76)	905	(Increase)/ Decrease in Income in Advance	(76)	905
(4,435)	(3,209)	(Increase)/ Decrease in Provisions	(4,435)	(3,209)
(1,964)	(5,768)	Increase / (Decrease) in Prepayments and Other Assets	(1,964)	(5,768)
(3,948)	(23,100)	(Increase)/ Decrease in Payables from Operating Activities	(3,948)	(23,100)
(6,693)	-----	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	(6,693)	-----
(5,013)	(156)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(5,013)	(156)
82,046	108,090	Net Result	82,046	108,090

36. 2014/15 Voluntary Services

It is considered impracticable and immaterial to quantify the monetary value of voluntary services provided to the NSLHD. Services provided include:

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

37. Unclaimed Monies

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

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

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

PARENT AND CONSOLIDATION

38. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than adjusted budget by \$3 million, primarily due to:

Consolidated Actual Expenditure was \$18 million unfavourable to budget. This was mainly due to increased activity as a result of additional beds in the new Clinical Services Building (RNS), Beachside Rehabilitation Unit (Mona Vale) and Graythwaite (Ryde).

Consolidated Actual Revenue was \$21 million favourable to budget. This was mainly attributable to an increase in the number of single rooms available in the new Clinical Services Building (RNS), Beachside Rehabilitation Unit (Mona Vale) and Graythwaite (Ryde). In addition, NSLHD recognised a \$3 million Treasury Managed Fund Hindsight Premium Adjustment in Other Revenue.

Combined Consolidated Net Result to Budget (before other gains / losses) was \$3 million favourable.

Assets and Liabilities

Actual Consolidated Total Assets are \$140 million favourable to budget. The main variance to budget related to Property, Plant and Equipment (\$127 million favourable). During 2014/15, a revaluation of Land, Buildings and Infrastructure occurred resulting in a \$114 million increase to the net Fair Value of the Assets. In addition, there was a variance to budget related to the capitalisation of the P2 Car Park. Furthermore, Cash and Cash Equivalents were \$12 million favourable to budget.

Actual Consolidated Total Liabilities were \$28 million unfavourable to budget. The main variance to budget related to the increase in borrowings (\$23 million) associated with the capitalisation of the P2 Car Park.

Cash Flows

Actual Operating Cash Flows were \$7 million favourable to budget. The billing and collection of patient fees improved during the year. This was associated with the additional single rooms available across NSLHD.

Actual Net Cash Flows from Investing Activities were \$5 million favourable to budget. The cash outflows associated with the Purchases of Property, Plant & Equipment and Intangibles was \$4 million less than budgeted.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 30 June 2014 are as follows:

	\$000
Initial Allocation, 01 July 2014	981,774
Budget growth adjustments to FY14/15 base	53,088
Employee Related	3,744
2014/15 Revenue Adjustments	(8,254)
Treasury Managed Fund escalation	(1,310)
Supplementation PPP Interest	55,948
Royal North Shore PPP	12,227
2014/15 Budget - PPP	(1,974)
Oral Health NPA Funding	2,153
Voluntary Redundancy Reimbursement	1,904
PAYG Tax Budget Adjustment 2014/15	5,000
Variation of Allocation for Royal Far West Childrens Health Scheme	(2,648)
Nurse/ Midwife Strategy Reserve	1,060
Superannuation Defined Benefit Scheme 2014/15	2,680
Other	3,555
	<hr/>
Balance as per Statement of Comprehensive Income	1,108,947
	<hr/> <hr/>

Northern Sydney Local Health District
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39. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2013/14 year were:

Nil equity transfers were effected in 2013/14.

Equity transfers effected in the 2014/15 year were:

Nil equity transfers were effected in 2014/15.

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40. Financial Instruments

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

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

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

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2015	Carrying Amount 2014
Class:	Category	\$000	\$000
Financial Assets			
Cash and Cash Equivalents (note 20)	N/A	132,926	100,326
Receivables (Note 21)*	Loans and receivables (at amortised cost)	44,658	49,374
Total Financial Assets		177,584	149,700
Financial Liabilities			
Borrowings (Note 29)	Financial liabilities	721,778	699,105
Payables (Note 28)**	measured at amortised cost	102,338	95,214
Total Financial Liabilities		824,116	794,319

Notes

*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Northern Sydney Local Health District
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(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the NSLHD. 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 NSLHD, including cash, receivables and authority deposits. No collateral is held by the NSLHD. The NSLHD has not granted any financial guarantees.

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

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 2.85% in 2014/15 compared to 3.35% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

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

The NSLHD is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015:\$23.2m; 2014: \$18.9m) and not more than 3 months past due (2015: \$3.6m; 2014:\$7.6m) are not considered impaired. Together these represent 81% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the NSLHD's debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Northern Sydney Local Health District
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Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

2015	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	3,613	3,613	----
3 months - 6 months overdue	1,152	1,152	----
> 6 months overdue	4,902	----	4,902
2014			
<3 months overdue	7,631	7,631	----
3 months - 6 months overdue	5,243	5,243	----
> 6 months overdue	5,479	----	5,479

Notes

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

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

Authority Deposits

The NSLHD has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.22% (2014 - 3.03%), while over the year the weighted average interest rate was 2.75% (2014 - 2.92%) on a weighted average balance during the year of \$61.5m (2014 - \$58.9m). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the NSLHD will be unable to meet its payment obligations when they fall due. The NSLHD 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 NSLHD has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

The NSLHD has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the NSLHD fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

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

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates			
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2015									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		22,304	-----	-----	22,304	22,304	-----	-----	-----
- Creditors		80,034	-----	-----	80,034	80,034	-----	-----	-----
Borrowings:									
- Loans and Deposits	2.97%	130	130	-----	-----	-----	10	83	37
- Public Private Partnership	9.71%	2,293,992	-----	2,293,992	-----	82,001	350,039	1,861,952	-----
		2,396,460	130	2,293,992	102,338	184,349	350,122	1,861,989	-----
2014									
Payables:									
- Accrued Salaries Wages, On-Costs and Payroll Deductions		19,583	-----	-----	19,583	19,583	-----	-----	-----
- Creditors		75,631	-----	-----	75,631	75,631	-----	-----	-----
Borrowings:									
- Public Private Partnership	2.21%	2,373,208	-----	2,373,208	-----	79,851	341,146	1,952,211	-----
		2,468,422	-----	2,373,208	95,214	175,065	341,146	1,952,211	-----

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the NSLHD can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement Of Financial Position.

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(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 NSLHD's exposures to market risk are primarily through interest rate risk on the NSLHD's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The NSLHD has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the NSLHD operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

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

However, the NSLHD is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury).

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

A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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The NSLHD's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	+1% Profit	Equity
2015					
Financial Assets					
Cash and Cash Equivalents	132,926	(1,329)	(1,329)	1,329	1,329
Receivables	44,658	----	----	----	----
Financial Liabilities					
Payables	102,338	----	----	----	----
Borrowings	721,778	7,218	7,218	(7,218)	(7,218)
2014					
Financial Assets					
Cash and Cash Equivalents	100,326	(1,003)	(1,003)	1,003	1,003
Receivables	49,374	----	----	----	----
Financial Liabilities					
Payables	95,214	----	----	----	----
Borrowings	699,105	6,991	6,991	(6,991)	(6,991)

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Other price risk - TCorp Hour-Glass Investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The NSLHD has no direct equity investments. The NSLHD holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2015	2014
			\$000	\$000
Cash facility	Cash and money market instruments	Up to 1.5 years	62,585	60,458

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the NSLHD's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2015 \$000	2014 \$000
Hour-Glass Investment - Cash facility	+/- 1%	584	605

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of the financial instruments. Therefore the fair value of the financial instruments do not differ from the carrying amount.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Invt.Facility	----	62,585	----	62,585
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	----	60,458	----	60,458

(The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2015.

As discussed, the value of the Hour-Glass Investments is based on the NSLHD's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

41. Events after the Reporting Period

There are no events after the reporting period that require amendment to the financial statements.

END OF AUDITED FINANCIAL STATEMENTS