

Graythwaite Charitable Trust

Financial Statements

for the year ended 30 June 2018



INDEPENDENT AUDITOR'S REPORT

Graythwaite Charitable Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Graythwaite Charitable Trust (the Trust), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Secretary's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Secretary is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Trust's operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Dominika Ryan
Director, Financial Audit Services

21 September 2018
SYDNEY

Graythwaite Charitable Trust
Certification of financial statements
For the year ended 30 June 2018

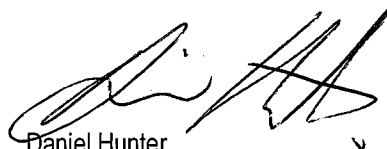
We state, pursuant to Section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of Graythwaite Charitable Trust for the year ended 30 June 2018 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations); and
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*; and
 - c) the financial reporting directions mandated by the Treasurer.
- 2) The financial statements exhibit a true and fair view of the financial position for the Graythwaite Charitable Trust as at 30 June 2018 and the financial performance for the year then ended; and
- 3) There are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Elizabeth Kopf
Secretary, NSW Health

17 September 2018



Daniel Hunter
Deputy Secretary, Finance and Asset
Management and Chief Financial Officer,
NSW Health

17 September 2018

Graythwaite Charitable Trust
Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Expenses			
Depreciation	2	1,014	969
Total expenses		1,014	969
Revenue			
Investment revenue	3	125	129
Total revenue		125	129
Net result	9	(889)	(840)
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to net result</i>			
Net change in revaluation surplus of property, plant and equipment	6	-	5,720
Total other comprehensive income		-	5,720
Total comprehensive income / (loss)		(889)	4,880

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Financial Position as at 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	8,387	8,202
Receivables	5	-	60
Total current assets		<u>8,387</u>	<u>8,262</u>
Non-current assets			
Property, plant and equipment			
- Land and buildings	6	37,690	38,639
- Plant and equipment	6	342	407
Total property, plant and equipment		<u>38,032</u>	<u>39,046</u>
Total non-current assets		<u>38,032</u>	<u>39,046</u>
Total assets		<u>46,419</u>	<u>47,308</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>46,419</u>	<u>47,308</u>
Equity			
Reserves		8,274	8,274
Accumulated funds		38,145	39,034
Total equity		<u>46,419</u>	<u>47,308</u>

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2017		39,034	8,274	47,308
Net result for the year		(889)	-	(889)
Total comprehensive loss for the year		(889)	-	(889)
Balance at 30 June 2018		38,145	8,274	46,419
Balance at 1 July 2016		39,874	2,554	42,428
Net result for the year		(840)	-	(840)
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	6	-	5,720	5,720
Total comprehensive income for the year		(840)	5,720	4,880
Balance at 30 June 2017		39,034	8,274	47,308

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Statement of Cash Flows for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Cash flows from operating activities			
Receipts			
Interest received		185	69
Total receipts		<u>185</u>	<u>69</u>
Net cash flows from operating activities	9	<u>185</u>	<u>69</u>
Net cash flows from investing activities		<u>-</u>	<u>-</u>
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		185	69
Opening cash and cash equivalents		<u>8,202</u>	<u>8,133</u>
Closing cash and cash equivalents	4	<u>8,387</u>	<u>8,202</u>

The accompanying notes form part of these financial statements.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of significant accounting policies

a) The reporting entity

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

The Trust encompasses the property, plant and equipment of the Graythwaite Rehabilitation Facility opened on 19 September 2013, together with the residual proceeds from the sale of the former Graythwaite Nursing Home.

The Trust is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales, which is the ultimate parent. The Entity is a not-for-profit entity (as profit is not its principle objective).

The financial statements for the year ended 30 June 2018 have been authorised for issue by the Secretary, NSW Health on 17 September 2018.

b) Basis of preparation

The Trust'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 *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and financial reporting directions issued by the Treasurer.

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

Judgments, 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, which is the Trust's presentation and functional currency.

c) 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.

d) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

e) Investment revenue

Interest revenue is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

f) 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 Trust 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.

g) Depreciation of property, plant and equipment (PPE)

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 Trust. Land is not a depreciable asset.

Depreciation rates for each asset class are as follows:

- Building	2.5%
- Plant and equipment	10%

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

h) 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* and AASB 116, *Property, Plant and Equipment*.

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 take 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 a market valuation technique that maximises relevant observable inputs and minimises unobservable inputs. Also refer to Note 6 and Note 7 for further information regarding fair value.

Revaluations are undertaken with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Trust conducts a comprehensive independent revaluation every three years. The last comprehensive revaluation was completed on 31 December 2016 and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. 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.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

h) Revaluation of non-current assets (continued)

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Trust 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 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 recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation reserves.

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

i) Receivables

Receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

1. Statement of significant accounting policies (continued)

j) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 Trust categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1– quoted (unadjusted) 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 Trust recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 7 and Note 11 for further disclosures regarding fair value measurements of financial and non-financial assets.

k) Equity and reserves

(i) Accumulated funds

The category 'Accumulated funds' includes all current and prior year 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 Trust's policy on the revaluation of property, plant and equipment as discussed in Note 1 h).

l) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017/18

The accounting policies applied in 2017/18 are consistent with those of the previous financial year. No new or revised Australian Accounting Standards have been applied for the first time that have a material impact on the financial statements.

(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 Trust has assessed the potential impact of new standards and interpretations issued but not yet effective and they are unlikely to have a material impact on the financial statements of the Trust.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

	Actual 2018 \$'000	Actual 2017 \$'000
2. Depreciation		
Depreciation - Buildings	949	904
Depreciation - Plant and equipment	65	65
	1,014	969
3. Investment revenue		
Interest revenue	125	129
	125	129
4. Cash and cash equivalents		
Cash at bank	8,387	8,202

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are restricted by externally imposed conditions in accordance with the terms of the donor's restrictions.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	8,387	8,202
Closing cash and cash equivalents (per Statement of Cash Flows)	8,387	8,202

Refer to Note 11 for details regarding credit risk and market risk arising from financial instruments.

5. Receivables

Current

Debtors Crown Entity interest receivable	-	60
	-	60

The Crown Entity is an entity controlled by the ultimate parent.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

	Actual 2018 \$'000	Actual 2017 \$'000
6. Property, plant and equipment		
Land and buildings - fair value		
Gross carrying amount	43,087	43,087
Less: Accumulated depreciation and impairment	5,397	4,448
Net carrying amount	37,690	38,639
Plant and equipment - fair value		
Gross carrying amount	651	651
Less: Accumulated depreciation and impairment	309	244
Net carrying amount	342	407
Total property, plant and equipment	38,032	39,046

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 and buildings \$'000	Plant and equipment \$'000	Total \$'000
2018			
Net carrying amount at beginning of year	38,639	407	39,046
Depreciation expense	(949)	(65)	(1,014)
Net carrying amount at end of year	37,690	342	38,032
2017			
Net carrying amount at beginning of year	33,823	472	34,295
Net revaluation increment less revaluation decrements recognised in reserves	5,720	-	5,720
Depreciation expense	(904)	(65)	(969)
Net carrying amount at end of year	38,639	407	39,046

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 7.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

7. Fair value measurement of non-financial assets

a) Fair value hierarchy

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 6)				
- Land and buildings	-	-	37,690	37,690
	<u>-</u>	<u>-</u>	<u>37,690</u>	<u>37,690</u>

There were no transfers between level 1 and 2 during the year ended 30 June 2018.

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 6)				
- Land and buildings	-		38,639	38,639
	<u>-</u>	<u>-</u>	<u>38,639</u>	<u>38,639</u>

There were no transfers between level 1 and 2 during the year ended 30 June 2017.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

7. Fair value measurement of non-financial assets (continued)

b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the Trust obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Egan National Valuers for the 2016/17 financial year. Egan National Valuers is an independent entity and is not an associated entity of the Trust.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. No adjustments were required for 2017/18.

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 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. Restricted land has been classified as Level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

Buildings 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.

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

7. Fair value measurement of non-financial assets (continued)

b) Valuation techniques, inputs and processes (continued)

Level 3 disclosures:

The fair value of buildings 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	Valuation inputs
Land under specialised building(s)	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).
Specialised Buildings	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of building on a rate per square metre basis; depreciated to reflect the building's remaining useful life.
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 building on a rate per square metre basis; depreciated to reflect the building's remaining useful life.

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

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

7. Fair value measurement of non-financial assets (continued)

c) Reconciliation of recurring level 3 fair value measurements

2018	Land and buildings	Total Level 3 recurring fair value
	\$'000	\$'000
Fair value as at 1 July 2017	38,639	38,639
Depreciation	(949)	(949)
Fair value as at 30 June 2018	<u>37,690</u>	<u>37,690</u>

2017	Land and buildings	Total Level 3 recurring fair value
	\$'000	\$'000
Fair value as at 1 July 2016	33,823	33,823
Revaluation increments recognised in other comprehensive income – included in line item 'Net change in revaluation surplus of property, plant and equipment'	5,720	5,720
Depreciation	(904)	(904)
Fair value as at 30 June 2017	<u>38,639</u>	<u>38,639</u>

8. Commitments, contingent liabilities and assets

There are no significant or material commitments, contingent liabilities or contingent assets that would materially impact on the financial position and financial performance of the Trust.

9. Reconciliation of cash flows from operating activities to net result

	Actual 2018	Actual 2017
	\$'000	\$'000
Reconciliation of cash flow from operating activities to the net result as reflected in the Statement of Comprehensive Income as follows:		
Net cash flows from operating activities	185	69
Depreciation	(1,014)	(969)
(Decrease) / increase in receivables	(60)	60
Net result	<u>(889)</u>	<u>(840)</u>

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

10. Services received free of charge

The Trust receives administrative support services from the NSW Ministry of Health. The costs of these services provided by the Ministry are insignificant and are not recovered from the Trust.

11. Financial instruments

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

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

The Secretary, NSW Health, has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Trust, to set risks limits and controls and monitor risks. Compliance with policies is reviewed on a continuous basis.

a) Financial instrument categories

Class	Category	2018	2017
		\$'000	\$'000
		Carrying amount	Carrying amount
Cash and cash equivalents (Note 4)	N/A	8,387	8,202
Receivables (Note 5)	Receivables (at amortised cost)	-	60
Total financial assets		8,387	8,262

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

11. Financial instruments (continued)

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 Trust. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorpIM Fund Investments 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

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

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

11. Financial instruments (continued)

c) Liquidity risk

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

The Trust has negotiated no loan outside of arrangements with any entity.

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 Trust 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 Trust 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 assumes that all other variables remain constant. The analysis is performed on the same basis as for 2017.

The Trust's exposure to interest rate risk is set out below:

	Carrying Amount	-1% Net Result	Equity	+1% Net Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Financial assets					
Cash and cash equivalents	8,387	(84)	(84)	84	84
2017					
Financial assets					
Cash and cash equivalents	8,202	(82)	(82)	82	82
Receivables	60	-	-	-	-

Graythwaite Charitable Trust
Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

12. Related party transactions

Key management personnel compensation

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW Ministry of Health and its controlled entities. The compensation of the Minister for Health is disclosed in the financial statements of the ultimate parent.

Compensation for the Secretary, NSW Health (the Secretary) is paid by the NSW Ministry of Health and is not reimbursed by the Trust. The compensation of the Secretary is disclosed in the financial statements of the immediate parent.

Transactions with key management personnel and their close family members

There were no transactions between the Trust and key management personnel or their close family members during the year.

Other related party transactions

There were no other individually or in aggregate significant related party transactions during the year. There were no transactions with the ultimate parent during the year.

13. Events after the Reporting Period

There were no events subsequent to the reporting period requiring disclosure that would require these financial statements to be amended.

End of audited financial statements

