

Pursuant to Section 45F of the *Public Finance and Audit Act, 1983*, I state that to the best of my knowledge and belief:

- 1) the financial report has been prepared in accordance with:
  - Australian Accounting Standards
  - *Public Finance and Audit Act 1983*
  - *Public Finance and Audit Regulations 2005*
  - *Health Services Act 1997 and its Regulations*
  - the Accounts and Audit Determination
- 2) the financial report exhibits a true and fair view of the financial position and the financial performance of the Northern Sydney and Central Coast Area Health Service for the year ended 30 June 2009.
- 3) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



**Wendy Hughes**  
Director Finance and  
Corporate Services

Date: 23-9-09



**Matthew Daly**  
Chief Executive

Date: 23-9-09



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Northern Sydney and Central Coast Area Health Service and controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Northern Sydney and Central Coast Area Health Service (the Service), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement and service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

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

#### Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Service's preparation and fair presentation of the financial report 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 Service's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that 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 Service or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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.



Peter Achterstraat  
Auditor-General

28 September 2009  
SYDNEY

Start of Audited Financial Statements

Northern Sydney and Central Coast Area Health Service  
Operating Statement for the year ended 30 June 2009

PARENT		CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes
1,063,759	1,007,039	1,053,759	1,007,039	1,034,244	3
58,884	59,385	58,884	59,385	57,629	4
508,443	516,061	508,443	516,061	449,178	5
58,841	55,858	58,841	55,858	53,061	2(i), 6
21,044	23,650	21,044	23,650	20,085	7
2,097	354	2,097	354	361	8
46,862	46,940	46,862	46,940	43,105	9
<b>1,749,930</b>	<b>1,709,287</b>	<b>1,749,930</b>	<b>1,709,287</b>	<b>1,657,663</b>	
<b>Expenses excluding losses</b>					
Operating Expenses					
Employee Related					
1,034,245	1,034,245	1,034,245	1,034,245	1,034,244	
57,629	57,629	58,884	59,385	57,629	
449,178	449,178	508,443	516,061	449,178	
53,061	53,061	58,841	55,858	53,061	
20,085	20,085	21,044	23,650	20,085	
361	361	2,097	354	361	
43,105	43,105	46,862	46,940	43,105	
<b>1,657,663</b>	<b>1,657,663</b>	<b>1,749,930</b>	<b>1,709,287</b>	<b>1,657,663</b>	
<b>Revenue</b>					
273,757	290,522	294,768	290,522	273,757	11
7,590	5,338	6,968	5,338	7,590	12
53,648	48,368	35,738	30,548	33,641	13
9,232	8,713	5,017	8,713	9,232	14
<b>344,227</b>	<b>352,940</b>	<b>342,491</b>	<b>335,120</b>	<b>324,220</b>	
34	(90)	(1,153)	(90)	34	15
(2,801)	(1,600)	(1,812)	(1,600)	(2,801)	16
<b>1,316,203</b>	<b>1,358,037</b>	<b>1,410,404</b>	<b>1,375,857</b>	<b>1,336,210</b>	
<b>Government Contributions</b>					
1,213,640	1,332,504	1,332,504	1,332,504	1,213,640	2(d)
86,699	57,764	52,903	57,764	86,699	2(d)
(595)				(595)	
		17,453	17,820	20,007	2(a)(ii)
<b>1,299,744</b>	<b>1,390,268</b>	<b>1,402,860</b>	<b>1,408,088</b>	<b>1,319,751</b>	
<b>(16,459)</b>	<b>32,231</b>	<b>(7,544)</b>	<b>32,231</b>	<b>(16,459)</b>	
<b>RESULT FOR THE YEAR</b>					

The accompanying notes form part of these Financial Statements

Northern Sydney and Central Coast Area Health Service  
Statement of Recognised Income and Expense for the year ended 30 June 2009

PARENT		CONSOLIDATION					
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	
(30)	-----	111,147	22	(30)	-----	111,147	
		Net increase/(decrease) in Property, Plant and Equipment Asset Revaluation Reserve					
(14,097)	(3,542)	-----	10	(14,097)	(3,542)	-----	
		Increase/(Decrease) in Net Assets from Administrative Restructure					
<u>(14,127)</u>	<u>(3,542)</u>	<u>111,147</u>		<u>(14,127)</u>	<u>(3,542)</u>	<u>111,147</u>	
		<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>					
<u>(7,544)</u>	<u>32,231</u>	<u>(16,459)</u>	Result for the Year	<u>(7,544)</u>	<u>32,231</u>	<u>(16,459)</u>	
		<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>					
<u>(21,671)</u>	<u>28,689</u>	<u>94,688</u>		<u>(21,671)</u>	<u>28,689</u>	<u>94,688</u>	

The accompanying notes form part of these Financial Statements

Northern Sydney and Central Coast Area Health Service  
Balance Sheet as at 30 June 2009

PARENT				CONSOLIDATION		
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
79,939	69,315	83,645	19	79,939	69,315	83,645
40,725	39,779	39,937	20	40,725	39,779	39,937
12,456	10,766	12,205	21	12,456	10,766	12,205
<b>133,120</b>	<b>119,860</b>	<b>135,787</b>		<b>133,120</b>	<b>119,860</b>	<b>135,787</b>
<b>Non-Current Assets</b>						
1,405	1,441	1,441	20	1,405	1,441	1,441
<b>Property, Plant and Equipment</b>						
1,282,772	1,273,895	1,277,023	22	1,282,772	1,273,895	1,277,023
85,900	104,435	84,478	22	85,900	104,435	84,478
41,107	43,440	43,440	22	41,107	43,440	43,440
<b>1,409,779</b>	<b>1,421,770</b>	<b>1,404,941</b>		<b>1,409,779</b>	<b>1,421,770</b>	<b>1,404,941</b>
<b>1,411,184</b>	<b>1,423,211</b>	<b>1,406,382</b>		<b>1,411,184</b>	<b>1,423,211</b>	<b>1,406,382</b>
<b>1,544,304</b>	<b>1,543,071</b>	<b>1,542,169</b>		<b>1,544,304</b>	<b>1,543,071</b>	<b>1,542,169</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
105,964	67,391	129,086	24	105,964	67,391	129,086
8,478	11,953	3,412	25	8,478	11,953	3,412
277,772	272,776	270,615	26	277,772	272,776	270,615
3,431	2,730	2,683	27	3,431	2,730	2,683
<b>395,645</b>	<b>354,850</b>	<b>405,796</b>		<b>395,645</b>	<b>354,850</b>	<b>405,796</b>
<b>Non-Current Liabilities</b>						
45,741	28,545	19,499	25	45,741	28,545	19,499
8,573	8,909	8,609	26	8,573	8,909	8,609
36,259	42,321	28,505	27	36,259	42,321	28,505
<b>90,573</b>	<b>79,775</b>	<b>56,613</b>		<b>90,573</b>	<b>79,775</b>	<b>56,613</b>
<b>486,218</b>	<b>434,625</b>	<b>462,409</b>		<b>486,218</b>	<b>434,625</b>	<b>462,409</b>
<b>1,058,086</b>	<b>1,108,445</b>	<b>1,079,760</b>		<b>1,058,086</b>	<b>1,108,445</b>	<b>1,079,760</b>
<b>EQUITY</b>						
312,564	315,794	315,794	28	312,564	315,794	315,794
745,522	792,651	763,966	28	745,522	792,651	763,966
<b>1,058,086</b>	<b>1,108,445</b>	<b>1,079,760</b>		<b>1,058,086</b>	<b>1,108,445</b>	<b>1,079,760</b>

The accompanying notes form part of these Financial Statements

**Northern Sydney and Central Coast Area Health Service**  
**Cash Flow Statement for the year ended 30 June 2009**

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
				(1,003,275)	(986,757)	(993,228)
(23,135)	(23,650)	(22,092)		(23,135)	(23,650)	(22,092)
(273)	(354)	(361)		(273)	(354)	(361)
(1,682,096)	(1,655,539)	(1,540,688)		(678,821)	(668,782)	(547,460)
<b>(1,705,504)</b>	<b>(1,679,543)</b>	<b>(1,563,141)</b>		<b>(1,705,504)</b>	<b>(1,679,543)</b>	<b>(1,563,141)</b>
<b>Receipts</b>						
288,092	290,680	270,791		288,092	290,680	270,791
6,968	5,338	7,590		6,968	5,338	7,590
99,396	39,261	95,470		99,396	39,261	95,470
<b>394,456</b>	<b>335,279</b>	<b>373,851</b>		<b>394,456</b>	<b>335,279</b>	<b>373,851</b>
<b>Cash Flows From Government</b>						
1,332,504	1,332,504	1,213,640		1,332,504	1,332,504	1,213,640
57,015	57,764	81,287		57,015	57,764	81,287
---	---	(595)		---	---	(595)
<b>1,389,519</b>	<b>1,390,268</b>	<b>1,294,332</b>		<b>1,389,519</b>	<b>1,390,268</b>	<b>1,294,332</b>
<b>78,471</b>	<b>46,004</b>	<b>105,042</b>	32	<b>78,471</b>	<b>46,004</b>	<b>105,042</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
1,385	---	2,504		1,385	---	2,504
(87,671)	(74,379)	(129,548)		(87,671)	(74,379)	(129,548)
<b>(86,286)</b>	<b>(74,379)</b>	<b>(127,044)</b>		<b>(86,286)</b>	<b>(74,379)</b>	<b>(127,044)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
15,739	19,629	19,694		15,739	19,629	19,694
(2,009)	(2,042)	(2,009)		(2,009)	(2,042)	(2,009)
<b>13,730</b>	<b>17,587</b>	<b>17,685</b>		<b>13,730</b>	<b>17,587</b>	<b>17,685</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>						
5,915	(10,788)	(4,317)		5,915	(10,788)	(4,317)
83,645	83,645	87,962		83,645	83,645	87,962
(9,621)	(3,542)	---	10	(9,621)	(3,542)	---
<b>79,939</b>	<b>69,315</b>	<b>83,645</b>	19	<b>79,939</b>	<b>69,315</b>	<b>83,645</b>

The accompanying notes form part of these Financial Statements

Northern Sydney and Central Coast Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2009

SERVICES' EXPENSES AND INCOME	Service Group 1.1 *		Service Group 1.2 *		Service Group 1.3 *		Service Group 2.1 *		Service Group 2.2 *		Service Group 2.3 *		Service Group 3.1 *		Service Group 4.1 *		Service Group 5.1 *		Service Group 6.1 *		Total			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Expenses excluding losses</b>																								
Operating Expenses																								
Employee Related	78,940	87,487	583	769	124,109	72,617	54,594	74,909	441,007	498,387	22,103	32,981	125,505	122,477	65,308	68,067	17,539	15,916	124,912	10,586	60,674	1,053,759	1,034,244	
Visiting Medical Officers	650	994	0	0	7,852	5,223	3,455	1,973	28,851	38,515	4,174	6,680	2,045	1,027	387	470	884	689	10,586	1,179	58,884	57,620	57,620	
Other Operating Expenses	19,089	13,447	173	187	51,793	47,849	22,782	28,707	277,838	286,024	51,756	36,234	18,407	17,700	22,599	21,420	8,049	5,508	33,437	9,534	508,443	448,176	448,176	
Depreciation and Amortisation	2,049	1,040	16	1	10,459	8,860	4,103	4,409	30,825	28,458	2,031	2,965	4,838	2,781	1,759	1,779	293	619	1,997	1,084	58,841	53,991	53,991	
Grants and Subsidies	7,078	6,109	1	1	280	(289)	253	43	164	309	45	70	5,890	4,934	6,025	8,750	73	117	655	41	21,044	20,885	20,885	
Finance Costs	162	28	1	0	30	122	28	28	961	209	60	18	26	0	188	30	40	6	243	12	2,097	391	391	
Payments to Affiliated Health Organisations	11	5,193	0	0	0	82	0	0	139	0	0	0	2,898	2,580	43,704	36,136	0	0	320	144	46,882	43,105	43,105	
Other Expenses																								
<b>Total Expenses excluding losses</b>	108,270	114,874	776	939	197,997	134,192	85,309	110,029	770,475	834,000	80,169	78,978	159,259	152,499	140,650	136,152	26,677	22,833	171,520	72,267	0	1,740,930	1,657,883	
Revenue																								
Sale of Goods and Services	13,029	3,815	74	3	36,517	15,733	11,892	13,970	145,659	192,678	15,653	21,850	5,845	3,515	14,937	17,096	3,498	399	47,307	4,928	294,788	273,757	273,757	
Investment Revenue	323	492	2	2	939	1,008	292	270	3,101	1,944	937	465	446	173	599	580	82	235	1,177	2,422	0	6,908	7,560	
Grants and Contributions	1,630	3,808	0	30	4,769	1,101	1,433	263	16,661	3,376	1,847	289	5	119	1,538	4,121	417	8,672	6,022	11,862	0	55,738	33,641	
Other Revenue	268	829	1	5	897	967	182	938	1,463	4,877	152	618	1,370	12	195	179	53	28	766	845	0	5,017	9,232	
Total Revenue	15,298	8,744	86	40	42,832	16,749	13,789	15,448	169,304	202,875	17,896	23,220	7,368	3,819	16,867	21,978	4,020	9,282	55,362	20,587	0	342,491	324,220	
Gain / (Loss) on Disposal	(63)	2	0	0	(165)	3	(65)	5	(609)	19	(79)	3	11	0	(59)	1	(19)	0	(123)	1	0	(1,159)	34	
Other Gains / (Losses)	(84)	(164)	(1)	(1)	(290)	(216)	(87)	(279)	(927)	(1,741)	(113)	(119)	0	(97)	(62)	(43)	(25)	(7)	(193)	(77)	0	(1,812)	(2,891)	
<b>Net Cost of Services</b>	92,020	106,292	891	900	155,510	115,056	71,892	94,855	612,096	633,747	62,366	55,971	151,892	149,737	123,753	114,218	22,608	13,548	116,474	52,286	0	1,410,404	1,336,210	
<b>Government Contributions</b>																							1,402,880	1,319,751
<b>RESULT FOR THE YEAR</b>																						7,544	(16,459)	

NSW Budget Paper 3 has replaced program statements with Service Group Statements. Service Group Statements focus on the key measures of service delivery performance.  
 • The name and purpose of each Service Group is summarised in Note 18. There has been no need to amend comparative data for 2008.  
 The Service Group Statement uses statistical data to 31 December 2008 to allocate the current period's financial information on Expenses and Income to each Service Group.  
 No changes have occurred during the period between 1 January 2009 and 30 June 2009 which would materially impact this allocation.



Northern Sydney and Central Coast Area Health Service  
Service Group Statements  
as at 30 June 2009

SERVICES ASSETS AND LIABILITIES	Service Group 1.1 .		Service Group 1.2 .		Service Group 1.3 .		Service Group 2.1 .		Service Group 2.2 .		Service Group 2.3 .		Service Group 3.1 .		Service Group 4.1 .		Service Group 5.1 .		Service Group 6.1 .		Non-Attributable		Total			
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	
<b>ASSETS</b>																										
Current Assets	3,177	3,325	23	24	5,807	6,076	2,503	2,619	22,874	23,933	2,353	2,462	735	770	4,135	4,310	763	819	37,559	38,301			70,839	68,645		
Cash and Cash Equivalents	1,893	1,846	10	10	5,045	4,948	1,643	1,611	20,134	19,734	2,163	2,121	766	751	2,064	2,024	479	470	6,546	6,422			40,725	39,937		
Receivables	488	305	4	5	1,342	1,300	558	700	6,793	7,309	1,286	988	453	483	554	508	197	150	819	232			12,456	12,205		
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Financial Assets at Fair Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Non-Current Assets Held for Sale	5,528	5,530	37	30	12,104	12,324	4,704	5,010	40,701	50,076	5,784	5,598	1,654	2,004	6,743	6,036	1,459	1,430	44,926	45,955			133,120	135,787		
Total Current Assets	65	67	0	0	174	179	57	68	694	711	76	77	26	27	71	73	17	17	226	232			1,405	1,441		
Non-Current Assets	52,329	54,038	372	300	217,173	228,001	85,197	86,445	642,083	674,087	42,166	44,268	99,465	104,455	32,867	34,506	6,000	6,394	105,000	105,000			1,282,772	1,277,023		
- Land and Buildings	3,887	2,621	26	3	15,209	13,819	5,890	7,020	45,145	45,304	2,862	4,788	6,771	4,444	2,857	2,832	428	986	2,872	2,661			85,800	84,478		
- Plant and Equipment	821	868	12	12	6,793	7,179	2,665	2,816	20,084	21,226	1,319	1,394	5,638	5,957	2,300	2,437	191	201	1,278	1,350			41,107	43,440		
- Infrastructure Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0		
Intangible Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0		
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0		
Total Non-Current Assets	57,882	56,464	410	405	239,409	249,178	93,909	96,339	708,000	741,338	48,525	50,507	111,930	114,883	37,811	39,648	6,720	7,598	109,376	109,376			1,411,184	1,408,362		
Total Assets	62,610	64,030	447	444	251,603	261,502	98,613	104,349	757,797	792,314	52,590	56,075	113,864	119,887	44,554	46,794	8,185	8,037	154,302	154,302			1,544,504	1,542,169		
<b>LIABILITIES</b>																										
Current Liabilities	3,978	3,660	36	48	11,414	13,752	4,746	6,250	57,780	77,315	10,787	10,413	3,655	5,113	4,710	6,300	1,676	1,582	6,060	2,453			105,964	129,080		
Payables	525	236	4	2	959	276	413	226	3,776	1,719	388	163	772	314	681	280	120	47	831	149			8,478	3,412		
Borrowings	20,337	22,891	154	201	32,821	10,001	14,431	19,500	115,895	130,405	5,842	6,630	33,174	32,047	17,263	17,810	4,636	4,164	32,859	15,976			277,772	270,615		
Provisions	196	186	1	2	357	217	154	178	1,078	1,351	145	128	289	247	254	220	48	37	310	117			3,431	2,683		
Other	25,488	27,173	105	253	45,551	39,246	19,746	28,244	170,048	210,700	17,162	19,334	38,089	37,721	22,808	24,610	6,491	6,830	40,800	18,595			395,645	405,706		
Total Current Liabilities	2,830	1,351	20	11	5,173	1,578	2,230	1,294	20,376	9,821	2,095	929	4,163	1,784	3,674	1,602	607	299	4,483	850			45,741	10,409		
Non-Current Liabilities	583	728	6	6	920	604	404	623	4,033	4,150	164	275	830	1,010	484	587	130	132	921	505			8,573	8,600		
Borrowings	448	350	3	3	819	639	353	275	2,954	2,515	332	259	659	514	581	454	110	86	30,000	29,410			36,259	28,505		
Provisions	2,429	2,429	27	20	6,912	2,821	2,697	3,122	27,363	16,488	2,591	1,463	5,752	3,327	4,736	2,633	937	487	35,404	24,765			90,573	86,613		
Total Non-Current Liabilities	29,347	29,602	222	273	52,463	36,067	22,733	39,438	206,411	227,276	19,753	20,787	43,841	41,068	27,647	27,233	7,428	6,317	76,373	43,380			486,218	492,409		
Total Liabilities	33,283	34,428	225	271	109,140	225,435	75,880	75,890	551,386	595,038	32,558	35,278	70,493	75,859	16,007	19,551	757	2,720	77,920	47,387			1,088,686	1,079,760		
Net Assets																										

Assets and Liabilities that are specific to service groups are allocated accordingly.  
Remaining assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2 (a), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are fully recognised in each service group.

The statistical data collected to 31 December 2008 to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**1 The Health Service Reporting Entity**

The Northern Sydney and Central Coast Area Health Service was established under the provisions of the Health Services Act with effect from 1 January 2005.

The Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Health Service. The Health Service is a not for profit entity.

As a consequence the values in the annual financial statements presented herein consist of the Health Service (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 13, 24, 26 and 32 being especially relevant.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These financial statements have been authorised for issue by the Chief Executive on 23rd September 2009.

**2 Summary of Significant Accounting Policies**

The Health Service's financial report is a general purpose financial report which has been prepared 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 Area Health Services and Public Hospitals.

Property, plant and equipment, investment property, assets 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.

The consolidated entity has a deficiency of working capital of \$263M (2008 \$270M). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the New South Wales Department of Health.

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

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

Comparative figures are, where appropriate, reclassified to give a meaningful comparison with the current year.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial report of the Northern Sydney and Central Coast Area Health Service.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**Accounting Standard/Interpretation**

AASB 127 and AASB 2008-3, Business Combinations, has application in reporting periods beginning on or after 1 July 2009 and determines information to be disclosed in respect of business acquisitions. Its applicability to not for profit entities is yet to be determined.

AASB 8 and AASB 2007-3 Operating Segments, has application in reporting periods beginning on or after 1 January 2009. It relates to for profit entities specifically and is therefore not applicable to the Health Service.

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

AASB 123 Borrowing Costs, has application in reporting periods beginning on or after 1 January 2009. The Standard, which requires capitalisation of borrowing costs, has not been adopted in 2008/09 nor is adoption expected prior to 2009/10.

AASB 1039, Concise Financial Reports, responds to changes in Section 314 of the Corporations Law. It is not applicable to Health Service.

AASB 2008-1, Share Based Payments has no applicability to the Health Service.

AASB 2008-2, Puttable Financial Instruments and Obligations Arising on Liquidation, effective from 1 July 2009 has no application to the Health Service.

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

AASB 2008-7 Investment in a Subsidiary, Jointly Controlled Entity or Associate, has no impact on the Health Service.

AASB 2008-8 Eligible Hedged Items, has application from 1 July 2009 but has no current applicability to the Health Service.

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

AASB 2008-11 Business Combinations Among Not for Profit, has application from 1 July 2009 and focuses largely on Local Government.

AASB 2008-13, Distribution of Non Cash Assets to Owners, has application in reporting periods beginning on or after 1 July 2009 but is assessed as having no applicability to the Health Service.

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

Interpretation 15 Construction of Real Estate, applies from 1 July 2009 but has no impact on the Health Service which is not involved in the construction of real estate for sale.

Interpretation 16, Agreements for the Hedges of a Net Investment in a Foreign Operation, has application from 1 July 2009 but has no relevance to the Health Service.

Interpretation 17 & AASB 2008-13 Distributions of Non Cash Assets to Owners, applies from 1 July 2009 and principally addresses share holder distributions. It is not applicable to the Health Service.

Other significant accounting policies used in the preparation of these financial statements are as follows:

**Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009**

**a) Employee Benefits and Other Provisions**

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

At the consolidated level of reporting liabilities for salaries and wages (including non monetary benefits), annual leave and paid sick leave that fall wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2009, such on costs being consistent with actuarial assessment (Comparable on costs for 30 June 2008 were also 17%).

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.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**ii) Long Service Leave and Superannuation**

At the consolidated level of reporting Long Service Leave employee leave entitlements are dissected as "Current" if there is an unconditional right to payment and "Non Current" if the entitlements are conditional. Current entitlements are further dissected between "Short Term" and "Long Term" on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

Long Service Leave provisions are measured on a short hand basis at an escalated rate of 9.8% (8.1% at 30 June 2008) for all employees with five or more years of service. Actuarial assessment has found that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The Health Service's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The Health Service 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". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 24, "Payables".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**iii) Other Provisions**

Other provisions exist when: the Service 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.

These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

**b) Insurance**

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

**c) Finance Costs**

Finance costs are recognised as expenses in the period in which they are incurred.

**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 and Services*

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as income when the service is provided or by reference to the stage of completion.

*Patient Fees*

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Department of Health from time to time.

*Investment Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB139, "Financial Instruments: Recognition and measurement". Rental revenue is recognised in accordance with AASB117 "Leases" on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 "Revenue" when the Health Service's right to receive payment is established.

*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 Department of Health. Charges consist of two components:

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

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

*Use of Outside Facilities*

The Health Service 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. 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.

*Grants and Contributions*

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

*NSW Department of Health Allocations*

Payments are made by the NSW Department of Health on the basis of the allocation for the Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Operating Statement before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

General operating expenses/revenues of Hope Healthcare and Royal Rehabilitation Centre Sydney have only been included in the Operating Statement prepared to the extent of the cash payments made to the Health Organisations concerned. The Health Service is not deemed to own or control the various assets/liabilities of the aforementioned Health Organisations and such amounts have been excluded from the Balance Sheet. 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 where:

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

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

**f) Inter Area and Interstate Patient Flows**

*Inter Area Patient Flows*

Health Services recognise patient flows for patients they have treated that live outside the Service's regional area. The flows recognised are for acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patient flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient. The flow information is based on activity for the last completed calendar year. The NSW Department of Health accepts that category identification for various surgical and medical procedures is impacted by the complexities of the coding process and the interpretation of the coding staff when coding a patient's medical records. The Department reviews the flow information extracted from Health Service records and once it has accepted it, requires each Health Service and the Children's Hospital at Westmead to bring to account the value of patient flows in accordance with the Department's assessment.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Department of Health Recurrent Allocation.

**Inter State Patient Flows**

Health Services recognise the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. The Health Services also recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial statements have been based on 2007/08 activity data using standard cost weighted separation values to reflect estimated costs in 2008/09 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non residents.

The composition of patient flow expense/revenue is disclosed in Notes 5 and 11.

**g) Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Health Service. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition except for assets transferred as a result of an administrative restructure. (Note 2(z) refers)

Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where settlement of any part of cash consideration is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the Health Service are deemed to be controlled by the Health Service and are reflected as such in the financial statements.

**h) Plant & Equipment and Infrastructure Systems**

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

"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.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**i) Depreciation**

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 Health Service. Land is not a depreciable asset.

Details of depreciation rates initially applied for major asset categories are as follows:

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

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

Northern Sydney Central Coast Health holds lease improvement assets that are amortised over the term of the lease.

**j) Revaluation of Non Current Assets**

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, "Property, Plant & Equipment" and AASB140, "Investment Property". Investment property is separately discussed at Note 2(o)

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

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

The Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation and with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The last revaluation for assets assumed by the Area as at 1 July 2007 was completed in March 2008 and was based on an independent assessment.

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



**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, 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 asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Result for the Year, the increment is recognised immediately as revenue in the Result for the Year.

Revaluation decrements are recognised immediately as expenses in the Result for the Year, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve 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, the Health Service is effectively exempt from AASB 136 "Impairment of Assets" and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

**l) Assets Not Able to be Reliably Measured**

The Health Service may at times hold certain assets that are not recognised in the Balance Sheet because the Health Service is unable to measure reliably the value for the assets. The Health Service does not currently hold any of these types of assets.

**m) 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.

**n) Non Current Assets (or disposal groups) Held for Sale**

The Health Service has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

**o) 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 Health Service does not have any property that meets the definition of Investment Property.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**p) Intangible Assets**

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service 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.

**q) Maintenance**

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

**r) Leased Assets**

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. 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 charged to the Operating Statement in the periods in which they are incurred.

**s) Inventories**

Inventories are stated at the lower of cost or net realisable value. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

Inventories include both Stock held by the Health Service's Departments and Main Warehouse, including Drugs, Medical, Food and Engineering items.

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

**t) Loans and Receivables**

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

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**u) 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 Northern Sydney and Central Coast Area Health Service determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- \* *Fair value through profit or loss* - The Northern Sydney Central Coast Area Health Service 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 operating statement.

The 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 agency's key management personnel.

The risk management strategy of the Health Service has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

- \* *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Northern Sydney Central Coast Area Health Service has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.
- \* *Available for sale investments* - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

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 Health Service 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 balance sheet date.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**v) 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 operating statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the operating statement, 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 operating statement.

Any reversals of impairment losses are reversed through the operating statement, 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.

**w) 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 agency transfers the financial asset:

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

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

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

**x) Payables**

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

**y) 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 operating statement on derecognition.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**z) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds".

Transfers arising from an administrative restructure involving not for profit entities and for profit Government Departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

The Statement of Recognised Income and Expense does not reflect the Net Assets or change in equity in accordance with AASB 101 "Presentation of Financial Statements" Clause 97.

**aa) Trust Funds**

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 30. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Health Service's own objectives, they are not brought to account in the financial statements.

**ab) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW Department of Health at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided.

**ac) Service Group Statements Allocation Methodology**

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2008 which is then applied to the current period's financial information. In respect of Assets and Liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	804,694	804,443
----	----	Superannuation - defined benefit plans	17,453	20,008
----	----	Superannuation - defined contributions	67,044	66,070
----	----	Long Service Leave	28,902	25,391
----	----	Annual Leave	90,631	78,898
----	----	Sick Leave and Other Leave	29,700	20,735
----	----	Redundancies	2,421	178
----	----	Workers Compensation Insurance	12,914	18,521
-----	-----		<u>1,053,759</u>	<u>1,034,244</u>
The following additional information is provided:				
----	----	Employee Related Expenses capitalised - Land and Buildings	1,476	184
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
804,694	804,443	Salaries and Wages	----	----
17,453	20,008	Superannuation - defined benefit plans	----	----
67,044	66,070	Superannuation - defined contributions	----	----
28,902	25,391	Long Service Leave	----	----
90,631	78,898	Annual Leave	----	----
29,700	20,735	Sick Leave and Other Leave	----	----
2,421	178	Redundancies	----	----
12,914	18,521	Workers Compensation Insurance	----	----
<u>1,053,759</u>	<u>1,034,244</u>		<u>-----</u>	<u>-----</u>
The following additional information is provided:				
1,476	184	Personnel Services Expenses capitalised - Land and Buildings	----	----
<b>5. Other Operating Expenses</b>				
154,791	125,997	Allocation towards Inter Area Health Outflows, NSW (see (d) below)	154,791	125,997
9,968	9,126	Blood and Blood Products	9,968	9,126
16,848	17,989	Domestic Supplies and Services	16,848	17,989
57,026	54,745	Drug Supplies	57,026	54,745
25,382	13,103	Food Supplies	25,382	13,103
8,898	8,794	Fuel, Light and Power	8,898	8,794
24,245	31,129	General Expenses (See (b) below)	24,245	31,129
7,560	5,279	Hospital Ambulance Transport Costs	7,560	5,279
10,094	9,106	Information Management Expenses	10,094	9,106
1,003	820	Insurance	1,003	820
4,144	2,542	Interstate Patient Outflows (see (e) below)	4,144	2,542
Maintenance (See (c) below)				
14,325	13,680	Maintenance Contracts	14,325	13,680
9,893	10,606	New/Replacement Equipment under \$10,000	9,893	10,606
8,168	9,598	Repairs	8,168	9,598
----	3,112	Maintenance/Non Contract	----	3,112
83,435	85,746	Medical and Surgical Supplies	83,435	85,746
4,957	5,853	Postal and Telephone Costs	4,957	5,853
4,229	5,731	Printing and Stationery	4,229	5,731
2,361	2,221	Rates and Charges	2,361	2,221
3,787	1,534	Rental	3,787	1,534
42,765	23,269	Special Service Departments	42,765	23,269
6,692	2,081	Staff Related Costs	6,692	2,081
----	742	Sundry Operating Expenses (See (a) below)	----	742
7,874	6,375	Travel Related Costs	7,874	6,375
<u>508,445</u>	<u>449,178</u>		<u>508,445</u>	<u>449,178</u>

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
6	742	(a) Sundry Operating Expenses comprise:	6	742
(6)		Contracts for Patient Services	(6)	---
		Isolated Patient Travel and Accommodation Assistance Scheme		
<u>---</u>	<u>742</u>		<u>---</u>	<u>742</u>
		(b) General Expenses include:-		
366	1,035	Advertising	366	1,035
788	969	Books, Magazines and Journals	788	969
		Consultancies		
223	1,895	- Operating Activities	223	1,895
1,795	1,364	Courier and Freight	1,795	1,364
366	427	Auditor's Remuneration - Audit of financial reports	366	427
50	---	Auditor's Remuneration - Other Services	50	---
427	591	Data Recording and Storage	427	591
194	566	Legal Services	194	566
374	210	Membership/Professional Fees	374	210
4,562	5,233	Motor Vehicle Operating Lease Expense - minimum lease payments	4,562	5,233
1,635	2,590	Other Operating Lease Expense - minimum lease payments	1,635	2,590
---	11	Payroll Services	---	11
391	426	Quality Assurance/Accreditation	391	426
930	1,217	Security Services	930	1,217
570	474	Translator Services	570	474
3,555	4,273	Commissions on Agency Payments	3,555	4,273
8,020	9,848	Other	8,020	9,848
<u>24,246</u>	<u>31,129</u>		<u>24,246</u>	<u>31,129</u>
		(c) Reconciliation Total Maintenance		
9,415	9,961	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	9,415	9,961
<u>9,415</u>	<u>9,961</u>	Total maintenance expenses included in Notes 3 and 4	<u>9,415</u>	<u>9,961</u>
		(d) Details of the allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:-		
50,274	41,352	Sydney South West	50,274	41,352
44,022	35,936	South East Illawarra	44,022	35,936
18,656	15,459	Sydney West	18,656	15,459
12,959	9,827	Hunter New England	12,959	9,827
1,138	1,212	North Coast	1,138	1,212
425	512	Greater Southern	425	512
656	526	Greater Western	656	526
26,661	21,173	Children's Hospital Westmead	26,661	21,173
<u>154,791</u>	<u>125,997</u>		<u>154,791</u>	<u>125,997</u>
		(e) Expenses for Interstate Patient Flows are as follows:-		
335	206	Australian Capital Territory	335	206
254	156	Northern Territory	254	156
1,545	948	Queensland	1,545	948
308	189	South Australia	308	189
322	197	Tasmania	322	197
896	549	Victoria	896	549
485	297	Western Australia	485	297
<u>4,144</u>	<u>2,542</u>		<u>4,144</u>	<u>2,542</u>

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>6. Depreciation and Amortisation</b>				
41,171	38,707	Depreciation - Buildings	41,087	38,707
242	161	Amortisation - Leased Buildings	242	161
16,148	13,105	Depreciation - Plant and Equipment	16,148	13,105
1,280	1,088	Depreciation - Infrastructure Systems	1,364	1,088
<u>58,841</u>	<u>53,061</u>		<u>58,841</u>	<u>53,061</u>
<b>7. Grants and Subsidies</b>				
8,580	8,476	Non Government Voluntary Organisations	8,580	8,476
3,432	3,343	Grants to Community Aged Care Packages	3,432	3,343
9,032	8,266	Other	9,032	8,266
<u>21,044</u>	<u>20,085</u>		<u>21,044</u>	<u>20,085</u>
<b>8. Finance Costs</b>				
2,021	361	Interest on Bank Overdrafts and Loans	2,021	361
74	---	Other Interest Charges	74	---
<u>2,096</u>	<u>361</u>	Total Finance Costs	<u>2,096</u>	<u>361</u>
<b>9. Payments to Affiliated Health Organisations</b>				
19,756	19,200	(a) Recurrent Sourced	19,756	19,200
27,106	23,905	Hope Healthcare	27,106	23,905
		Royal Rehabilitation Centre, Sydney		
<u>46,862</u>	<u>43,105</u>		<u>46,862</u>	<u>43,105</u>



**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**10. Administrative Restructure**

During 2008-09 Northern Sydney Central Coast Area Health Service effected two administrative restructures as follows:

- The transfer of Food Service activities to Health Support Services, effective 1 October 2008.
- The transfer of Pacific Laboratory Medicine Services (PaLMS) pathology services to Pathology North, a state pathology cluster run within the accounts of Hunter New England Area Health Service, effective 1 January 2009.

The above administrative restructures resulted in the transfer of the following assets and liabilities:

	<b>Transfers out Food Services \$'000</b>	<b>Transfers out Pathology \$'000</b>	<b>Transfers out Total \$'000</b>
Cash and cash equivalents	----	9,621	9,621
Inventory	200	940	1,140
Plant and equipment	734	4,593	5,327
	<b>934</b>	<b>15,154</b>	<b>16,088</b>
Provisions	(4,529)	(15,040)	(19,569)
Borrowings	4,041	13,537	17,578
	<b>(488)</b>	<b>(1,503)</b>	<b>(1,991)</b>
<b>Net Assets</b>	<b>446</b>	<b>13,651</b>	<b>14,097</b>

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>11. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
7,608	6,583	Sale of Prosthesis	7,608	6,583
666	246	Pharmacy Sales	666	246
(b) Rendering of Services comprise the following:-				
109,989	99,797	Patient Fees [see note 2(d)]	109,989	99,797
1,743	1,624	Staff Meals and Accommodation	1,743	1,624
18,216	23,815	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	18,216	23,815
2,869	3,230	- Annual Charge	2,869	3,230
120,222	104,398	Allocation from Inter Area Patient Inflows, NSW [see note 1c below]	120,222	104,398
334	1,200	Cafeteria/Kiosk	334	1,200
4,526	4,795	Car Parking	4,526	4,795
1,871	1,624	Child Care Fees	1,871	1,624
6,773	6,322	Clinical Services (excluding Clinical Drug Trials)	6,773	6,322
826	52	Commercial Activities	826	52
192	260	Fees for Medical Records	192	260
6	----	Information Retrieval	6	----
35	----	Linen Service Revenues - Non Health Services	35	----
353	349	Meals on Wheels	353	349
89	101	PADP Patient Copayments	89	101
2,902	3,038	Patient Inflows from Interstate [see note 1d below]	2,902	3,038
28	----	Patient Transport Fees	28	----
758	613	Salary Packaging Fee	758	613
2,360	2,139	Services Provided to Non NSW Health Organisations	2,360	2,139
8	----	Use of Ambulance Facilities	8	----
12,397	13,571	Other	12,397	13,571
<b>294,768</b>	<b>273,757</b>		<b>294,768</b>	<b>273,757</b>
(c) Revenues from Inter Area Patient Flows, NSW on an Area basis are as follows:				
14,628	12,741	Sydney South West	14,628	12,741
9,033	7,979	South East Illawarra	9,033	7,979
41,631	36,207	Sydney West	41,631	36,207
26,859	24,539	Hunter New England	26,859	24,539
18,584	15,326	North Coast	18,584	15,326
2,266	2,504	Greater Southern	2,266	2,504
7,221	5,102	Greater Western	7,221	5,102
<b>120,222</b>	<b>104,398</b>		<b>120,222</b>	<b>104,398</b>
(d) Revenues from Patient Inflows from Interstate are as follows:-				
894	936	Australian Capital Territory	894	936
90	94	Northern Territory	90	94
726	760	Queensland	726	760
300	314	South Australia	300	314
165	94	Tasmania	165	94
637	667	Victoria	637	667
89	173	Western Australia	89	173
<b>2,902</b>	<b>3,038</b>		<b>2,902</b>	<b>3,038</b>
<b>12. Investment Revenue</b>				
Interest				
5,090	6,580	-T Corp Hour Glass Investment Facilities designated at Fair Value through profit or loss	5,090	6,580
1,713	1,010	Lease and Rental Income	1,713	1,010
164	----	Royalties	164	----
<b>6,968</b>	<b>7,590</b>		<b>6,968</b>	<b>7,590</b>

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
<b>2009</b>	<b>2008</b>		<b>2009</b>	<b>2008</b>
<b>\$000</b>	<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
<b>13. Grants and Contributions</b>				
2,146	2,406	Clinical Drug Trials	2,146	2,406
4,011	4,239	Commonwealth Government grants	4,011	4,239
7,523	10,790	Industry Contributions/Donations	7,523	10,790
5,328	4,457	Cancer Institute Grants	5,328	4,457
3,952	1,432	NSW Government grants	3,952	1,432
17,453	20,007	Personnel Services - Superannuation Defined Benefits	---	---
2,394	5,977	Research grants	2,394	5,977
---	60	University Commission grants	---	60
10,384	4,280	Other grants	10,384	4,280
<b>53,191</b>	<b>53,648</b>		<b>35,738</b>	<b>33,641</b>
<b>14. Other Revenue</b>				
Other Revenue comprises the following:-				
294	---	Bad Debts recovered	294	---
353	307	Commissions	353	307
40	75	Conference and Training Fees	40	75
---	4	Discounts	---	4
56	2	Sale of Merchandise, Old Wares and Books	56	2
226	25	Sponsorship Income	226	25
3,506	7,577	Treasury Managed Fund Hindsight Adjustment	3,506	7,577
88	---	Unclaimed Deposits	88	---
456	1,242	Other	456	1,242
<b>5,017</b>	<b>9,232</b>		<b>5,017</b>	<b>9,232</b>
<b>15. Gain/(Loss) on Disposal</b>				
66,397	11,846	Property Plant and Equipment	66,397	11,846
63,859	10,628	Less Accumulated Depreciation	63,859	10,628
<b>2,538</b>	<b>1,218</b>	<b>Written Down Value</b>	<b>2,538</b>	<b>1,218</b>
1,385	1,252	Less Proceeds from Disposal	1,385	1,252
<b>(1,153)</b>	<b>34</b>	<b>Gain/(Loss) on Disposal of Property Plant and Equipment</b>	<b>(1,153)</b>	<b>34</b>
<b>(1,153)</b>	<b>34</b>	<b>Total Gain/(Loss) on Disposal</b>	<b>(1,153)</b>	<b>34</b>
<b>16. Other Gains/(Losses)</b>				
(1,812)	(2,801)	Impairment of Receivables	(1,812)	(2,801)
<b>(1,812)</b>	<b>(2,801)</b>		<b>(1,812)</b>	<b>(2,801)</b>

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

17 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 balance date	158	2,847	412	3,417
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	630	65,041	1,767	67,438
Total amount of unexpended contributions as at balance date	788	67,888	2,179	70,855

Comment on restricted assets appears in Note 23

**Northern Sydney Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**18 Service Groups of the Health Service**

**Service Group 1.1 - Primary and Community Based Services**

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

**Service Group 1.2 - Aboriginal Health Services**

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Area Health Services and other general health services which are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

**Service Group 1.3 - Outpatient Services**

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

**Service Group 2.1 - Emergency Services**

Service Description: This service group covers the provision of emergency ambulance services and treatment of patients in designated 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 - Overnight Acute Inpatient Services**

Service Description: This service group covers the provision of health care to patients admitted to public hospitals with the intention that their stay will be overnight, 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 Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**Service Group 2.3 - Same Day Acute Inpatient Services**

Service Description: This service group covers the provision of health care to patients who are admitted to public hospitals with the intention that they will be admitted, treated and discharged on the same day.

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.

**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Area Health Services and community based organisations for people seriously affected by mental illness and mental health problems. It also includes the development of preventative programs which 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 Department'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 and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		<b>19 Cash and Cash Equivalents</b>		
<u>79,939</u>	<u>83,645</u>	Cash at bank and on hand	<u>79,939</u>	<u>83,645</u>
<u><b>79,939</b></u>	<u><b>83,645</b></u>		<u><b>79,939</b></u>	<u><b>83,645</b></u>
		Cash & cash equivalent assets recognised in the balance sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:		
<u>79,939</u>	<u>83,645</u>	Cash and cash equivalents (per Balance Sheet)	<u>79,939</u>	<u>83,645</u>
<u><b>79,939</b></u>	<u><b>83,645</b></u>	Closing Cash and Cash Equivalents (per Cash Flow Statement)	<u><b>79,939</b></u>	<u><b>83,645</b></u>

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		<b>20. Receivables</b>		
		<b>Current</b>		
21,186	25,682	(a) Sale of Goods and Services	21,186	24,703
1,300	206	NSW Department of Health	1,300	206
8,028	5,699	Goods and Services Tax	8,028	6,678
9,291	8,084	Other Debtors	9,291	8,084
39,805	39,671	<b>Sub Total</b>	39,805	39,671
(2,510)	(4,032)	Less Allowance for impairment	(2,510)	(4,032)
37,295	35,639	<b>Sub Total</b>	37,295	35,639
3,430	4,298	Prepayments	3,430	4,298
<b>40,725</b>	<b>39,937</b>		<b>40,725</b>	<b>39,937</b>
		(b) Movement in the allowance for impairment		
		Receivables		
		- Sale of Goods and Services		
(2,873)	(1,730)	Balance at 1 July	(2,873)	(1,730)
2,742	1,441	Amounts written off during the year	2,742	1,440
120	---	Amounts recovered during the year	120	---
(1,809)	(2,583)	Increase / (decrease) in allowance recognised in	(1,809)	(2,583)
		Result for the Year.	(1,809)	(2,583)
(1,820)	(2,872)	Balance at 30 June	(1,820)	(2,873)
		(c) Movement in the allowance for impairment		
		Other Debtors		
(1,159)	(1,023)	Balance at 1 July	(1,159)	(1,023)
298	82	Amounts written off during the year	298	82
174	---	Amounts recovered during the year	174	---
(3)	(218)	Increase / (decrease) in allowance recognised in	(3)	(218)
		Result for the Year.	(3)	(218)
(690)	(1,159)	Balance at 30 June	(690)	(1,159)
<b>(2,509)</b>	<b>(4,031)</b>		<b>(2,509)</b>	<b>(4,032)</b>
		<b>Non Current</b>		
1,405	1,441	Prepayments	1,405	1,441
<b>1,405</b>	<b>1,441</b>		<b>1,405</b>	<b>1,441</b>
		(b) Sale of Goods and Services Receivables include:		
1,697	1,329	Patient Fees - Compensable	1,697	1,329
1,942	2,306	Patient Fees - Ineligible	1,942	2,306
8,023	8,569	Patient Fees - Other	8,023	8,569
<b>11,662</b>	<b>12,204</b>		<b>11,662</b>	<b>12,204</b>

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.



Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>21. Inventories</b>				
<b>Current - at cost (held for Distribution)</b>				
3,900	4,236	Drugs	3,900	4,236
7,845	7,200	Medical and Surgical Supplies	7,845	7,200
83	200	Food and Hotel Supplies	83	200
66	78	Engineering Supplies	66	78
563	491	Other including Goods in Transit	563	491
<u>12,456</u>	<u>12,205</u>		<u>12,456</u>	<u>12,205</u>

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>22. Property, Plant and Equipment</b>				
		<b>Land and Buildings - fair value</b>		
2,110,813	2,107,239	Gross Carrying Amount	2,110,813	2,107,239
828,042	830,216	Less Accumulated depreciation and impairment	828,042	830,216
<u>1,282,772</u>	<u>1,277,023</u>	Net Carrying Amount	<u>1,282,772</u>	<u>1,277,023</u>
		<b>Plant and Equipment - fair value</b>		
204,940	221,961	Gross Carrying Amount	204,940	221,961
119,041	137,483	Less Accumulated depreciation and impairment	119,041	137,483
<u>85,900</u>	<u>84,478</u>	Net Carrying Amount	<u>85,900</u>	<u>84,478</u>
		<b>Infrastructure Systems - fair value</b>		
51,583	52,596	Gross Carrying Amount	51,583	52,596
10,476	9,156	Less Accumulated depreciation and impairment	10,476	9,156
<u>41,107</u>	<u>43,440</u>	Net Carrying Amount	<u>41,107</u>	<u>43,440</u>
<u>1,409,779</u>	<u>1,404,941</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>1,409,779</u>	<u>1,404,941</u>

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT AND CONSOLIDATION

22. Property, Plant and Equipment - Reconciliations

	Land \$000	Buildings \$000	Work in Progress \$000	Leased Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>2009</b>							
Net Carrying amount at start of year	394,345	750,265	130,570	1,843	84,478	43,440	1,404,941
Additions		(548)	50,945	258	22,659	(1,739)	71,575
Disposals		(2,497)			(42)		(2,538)
Administrative restructures - transfers in/(out)					(5,327)		(5,327)
Net revaluation increment less revaluation decrements recognised in reserves		(30)					(30)
Depreciation expense		(41,087)		(242)	(16,148)	(1,364)	(58,841)
Reclassifications		117,983	(119,033)		280	770	
Net Carrying amount at end of year	394,345	824,086	62,452	1,859	85,900	41,107	1,409,779

	Land \$000	Buildings \$000	Work in Progress \$000	Leased Buildings \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>2008</b>							
Net Carrying amount at start of year	339,189	657,454	103,620	2,007	71,548	37,377	1,211,195
Additions	7,429	(2,758)	110,185		20,243	1,780	136,879
Disposals	(595)	(588)			(36)		(1,219)
Administrative restructures - transfers in/(out)							
Net revaluation increment less revaluation decrements recognised in reserves	48,076	57,701				5,370	111,147
Depreciation expense		(38,707)		(161)	(13,105)	(1,088)	(53,061)
Reclassifications	246	77,163	(83,235)	(3)	5,828	1	
Net Carrying amount at end of year	394,345	750,265	130,570	1,843	84,478	43,440	1,404,941

(i) Land and Buildings include land owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].

(ii) Land and Buildings were valued as at 1st July 2008 by Graham Scrymgeour AAPI (certified practising valuer), NSW registration No 1578 for and on behalf of Global Valuation Services Ltd, and is not an employee of the Health Service.

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT

CONSOLIDATION

2009  
\$000

2008  
\$000

2009  
\$000

2008  
\$000

**23. Restricted Assets**

The Health Service'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.

Category	Brief Details of Externally Imposed Conditions including Asset Category affected
----------	--

38,452	38,941	Specific Purposes	38,452	38,941
20,027	19,774	Research Grants	20,027	19,774
12,376	19,976	Private Practice Funds	12,376	19,976

70,855

78,691

70,855

78,691

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		<b>24 Payables</b>		
---	---			
---	---			
33,350	27,009			
59,365	59,715			
429	16,526	<b>Current</b>		
4,169	6,292	Accrued Salaries and Wages	29,407	27,009
8,651	19,544	Payroll Deductions	3,943	---
		Accrued Liability - Purchase of Personnel Services	---	---
		Creditors	59,365	59,715
		Other Creditors		
		- Capital Works	429	16,526
		- Intra Health Liability	4,169	6,292
		- Other	8,651	19,544
<u>105,964</u>	<u>129,086</u>		<u>105,964</u>	<u>129,086</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.*

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		<b>25 Borrowings</b>		
6,200	100	<b>Current</b>		
2,278	3,312	Other Loans and Deposits	6,200	100
<u>8,478</u>	<u>3,412</u>	Other SEDA, Pacific Linen, Food Services, Pathology	2,278	3,312
			<u>8,478</u>	<u>3,412</u>
31,913	19,218	<b>Non Current</b>		
13,828	281	Other Loans and Deposits	31,913	19,218
		Other SEDA, Pacific Linen, Food Services, Pathology	13,828	281
<u>45,741</u>	<u>19,499</u>		<u>45,741</u>	<u>19,499</u>
		Other loans still to be extinguished represent monies to be repaid to the NSW Department of Health/Sustainable Energy Development Authority		
		<b>Repayment of Borrowings</b> (excluding Finance Leases)		
8,478	3,412	Not later than one year	8,478	3,412
45,741	19,499	Between one and five years	45,741	19,499
<u>54,219</u>	<u>22,911</u>	Total Borrowings at face value (excluding Finance Leases)	<u>54,219</u>	<u>22,911</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.*

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		<b>26 Provisions</b>		
		<b>Current Employee benefits and related on-costs</b>		
----	----	Annual Leave - Short Term Benefit	87,169	91,549
----	----	Annual Leave - Long Term Benefit	43,493	32,007
----	----	Long Service Leave - Short Term Benefit	28,495	20,313
----	----	Long Service Leave - Long Term Benefit	118,615	126,746
277,772	270,615	Provision for Personnel Services Liability	----	----
<u>277,772</u>	<u>270,615</u>	<b>Total Current Provisions</b>	<u>277,772</u>	<u>270,615</u>
		<b>Non Current Employee benefits and related on-costs</b>		
----	----	Long Service Leave - Conditional	8,573	8,609
8,573	8,609	Provision for Personnel Services Liability	----	----
<u>8,573</u>	<u>8,609</u>	<b>Total Non Current Provisions</b>	<u>8,573</u>	<u>8,609</u>
		<b>Aggregate Employee Benefits and Related On-costs</b>		
277,772	270,615	Provisions - current	277,772	270,615
8,573	8,609	Provisions - non-current	8,573	8,609
----	----	Accrued Salaries and Wages and on costs (Note 24)	33,350	27,009
33,350	27,009	Accrued Liability - Purchase of Personnel Services (Note 24)	----	----
<u>319,695</u>	<u>306,233</u>		<u>319,695</u>	<u>306,233</u>

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>27 Other Liabilities</b>				
<b>Current</b>				
1,003	152	Income in Advance	1,003	152
2,428	2,531	Other	2,428	2,531
<u>3,431</u>	<u>2,683</u>		<u>3,431</u>	<u>2,683</u>
<b>Non Current</b>				
36,259	28,505	Income in Advance	36,259	28,505
<u>36,259</u>	<u>28,505</u>		<u>36,259</u>	<u>28,505</u>

Income in Advance contains an amount of \$29.2M relating to the University of Sydney. The University contributed towards the construction of the Royal North Shore Research & Education (Kolling) Building and will be occupying four floors of the building.

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**PARENT AND CONSOLIDATION**

28 Equity	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at the beginning of the financial year	763,966	780,425	315,794	204,647	1,079,760	985,072
Correction of errors	(3)	-----	-----	-----	(3)	-----
<b>Restated Opening Balance</b>	<b>763,963</b>	<b>780,425</b>	<b>315,794</b>	<b>204,647</b>	<b>1,079,757</b>	<b>985,072</b>
Changes in equity - transactions with owners as owners						
Increase/(Decrease) in Net Assets from Administrative Restructure	(14,097)	-----	-----	-----	(14,097)	-----
<b>Total</b>	<b>749,866</b>	<b>780,425</b>	<b>315,794</b>	<b>204,647</b>	<b>1,065,660</b>	<b>985,072</b>
Changes in equity - other than transactions with owners as owners						
Result for the year surplus/(deficit)	(7,544)	(16,459)	-----	-----	(7,544)	(16,459)
Increment/(Decrement) on Revaluation of: Land and Buildings	-----	-----	(30)	105,777	(30)	105,777
Infrastructure Systems	-----	-----	-----	5,370	-----	5,370
<b>Total</b>	<b>(7,544)</b>	<b>(16,459)</b>	<b>(30)</b>	<b>111,147</b>	<b>(7,574)</b>	<b>94,688</b>
Transfers within equity						
Asset revaluation reserve balances transferred to accumulated funds on	3,200	-----	(3,200)	-----	-----	-----
<b>Total</b>	<b>3,200</b>	<b>-----</b>	<b>(3,200)</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
<b>Balance at the end of the financial year</b>	<b>745,522</b>	<b>763,966</b>	<b>312,564</b>	<b>315,794</b>	<b>1,058,086</b>	<b>1,079,760</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets. This accords with the Health Service's policy on the "Revaluation of Physical Non Current Assets" and "Investments", as discussed in Note 2(j).



Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

	PARENT		CONSOLIDATION
	2009	2008	2008
	\$000	\$000	\$000
<b>29 Commitments for Expenditure</b>			
<b>(a) Capital Commitments</b>			
Aggregate capital expenditure contracted for at balance date but not provided for in the accounts:			
Not later than one year	23,307	15,946	23,307
Later than one year and not later than five years	40,869	-----	40,869
Later than five years	2,320,705	-----	2,320,705
			15,946
Included in the above are commitments for the Public Private Partnership and other works for the construction of the new Royal North Shore hospital, health facilities & carpark, Gosford Mental Health Unit and Gosford Hospital Plaza Car Park.			
<b>Total Capital Expenditure Commitments (including GST)</b>	<b>2,384,881</b>	<b>15,946</b>	<b>2,384,881</b>
Of the commitments reported at 30 June 2009 it is expected that \$715,524 will be met from locally generated moneys.			
<b>(b) Other Expenditure Commitments</b>			
Aggregate other expenditure contracted for at balance date but not provided for in the accounts:			
Not later than one year	41,559	71,468	41,559
Later than one year and not later than five years	163,720	-----	163,720
Later than five years	1,721,541	-----	1,721,541
			71,468
<b>Total Other Expenditure Commitments (including GST)</b>	<b>1,926,820</b>	<b>71,468</b>	<b>1,926,820</b>
<b>(c) Operating Lease Commitments</b>			
Commitments in relation to non-cancellable operating leases are payable as follows:			
Not later than one year	4,925	5,082	4,925
Later than one year and not later than five years	3,847	3,684	3,847
Later than five years	-----	-----	-----
			5,082
<b>Total Operating Lease Commitments (including GST)</b>	<b>8,772</b>	<b>8,766</b>	<b>8,772</b>
The Area Health Service has operating lease commitments for a number of items including motor vehicles, medical and computer equipment, photocopiers and building premises. The above amounts reflect the future commitment including GST for payments required under these existing operating leases.			

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**PARENT**

2009  
\$000

29 Commitments for Expenditure

2008  
\$000

**CONSOLIDATION**

2009  
\$000

2008  
\$000

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

392,770

8,744

392,770

8,744

The total of "Commitments for Expenditure" above, i.e. \$4.3 billion as at 30 June 2009 includes input tax credits of \$392.8 million that are expected to be recoverable from the Australian Taxation Office.

**Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009**

**PARENT AND CONSOLIDATION**

**30 Trust Funds**

The Health Service holds trust fund moneys of \$6.304 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service 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	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash Balance at the beginning of the financial reporting period	679	557	752	593	5,026	4,230
Receipts	1,323	1,473	312	219	39,051	46,659
Expenditure	1,298	1,351	229	60	39,312	45,863
Cash Balance at the end of the financial reporting period	704	679	835	752	4,765	5,026

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**31 Contingent Liabilities**

**a) Claims on Managed Fund**

Since 1 July 1989, the Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Health Service all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Health Service. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against the Health Service. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against the Health Service.

**b) 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 2002/03 fund year and an interim adjustment for the 2004/05 fund year were not calculated until 2008/09. As a result, the 2003/04 final and 2005/06 interim hindsight calculations will be paid in 2009/10.

**c) Affiliated Health Organisations**

Based on the definition of control in Australian Accounting Standard AASB127, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the Department's consolidated Financial Statements to the extent of cash payments made.

However, it is accepted that a contingent liability exists which may be realised in the event of cessation of health service activities by any Affiliated Health Organisation. In this event the determination of assets and liabilities would be dependent on any contractual relationship which may exist or be formulated between the administering bodies of the organisation and the Department.

**d) Royal North Shore Hospital Private Public Partnership (PPP)**

In October 2008, a private sector company, Infrashore Pty Limited, was engaged to finance, design and construct the new Royal North Shore Hospital, the new Community Health Facility and a new car park. Infrashore will provide facilities management services and delivery of ancillary non-clinical support services for these hospital facilities, the new Research and Education Centre (the Kolling Building) and some existing facilities under a Project Deed. Provision of facilities maintenance will commence in October 2009 and other support services will commence in April 2010. The new development will be completed in stages and full service commissioning is anticipated in 2014.

When construction is completed, the Northern Sydney and Central Coast Area Health Service (NSCCAHS) will operate and recognise the new Royal North Shore Hospital, the new Community Health Facility and the new car park facility as an asset of \$722M.

In addition, NSCCAHS will recognise the liability to Infrashore, payable over the period to 2036 for the construction of the new Royal North Shore Hospital, new Community Health Facility and new car park facility.

The liability to pay Infrashore for the development of the Royal North Shore Hospital and health facilities is based on a CPI linked financing arrangement. An adjustment to the Public Private Partnership capital financing payment will be made in accordance with CPI index over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

**e) Property, Plant & Equipment**

The Area has land in Frenchs Forest Road, Frenchs Forest recorded as part of Property, Plant & Equipment. This land is currently under litigation with the final value yet to be determined and the Area yet to take control.

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

PARENT		CONSOLIDATION	
2009	2008	2009	2008
\$000	\$000	\$000	\$000
<b>32 Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services</b>			
78,473	105,042	78,473	105,042
(58,841)	(53,061)	(58,841)	(53,061)
1,812	2,801	1,812	2,801
(26,689)	(17,797)	(17,453)	(20,007)
1,006	(489)	1,006	(489)
344	(55,600)	344	(55,600)
(3,649)	(2,767)	(3,649)	(2,767)
(1,332,504)	(1,213,640)	(1,332,504)	(1,213,640)
(52,903)	(81,287)	(52,903)	(81,287)
-----	595	-----	595
<u>(1,392,951)</u>	<u>(1,316,203)</u>	<u>(1,410,404)</u>	<u>(1,336,210)</u>
<b>33 Non Cash Financing and Investing Activities</b>			
(14,097)	-----	(14,097)	-----
<u>(14,097)</u>	<u>-----</u>	<u>(14,097)</u>	<u>-----</u>
<b>34 2008/09 Voluntary Services</b>			
It is considered impracticable to quantify the monetary value of voluntary services provided to the health service. 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 Relative
	Community Organisations		Counselling, Health Education, Transport, Home Help & Patient Activities

**Northern Sydney and Central Coast Area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**PARENT AND CONSOLIDATED**

**35 Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

All money and personal effects of patients which are left in the custody of Health Services 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 health services.

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.

**36 Budget Review - Parent and Consolidated**

**Net Cost of Services**

The actual net cost of services was unfavourable to budget by \$34.5 million (2.5%). This was due mainly to higher than expected salaries and wages costs in addition to increased costs for medical, surgical and drug supplies. This was partially offset by improvements in patient fee and other revenue.

**Result for the Year**

The result of \$39.8 million unfavourable to budget is due to the factors above. The other significant issue was the transfer of staff specialist trust funds to Hunter New England Area Health Service as a result of the creation of Pathology North.

**Assets and Liabilities**

Total Assets are more than budget by \$1.2 million. Liabilities are higher than budget by \$51.6 million. Major contributors were an increase in Payables of \$38.6 million and borrowings of \$13.7 million.

**Cash Flows**

Movements in the level of the NSW Department of Health Recurrent Allocation that have occurred since the time of the initial allocation on 3 July 2008 are as follows:

	\$000
Initial Allocation, 3 July 2008	1,207,887
Award Increases	21,003
Special Projects	8,665
Capital (DOH)	58,175
Creditors	10,600
Mini Budget	8,285
Financial Assistance (reversal of prev year)	(2,600)
Financial Assistance	10,135
Ventilator dependent Quads	1,787
Patient Flows	35,667
Loan	15,387
Other	15,277
	1,390,268
Balance as per Operating Statement	1,390,268

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

**Note 37 Financial Instruments**

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

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

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 Health Service, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee/Internal auditors on a continuous basis.

**a) Financial Instrument Categories**

**PARENT & CONSOLIDATED**

		Total carrying amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
<b>Financial Assets</b>			
<b>Class:</b>	<b>Category</b>		
Cash and Cash Equivalents (note 19)	TCorp Investments	79,939	83,645
Receivables at Amortised Cost (note 20) <sup>1</sup>	Loans and receivables (at amortised cost)	29,267	28,961
<b>Total Financial Assets</b>		<b>109,206</b>	<b>113,381</b>
<b>Financial Liabilities</b>			
Borrowings (Note 25)	Financial liabilities	54,219	22,911
Payables (Note 24) <sup>2</sup>	measured at amortised	105,964	129,086
Other (Note 27)	cost	2,428	2,531
<b>Total Financial Liabilities</b>		<b>162,611</b>	<b>183,191</b>

<sup>1</sup> Notes

<sup>2</sup> Excludes statutory receivables and prepayments (ie not within scope of AASB 7)  
Excludes unearned revenue (ie not within scope of AASB 7)

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

**b) Credit Risk**

Credit risk arises when there is the possibility of the Entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the Entity. 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 Entity i.e receivables. No collateral is held by the Entity nor has it granted any financial guarantees.

Credit risk associated with the Health Services'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 balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.49% in 2008/09 compared to 6.92% in the previous year. The Tcorp Hour Glass cash facility is discussed in para (d) below.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Department of Health Accounting Manual 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 entity will not be able to collect the amounts due. The evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Health Service 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 (2009:\$13.04M; 2008: \$15.59M) and not more than [6] months past due (2009: \$5.64M; 2008:\$9.01M) are not considered impaired and together these represent 88% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled with 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have not been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	Total	Past due but not impaired	Considered impaired
	\$000	\$000	\$000
<b>2009</b>			
<3 months overdue	4,071	4,071	0
3 months - 6 months overdue	1,568	1,568	0
> 6 months overdue	2,510	0	2,510
<b>2008</b>			
<3 months overdue	6,081	6,081	0
3 months - 6 months overdue	2,938	2,938	0
> 6 months overdue	5,270	1,531	4,032



Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

**Authority Deposits**

The Health Service 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 vary. The deposits at balance date were earning an average interest rate of 4.45% (2008- 7.92%), while over the year the weighted average interest rate was 5.36% (2008- 6.81%) on a weighted average balance during the year of \$80.866M (2008 - \$81.054M). None of these assets are past due or impaired.

**c) Liquidity risk**

Liquidity risk is the risk that the Health Service will be unable to meet its payment obligations when they fall due. The Health Service 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 Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Health Service's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Department of Health has indicated its ongoing financial support for the Northern Sydney and Central Coast Area Health Service (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 Department of Health. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

In those instances where settlement cannot be effected in accordance with the above, eg due to Short Term Liquidity Constraints, terms of payment are negotiated with creditors.

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

*Maturity Analysis and interest rate exposure of financial liabilities*

**PARENT & CONSOLIDATED**

	Interest Rate Exposure					Maturity Dates			Weighted Average Effective Interest Rate %
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount 1	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	
	%	%	\$000	\$000	\$000	\$000	\$000	\$000	
<b>2009</b>									
Payables:									
Accrued salaries			29,407		29,407	29,407			
Wages and payroll deductions			3,943		3,943	3,943			
Creditors			72,196		72,196	72,196			
Borrowings:									
Loans - Non-Interest Bearing			17,990		17,990	2,593	10,375	5,022	
Loans - SEDA	6.06		95			95			6.06
Loans - NSW Health 2007/08	9.12		20,000				12,000	23,815	9.12
Loans - NSW Health 2008/09	6.49		18,113			6,200	13,404		6.49
			<b>161,744</b>		<b>123,536</b>	<b>114,434</b>	<b>35,779</b>	<b>28,837</b>	
<b>2008</b>									
Payables:									
Accrued salaries			27,008		27,008	27,008			
Wages and payroll deductions			0		0	0			
Creditors			102,083		102,083	102,083			
			<b>129,091</b>		<b>129,091</b>	<b>129,091</b>	<b>0</b>	<b>0</b>	

**Notes:**

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet in respect of non interest bearing loans negotiated with the NSW Department of Health.

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

**d) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Health Service's exposures to market risk are primarily through interest rate risk on the Health Service's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Health Service 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 Health Service 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 balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. For financial instruments a reasonably possible change of +/-1% is consistent with trends in interest. The Health Service's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2009</b>					
<b>Financial assets</b>					
Cash and cash equivalents	79,939	(799)	(799)	799	799
<b>2008</b>					
<b>Financial assets</b>					
Cash and cash equivalents	83,645	(836)	(836)	836	836

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

*Other price risk - TCorp Hour Glass 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 Health Service has no direct equity investments. The Health Service holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2009	2008
			\$'000	\$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008) up to 2 years)	70,175	83,308
Bond market facility	Cash, money market instruments, Australian bonds	1.5 years to 3 years	----	----
Medium term growth facility	Cash, money market instrument, Australian and international bonds, listed property, Australian and International shares	3 years to 7 years (pre-June 2008 -4 years to 7 years)	----	----
Long term growth facility	Cash, money market instruments, Australian and International bonds listed property, Australian and International shares	7 years and over	----	----

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 used internal expertise to manage certain cash and fixed income assets for the Hour Glass Facilities. However, TCorp acts as manager for part of the Cash facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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).

Northern Sydney and Central Coast Area Health Service  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2009

	Change in unit price	Impact on profit/loss	
		2009 \$'000	2008 \$'000
Hour Glass Investment - Cash facility	+/- 1%	702	833
Hour Glass Investment - Strategic Cash Facility	+/- 2%	----	----
Hour Glass Investment - Medium term growth facility	+/- 7.0%	----	----
Hour glass Investment - Long term growth facility	+/- 15%	----	----

e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Health Service'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.

Except where specified below, the amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount:

	2009 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	39,031	70,175	30,073	83,308
Financial liabilities	183,305	----	151,997	----

38 Post Balance Date Events

No post balance date events have occurred which warrant inclusion in this report.

END OF AUDITED FINANCIAL STATEMENTS