



## Independent Auditor's Report

### Albury Base Hospital Special Purpose Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Albury Base Hospital Special Purpose Entity (the Entity), which comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Entity as at 30 June 2011, and its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### Director-General's Responsibility for the Financial Statements

The Director-General of the NSW Ministry of Health is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Director-General determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

## Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Coulogeorgiou  
Director, Financial Audit Services

4 November 2011  
SYDNEY

**Certification of Financial Statements, Albury Base Hospital  
For The Year Ended 30 June 2011**

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

- 1) The financial statements have been prepared in accordance with:
  - Australian Accounting Standards (which include Australian Accounting Interpretations)
  - *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions
  
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Albury Base Hospital
  
- 3) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

I further state the financial statements have been prepared in accordance with the NSW Department of Health's Accounts and Audit Determination for Public Health Organisations.



John Roach  
Chief Financial Officer



Dr Mary Foley  
Director General  
3 November 2011

**Albury Base Hospital**  
Statement of Comprehensive Income  
for the Year Ended 30 June 2011

	Notes	2011 \$000	2010 \$000
<b>Income</b>			
Sale of Goods and Services		-	-
Other Revenue		1,237	-
<b>Total Income</b>		1,237	-
<b>Expenses</b>			
Depreciation and Amortisation	2	2,397	2,121
<b>Total Expenses</b>		2,397	2,121
<b>Result For The Year</b>		(1,160)	(2,121)
Other Comprehensive Income		-	397
<b>Total Comprehensive Income for the Year</b>		(1,160)	(1,724)

*The accompanying notes form part of these Financial Statements.*

**Albury Base Hospital**  
**Statement of Changes in Equity for the year ended 30 June 2011**

Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2010</b>	<b>71,910</b>	<b>397</b>	<b>0</b>	<b>72,307</b>
<b>Result For The Year</b>	<b>(1,160)</b>			<b>(1,160)</b>
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment				0
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income For The Year</b>	<b>(1,160)</b>	<b>0</b>	<b>0</b>	<b>(1,160)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	<b>777</b>			<b>777</b>
<b>Balance at 30 June 2011</b>	<b>71,527</b>	<b>397</b>	<b>0</b>	<b>71,924</b>
<b>Balance at 1 July 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Result For The Year</b>	<b>(2,121)</b>	<b>0</b>	<b>0</b>	<b>(2,121)</b>
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment	0	397	0	397
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>397</b>	<b>0</b>	<b>397</b>
<b>Total Comprehensive Income For The Year</b>	<b>(2,121)</b>	<b>397</b>	<b>0</b>	<b>(1,724)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	<b>74,031</b>			<b>74,031</b>
<b>Balance at 30 June 2010</b>	<b>71,910</b>	<b>397</b>	<b>0</b>	<b>72,307</b>

The accompanying notes form part of these financial statements.

**Albury Base Hospital**  
Statement of Financial Position  
as at 30 June 2011

	Notes	2011 \$000	2010 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Other Current Assets		-	-
<b>Total Current Assets</b>		<u>0</u>	<u>0</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment			
- Land and Buildings	3	69,468	71,450
- Plant and Equipment	3	2,456	1,845
<b>Total Non-Current Assets</b>		<u>71,924</u>	<u>73,295</u>
<b>Total Assets</b>		<u>71,924</u>	<u>73,295</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	4	0	988
<b>Total Current Liabilities</b>		<u>0</u>	<u>988</u>
<b>Non-Current Liabilities</b>			
Other Non-Current Liabilities		-	-
<b>Total Non-Current Liabilities</b>		<u>-</u>	<u>-</u>
<b>Total Liabilities</b>		<u>-</u>	<u>988</u>
<b>Net Assets</b>		<u>71,924</u>	<u>72,307</u>
<b>EQUITY</b>			
Reserves		397	397
Accumulated funds		71,527	71,910
<b>Total Equity</b>		<u>71,924</u>	<u>72,307</u>

*The accompanying notes form part of these Financial Statements*

**Albury Base Hospital**  
Statement of Cashflows  
for the Year Ended 30 June 2011

	2011 \$000	2010 \$000
Net Cash Flows from Operating Activities	-	-
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	-	-
Opening and Closing Cash and Cash Equivalents	-	-

The Albury Base Hospital does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

*The accompanying notes form part of these Financial Statements.*

# Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) The Albury Base Hospital

Albury Base Hospital (ABH) encompasses the physical assets of Albury Base Hospital and related transactions. The reporting entity was created after the excision of Albury Base Hospital from the former Greater Southern Area Health Service. The physical assets of ABH were transferred to a statutory corporation called "Albury Base Hospital" on 30 June 2009. On 1 July 2009 the statutory corporation was abolished. Upon the statutory corporation being abolished, the NSW Department of Health concluded that the assets should be recognised by a special purpose service entity called Albury Base Hospital.

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

The creation of Albury Base Hospital (the entity) enabled the land, buildings, plant and equipment assets associated with the delivery of acute services in Albury to be transferred from Greater Southern Area Health Service (GSAHS) to the new entity.

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

The financial statements were authorised for issue by the Chief Financial Officer and Director General on 3 November 2011.

### b) Basis of Preparation

The Entity's financial statements are general purpose financial statements which have been prepared in accordance with the requirements of Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public and Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2010* and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act. The requirements of the *Health Services Act 1997* and its regulations including the Accounts and Audit Determination for Public Health Organisations have also been observed.

#### Statement of Compliance

The consolidated and parent entity's financial statements comply with Australian Accounting Standards which include Australian Accounting Interpretations .

Apart from Property, Plant and Equipment, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note (h), (j) and (k).

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Management's judgments, key assumptions and estimates are disclosed in the relevant notes to the financial statements.

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

### c) Comparative Information



## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

### d) New Australian Accounting Standards Issued But Not Effective

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 Albury Base Hospital Special Purpose Service Entity.

#### Accounting Standard/Interpretation

*AASB 2010-07, Financial Instruments, arising from the issuance of AASB 9, Financial Instruments, in AASB 2009-5 in December 2010, has mandatory application from 1 July 2013 and will not be early adopted by the Entity.*

AASB 124 and AASB2009-12, Related Party Transactions, have application from 1 July 2011 but are assessed as having no material impact on the Entity.

AASB 2009-14, *Amendments to Australian Interpretation -Prepayment of a Minimum Funding Requirement*, has application from 1 July 2011 and principally addresses contributions relating to future service. It has no impact on the Entity.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and are assessed to have no impact on the Entity until that time. Any concessions in reporting will be dependent on Treasury mandate.

AASB 2010-04, Annual Improvements, has application from 1 July 2011 and is assessed as having no material impact on the Entity.

AASB 2010-5, Editorial Corrections, applies from 1 July 2011 and principally addresses editorial amendments to a range of Australian Accounting Standards and Interpretations. It is assessed as having no impact on the Entity.

AASB 2010-6, Disclosures on Transfers of Financial Assets, has mandatory application from 1 July 2011 and is assessed as having no impact on the Entity.

AASB 2010-8, Deferred Tax: Recovery of Underlying Assets, has mandatory application from 1 July 2012 but will have no impact on the Entity.

AASB 2010-9, Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters, has application from 1 July 2011 and is assessed as having no impact on the Entity.

AASB 2010-10, Removal of Fixed Dates for First Time Adopters, has application from 1 July 2013 and is assessed as having no impact on the Entity.

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

### e) Income

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

## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

### f) Payables

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

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 Entity.

### g) 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 Entity has not transferred substantially all the risks and rewards, if the Entity has not retained control.

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

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

### h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the entity. 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 Standards. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. (See also assets transferred as a result of an equity transfer note. Note 1 refers).

### i) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Entity. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

**Albury Base Hospital**  
**Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011**

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	12.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery and Office Equipment	10.0%

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

**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 and Equipment*. 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.

The Entity revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Entity as at 30 June 2011 was completed on 25 May 2010 and was based on an independent assessment.

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

When revaluing non-current assets 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.

## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

### k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Entity 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) Equity and Reserves

#### (i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Entity's policy on the revaluation of property, plant and equipment as discussed in Note 1(j).

### m) 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". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government 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 Entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Entity does not recognise that asset.

## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

	2011 \$000	2010 \$000
<b>2. DEPRECIATION AND AMORTISATION</b>		
Depreciation - Buildings	1,982	1,799
Depreciation - Plant & Equipment	415	322
	<u>2,397</u>	<u>2,121</u>
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings - fair value</b>		
Gross Carrying Amount	97,916	97,916
Less Accumulated depreciation and impairment	28,448	26,466
Net Carrying Amount	<u>69,468</u>	<u>71,450</u>
<b>Plant and Equipment - fair value</b>		
Gross Carrying Amount	5,804	4,778
Less Accumulated depreciation and impairment	3,348	2,933
Net Carrying Amount	<u>2,456</u>	<u>1,845</u>
<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>71,924</u>	<u>73,295</u>

**Albury Base Hospital**  
**Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011**

**PROPERTY, PLANT AND EQUIPMENT RECONCILIATIONS**

	Land	Buildings	Plant and Equipment	Total
	\$000	\$000	\$000	\$000
<b>2011</b>				
Net Carrying amount at start of year	3,000	68,450	1,845	73,295
Additions	-	-	1,026	1,026
Reclassifications to Intangibles	-	-	-	-
Recognition of Assets Held for Sale	-	-	-	-
Disposals	-	-	-	-
Administrative restructures - transfers in/(out)	-	-	-	-
Net revaluation increment less revaluation decrements recognised in reserves	-	-	-	-
Impairment losses (recognised in "other gains/losses")	-	-	-	-
Depreciation expense	-	(1,982)	(415)	(2,397)
Reclassifications	-	-	-	-
Net Carrying amount at end of year	3,000	66,468	2,456	71,924

	Land	Buildings	Plant and Equipment	Total
	\$000	\$000	\$000	\$000
<b>2010</b>				
Net Carrying amount at start of year	-	-	-	-
Additions	-	-	988	988
Reclassifications to Intangibles	-	-	-	-
Recognition of Assets Held for Sale	-	-	-	-
Disposals	-	-	-	-
Administrative restructures - transfers in/(out)	4,500	68,352	1,179	74,031
Net revaluation increment less revaluation decrements recognised in reserves	(1,500)	1,897	-	397
Impairment losses (recognised in "other gains/losses")	-	-	-	-
Depreciation expense	-	(1,799)	(322)	(2,121)
Reclassifications	-	-	-	-
Net Carrying amount at end of year	3,000	68,450	1,845	73,295

Land, Buildings and Infrastructure were independently valued by Opteon Property Group as at 30 June 2010. [see note 2(k)]. The valuation was based on market values where market based evidence was available. Where there was no market based evidence the depreciated replacement cost was adopted. Opteon Property Group is not an employee of the entity.

## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

	2011 \$000	2010 \$000
<b>4. PAYABLES</b>		
<b>Current Payables</b>		
Other Creditors	0	988
<b>Total Current Payables</b>	<u>0</u>	<u>988</u>

### 5. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT FOR THE YEAR

Net Cash Used on Operating Activities	-	-
Depreciation	(2,397)	(2,121)
Other	1,237	-
<b>Net Result for the Year</b>	<u>(1,160)</u>	<u>(2,121)</u>

**Note 6 Financial Instruments**

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

The Director General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. The Entity carries minimal risks within its operation as it carries only the value of payables due from the Murrumbidgee Local Health District. Risk management policies are established by the NSW Department of Health to identify and analyse risk faced by the Entity, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors of the NSW Department of Health on a continuous basis.

**a) Financial Instruments Categories**

		Total carrying amounts as per the Statement of Financial Position	
		2011 \$000	2010 \$000
<b>Financial Assets</b>			
Class:	Category		
Other Financial Assets	Measured at at amortised cost	-	-
<b>Total Financial Assets</b>		<u>-</u>	<u>-</u>
<b>Financial Liabilities</b>			
Class:	Category		
Payables (note 4)	Financial liabilities Measured at at amortised cost	-	988
<b>Total Financial Liabilities</b>		<u>-</u>	<u>988</u>

<sup>1</sup>Excludes statutory receivables and prepayments, i.e. not within the scope of AASB 7.

**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. The Entity does not hold any financial assets and as a result has no exposure to credit risk. No collateral is held by the Entity nor has it granted any financial guarantees.



**c) Liquidity Risk**

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. No such risk exists with the Entity not having any cash flows. All movements that occur in Payables are fully offset by an increase in Receivables in the books of Albury Wodonga Health (Vic) and the Murrumbidgee Local Health District.

**d) Market Risk**

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

*Interest rate risk*

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

However the Entity has no such liabilities and the interest rate is assessed as Nil. Similarly it is considered that the Entity is not exposed to other price risks.

**e) Fair Value**

Financial instruments are generally recognised at cost.

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

**Note 7 Related Parties**

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

The entity's cash receipts and payments are effected by the NSW Department of Health on the Entity's behalf.

**Note 8 Post Balance Date Events**

No post balance date events have occurred which warrant inclusion in this report. However, on 5 October 2011 the name of the Department of Health was changed to the Ministry of Health by way of *Public Sector Employment and Management (General) Order 2011*.

END OF AUDITED FINANCIAL STATEMENTS

## Albury Base Hospital

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2011

### k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Entity 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) Equity and Reserves

#### (i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Entity's policy on the revaluation of property, plant and equipment as discussed in Note 1(j).

### m) 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". This treatment is consistent with AASB1004, *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government 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 Entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Entity does not recognise that asset.