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## INDEPENDENT AUDITOR'S REPORT

### Northern Sydney Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Northern Sydney Local Health District (the District), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the District and the consolidated entity. The consolidated entity comprises the District and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the District and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion does not extend to the budget information. I have not audited the budget figures disclosed in the statement of financial position, the statement of comprehensive income and the statement of cash flows.

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

### The Chief Executive's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures 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 Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the District or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

## **Independence**

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

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



Sally Bond  
Director, Financial Audit Services

19 October 2012  
SYDNEY



**Northern Sydney Local Health District  
Certification of the Parent/Consolidated Financial Statements  
for the year ended 30 June 2012**

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:
  - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
  - b) the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulations 2010 and the Treasurer's Directions;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Northern Sydney Local Health District; and
- 3) There are no circumstances which would render any particulars in the accounts to be misleading or inaccurate.

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

Vicki Taylor  
**Chief Executive Officer**  
15 October 2012

Lee Gregory  
**Director Finance**  
15 October 2012



**Northern Sydney Local Health District  
Statement of Financial Position as at 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget	Actual		Actual	Budget	Actual
2012	Unaudited	2011	Notes	2012	Unaudited	2011
\$000	2012	2011		2012	2012	2011
	\$000	\$000		\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current Assets</b>						
89,667	89,384	73,069	19	89,667	89,384	73,069
56,023	61,404	65,741	20	56,023	61,404	65,741
7,620	7,033	7,033	21	7,620	7,033	7,033
153,310	157,821	145,843		153,310	157,821	145,843
8,101	8,101	8,101	24	8,101	8,101	8,101
161,411	165,922	153,944		161,411	165,922	153,944
<b>Non-Current Assets</b>						
1,296	-	1,332	20	1,296	-	1,332
<b>Property, Plant and Equipment</b>						
935,572	897,545	873,229	22	935,572	897,545	873,229
71,747	57,843	49,994	22	71,747	57,843	49,994
35,502	34,103	33,532	22	35,502	34,103	33,532
1,042,821	989,491	956,755		1,042,821	989,491	956,755
5,951	-	-	23	5,951	-	-
1,050,068	989,491	958,087		1,050,068	989,491	958,087
1,211,479	1,155,413	1,112,031		1,211,479	1,155,413	1,112,031
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
87,982	103,584	103,896	26	87,982	103,584	103,896
116,433	99,333	92,141	28	116,433	99,333	92,141
6,008	39,503	8,057	29	6,008	39,503	8,057
210,423	242,420	204,094		210,423	242,420	204,094
<b>Non-Current Liabilities</b>						
50,268	49,787	49,565	27	50,268	49,787	49,565
643	-	312	28	643	-	312
30,163	-	31,313	29	30,163	-	31,313
81,074	49,787	81,190		81,074	49,787	81,190
291,497	292,207	285,284		291,497	292,207	285,284
919,982	863,206	826,747		919,982	863,206	826,747
<b>EQUITY</b>						
40,955	-	-		40,955	-	-
879,027	863,206	826,747		879,027	863,206	826,747
919,982	863,206	826,747		919,982	863,206	826,747

The accompanying notes form part of these financial statements.

Northern Sydney Local Health District  
Service Group Statements  
for the Year Ended 30 June 2012

DISTRICT EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total			
	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **	2012	2011 **		
	\$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	45,064	21,909	181	10	95,807	34,310	62,280	27,378	290,305	119,424	112,326	47,224	61,644	24,178	14,974	4,726	61,030	44,842	---	---	743,611	324,000		
Visiting Medical Officers	205	687	---	---	6,630	2,444	1,812	705	29,703	10,741	1,015	369	498	114	1,353	51	1,015	2,852	---	---	42,230	17,963		
Other Operating Expenses	12,542	8,898	45	28	41,862	23,184	21,412	10,826	207,196	90,315	24,136	20,463	8,924	9,095	4,292	5,636	23,143	22,940	---	---	343,554	191,385		
Depreciation and Amortisation	1,812	1,030	---	2	8,413	3,378	3,262	1,317	20,083	8,663	4,473	1,596	2,330	877	636	57	3,191	2,719	---	---	44,200	19,639		
Grants and Subsidies	127	(630)	---	---	44	198	---	277	(2)	260	1,689	941	10,089	2,386	58	246	274	(2)	---	---	12,278	3,940		
Finance Costs	281	---	1	---	675	---	358	---	2,128	1	638	---	496	---	99	---	371	---	---	---	5,046	1		
Payments to Affiliated Health Organisations	455	114	---	---	157	26	(1)	17	(8)	92	6,052	2,746	36,140	17,041	207	4	982	299	---	---	43,983	20,339		
<b>Total Expenses excluding losses</b>	<b>60,485</b>	<b>32,008</b>	<b>227</b>	<b>40</b>	<b>153,587</b>	<b>63,540</b>	<b>89,123</b>	<b>40,520</b>	<b>549,405</b>	<b>229,496</b>	<b>150,330</b>	<b>73,339</b>	<b>120,121</b>	<b>53,691</b>	<b>21,620</b>	<b>10,720</b>	<b>90,005</b>	<b>73,914</b>	<b>---</b>	<b>---</b>	<b>1,234,902</b>	<b>577,267</b>		
<b>Revenue</b>																								
NSW Ministry of Health Recurrent Allocations ***																					934,924	441,073	934,924	441,073
NSW Ministry of Health Capital Allocations ***																					82,660	14,952	82,660	14,952
Asset Sale Proceeds Transferred to the NSW Ministry of Health Acceptance by the Crown Entity																					---	(13,229)	---	(13,229)
of Employee Benefits and Other Liabilities																					57,762	15,688	57,762	15,688
Sale of Goods and Services	6,790	2,753	14	6	8,459	3,430	7,513	3,047	87,060	35,305	27,263	11,056	13,996	5,676	1,032	419	20,139	8,167	---	---	172,266	69,859		
Investment Revenue	275	104	1	---	446	170	117	45	1,986	754	349	133	167	63	29	11	1,638	622	---	---	5,008	1,902		
Grants and Contributions	10,914	2,641	0	---	2,442	591	37	9	3,930	951	220	53	1,726	418	731	177	12,013	2,907	---	---	32,011	7,747		
Other Revenue	408	239	5	3	771	451	458	268	2,705	1,584	489	287	506	297	110	64	770	451	---	---	6,221	3,645		
<b>Total Revenue</b>	<b>18,386</b>	<b>5,738</b>	<b>19</b>	<b>9</b>	<b>12,117</b>	<b>4,642</b>	<b>8,125</b>	<b>3,369</b>	<b>95,682</b>	<b>38,594</b>	<b>28,321</b>	<b>11,529</b>	<b>16,395</b>	<b>6,454</b>	<b>1,902</b>	<b>671</b>	<b>34,560</b>	<b>12,147</b>	<b>---</b>	<b>---</b>	<b>1,075,346</b>	<b>458,484</b>		
Gain / (Loss) on Disposal	(436)	86	(8)	2	(839)	165	(591)	117	(2,778)	549	(545)	108	(591)	117	(133)	26	(819)	162	---	---	(6,740)	1,333		
Other Gains / (Losses)	(98)	(17)	---	---	(1,064)	(186)	(8)	(15)	(1,737)	(303)	(227)	(40)	(136)	(24)	(180)	(31)	(594)	(88)	---	---	(4,037)	(704)		
<b>Net Result</b>	<b>(42,633)</b>	<b>(26,201)</b>	<b>(215)</b>	<b>(29)</b>	<b>(143,373)</b>	<b>(58,918)</b>	<b>(81,678)</b>	<b>(37,049)</b>	<b>(458,239)</b>	<b>(190,656)</b>	<b>(122,781)</b>	<b>(61,742)</b>	<b>(104,457)</b>	<b>(47,144)</b>	<b>(20,631)</b>	<b>(10,054)</b>	<b>(56,768)</b>	<b>(61,693)</b>	<b>1,075,346</b>	<b>458,484</b>	<b>86,128</b>	<b>(35,001)</b>		
<b>Other Comprehensive Income</b>																								
Increase/(Decrease) in Asset Revaluation Reserve	1,679	---	---	---	7,795	---	3,023	---	18,609	---	4,145	---	2,159	---	589	---	2,956	---	---	---	40,955	---		
<b>Total Other Comprehensive Income</b>	<b>1,679</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>7,795</b>	<b>---</b>	<b>3,023</b>	<b>---</b>	<b>18,609</b>	<b>---</b>	<b>4,145</b>	<b>---</b>	<b>2,159</b>	<b>---</b>	<b>589</b>	<b>---</b>	<b>2,956</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>40,955</b>	<b>---</b>		
<b>Total Comprehensive Income</b>	<b>(40,954)</b>	<b>(26,201)</b>	<b>(215)</b>	<b>(29)</b>	<b>(135,577)</b>	<b>(58,918)</b>	<b>(78,655)</b>	<b>(37,049)</b>	<b>(439,630)</b>	<b>(190,656)</b>	<b>(118,635)</b>	<b>(61,742)</b>	<b>(102,297)</b>	<b>(47,144)</b>	<b>(19,441)</b>	<b>(10,054)</b>	<b>(53,812)</b>	<b>(61,693)</b>	<b>1,075,346</b>	<b>458,484</b>	<b>86,128</b>	<b>(35,001)</b>		

Service Group Statements focus on the key measures of service delivery performance.

\* The purpose of each service group is summarised in Note 18.

\*\* Comparatives for 2011 are for the six months ended 30 June 2011.

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

The Service Group Statement uses statistical data to 30 June 2011 to allocate the current period's financial information on expenses and revenue to each service group.

No changes have occurred during the period between 1 July 2011 and 30 June 2012 which would materially impact this allocation.

Service Group Statements (Continued)  
for the Year Ended 30 June 2012

DISTRICT ASSETS AND LIABILITIES	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>																							
<b>Current Assets</b>																							
Cash and Cash Equivalents	4,392	4,051	16	5	11,152	8,043	6,471	5,129	39,893	29,049	10,916	9,283	8,722	6,796	1,570	1,357	6,535	9,356	---	---	89,667	73,069	
Receivables	4,487	4,528	7	6	4,010	3,643	2,657	2,624	24,239	30,484	7,595	9,107	4,343	5,065	628	521	8,057	9,762	---	---	56,023	65,740	
Inventories	373	177	1	1	948	384	550	245	3,390	4,826	928	501	741	373	133	52	555	474	---	---	7,620	7,033	
Non-Current Assets Held for Sale	332	425	---	1	1,542	1,393	598	543	3,681	3,574	820	658	427	362	117	23	585	1,122	---	---	8,101	8,101	
<b>Total Current Assets</b>	<b>9,584</b>	<b>9,181</b>	<b>25</b>	<b>13</b>	<b>17,651</b>	<b>13,463</b>	<b>10,277</b>	<b>8,541</b>	<b>71,203</b>	<b>67,933</b>	<b>20,258</b>	<b>19,549</b>	<b>14,233</b>	<b>12,596</b>	<b>2,448</b>	<b>1,953</b>	<b>15,732</b>	<b>20,714</b>	<b>---</b>	<b>---</b>	<b>161,411</b>	<b>153,943</b>	
<b>Non-Current Assets</b>																							
Receivables	104	92	---	---	93	74	61	53	561	618	176	185	100	103	15	11	186	198	---	---	1,296	1,334	
Property, Plant and Equipment																							
- Land and Buildings	38,350	45,782	(1)	101	178,069	150,194	69,047	58,568	425,097	385,200	94,690	70,958	49,325	39,003	13,460	2,515	67,534	120,908	---	---	935,572	873,229	
- Plant and Equipment	2,941	2,621	---	6	13,656	8,599	5,295	3,353	32,600	22,053	7,262	4,062	3,783	2,233	1,032	144	5,179	6,922	---	---	71,747	49,993	
- Infrastructure Systems	1,455	1,758	---	4	6,757	5,767	2,620	2,249	16,131	14,792	3,593	2,725	1,872	1,498	511	97	2,563	4,643	---	---	35,502	33,532	
Other	291	---	1	---	740	---	429	---	2,648	---	724	---	579	---	104	---	434	---	---	---	5,951	---	
<b>Total Non-Current Assets</b>	<b>43,142</b>	<b>50,253</b>	<b>1</b>	<b>111</b>	<b>199,315</b>	<b>164,634</b>	<b>77,454</b>	<b>64,223</b>	<b>477,036</b>	<b>422,663</b>	<b>106,444</b>	<b>77,930</b>	<b>55,659</b>	<b>42,837</b>	<b>15,122</b>	<b>2,767</b>	<b>75,895</b>	<b>132,671</b>	<b>---</b>	<b>---</b>	<b>1,050,068</b>	<b>958,088</b>	
<b>TOTAL ASSETS</b>	<b>52,726</b>	<b>59,434</b>	<b>25</b>	<b>124</b>	<b>216,967</b>	<b>178,097</b>	<b>87,730</b>	<b>72,764</b>	<b>548,239</b>	<b>490,596</b>	<b>126,702</b>	<b>97,479</b>	<b>69,892</b>	<b>55,433</b>	<b>17,570</b>	<b>4,720</b>	<b>91,628</b>	<b>153,385</b>	<b>---</b>	<b>---</b>	<b>1,211,479</b>	<b>1,112,031</b>	
<b>LIABILITIES</b>																							
<b>Current Liabilities</b>																							
Payables	4,309	2,619	16	11	10,942	5,668	6,350	3,624	39,143	71,299	10,710	7,394	8,558	5,515	1,540	768	6,412	6,997	---	---	87,892	103,895	
Provisions	7,056	6,231	28	3	15,001	9,757	9,752	7,786	45,455	33,962	17,588	13,430	9,652	6,876	2,345	1,344	9,556	12,752	---	---	116,433	82,141	
Other	294	447	1	1	747	887	434	566	2,673	3,203	731	1,024	584	749	105	150	438	1,032	---	---	6,008	8,059	
<b>Total Current Liabilities</b>	<b>11,660</b>	<b>9,297</b>	<b>46</b>	<b>15</b>	<b>26,691</b>	<b>16,312</b>	<b>16,535</b>	<b>11,976</b>	<b>87,271</b>	<b>108,464</b>	<b>29,030</b>	<b>21,848</b>	<b>18,795</b>	<b>13,140</b>	<b>3,990</b>	<b>2,262</b>	<b>16,406</b>	<b>20,781</b>	<b>---</b>	<b>---</b>	<b>210,423</b>	<b>204,095</b>	
<b>Non-Current Liabilities</b>																							
Borrowings	2,462	2,748	9	4	6,252	5,456	3,628	3,479	22,364	19,705	6,119	6,297	4,890	4,610	880	920	3,664	6,346	---	---	50,268	49,565	
Provisions	39	21	---	---	83	33	54	26	251	115	97</												

**Northern Sydney Local Health District  
Statement of Changes in Equity for the year ended 30 June 2012**

PARENT & CONSOLIDATION	Notes	Accumulated Funds \$000	Asset Revaluation Surplus \$000	Total \$000
Balance at 1 July 2011		826,747	-	826,747
Net Result for the year		45,173		45,173
<b>Other Comprehensive Income:</b>				
Net Increase/(Decrease) in Property, Plant & Equipment		-	40,955	40,955
<b>Total Other Comprehensive Income</b>		-	40,955	40,955
<b>Total Comprehensive Income for the year</b>		45,173	40,955	86,128
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers	37	7,107	-	7,107
<b>Balance at 30 June 2012</b>		<b>879,027</b>	<b>40,955</b>	<b>919,982</b>
<b>Balance at 1 January 2011</b>		-	-	-
Net Result for the year		(35,001)		(35,001)
<b>Other Comprehensive Income:</b>				
<b>Total Other Comprehensive Income</b>		-	-	-
<b>Total Comprehensive Income for the year</b>		<b>(35,001)</b>	<b>-</b>	<b>(35,001)</b>
<b>Transactions With Owners In Their Capacity As Owners</b>				
Increase/(Decrease) in Net Assets From Equity Transfers		861,748	-	861,748
<b>Balance at 30 June 2011</b>		<b>826,747</b>	<b>-</b>	<b>826,747</b>

The accompanying notes form part of these financial statements.

**Northern Sydney Local Health District  
Statement of Cash Flows for the year ended 30 June 2012**

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual Six months ended	Notes	Actual	Budget Unaudited	Actual Six months ended
2012 \$000	2012 \$000	30 June 2011 \$000		2012 \$000	2012 \$000	30 June 2011 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
				(723,594)	(777,810)	(302,715)
(62,824)	(56,201)	(3,941)	Employee Related	(62,824)	(56,201)	(3,941)
(5,025)	(5,024)	(2)	Grants and Subsidies	(5,025)	(5,024)	(2)
(1,138,631)	(1,122,774)	(463,638)	Finance Costs	(415,037)	(344,964)	(160,923)
			Other			
<u>(1,206,480)</u>	<u>(1,183,999)</u>	<u>(467,581)</u>	<b>Total Payments</b>	<u>(1,206,480)</u>	<u>(1,183,999)</u>	<u>(467,581)</u>
<b>Receipts</b>						
934,924	934,767	441,073	NSW Ministry of Health Recurrent Allocations	934,924	934,767	441,073
82,660	73,861	14,952	NSW Ministry of Health Capital Allocations	82,660	73,861	14,952
-	-	(13,229)	Asset Sale Proceeds Transferred to the NSW Ministry of Health	-	-	(13,229)
-	-	-	- Cash Reimbursements from the Crown Entity	57,762	60,067	-
159,679	168,958	20,296	Sale of Goods and Services	159,679	168,958	20,296
4,544	3,835	1,819	Interest Received	4,544	3,835	1,819
76,958	95,340	-	- Grants and Contributions	19,196	35,273	-
42,672	6,433	11,474	Other	42,672	6,433	11,474
<u>1,301,437</u>	<u>1,283,194</u>	<u>476,385</u>	<b>Total Receipts</b>	<u>1,301,437</u>	<u>1,283,194</u>	<u>476,385</u>
<u>94,957</u>	<u>99,195</u>	<u>8,804</u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>94,957</u>	<u>99,195</u>	<u>8,804</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
155	-	-	Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems	155	-	-
(77,701)	(82,227)	(52,727)	Purchases of Land and Buildings, Plant and Equipment Infrastructure Systems and Intangibles	(77,701)	(82,227)	(52,727)
<u>(77,546)</u>	<u>(82,227)</u>	<u>(52,727)</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(77,546)</u>	<u>(82,227)</u>	<u>(52,727)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
(1,257)	(653)	49,565	Repayment of Borrowings and Advances	(1,257)	(653)	49,565
<u>(1,257)</u>	<u>(653)</u>	<u>49,565</u>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>(1,257)</u>	<u>(653)</u>	<u>49,565</u>
16,154	16,315	5,642	<b>NET INCREASE / (DECREASE) IN CASH</b>	16,154	16,315	5,642
73,069	73,069	-	- Opening Cash and Cash Equivalents	73,069	73,069	-
444	-	67,427	Cash Transferred In/(Out) as a Result of Administrative Restructuring	444	-	67,427
<u>89,667</u>	<u>89,384</u>	<u>73,069</u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>89,667</u>	<u>89,384</u>	<u>73,069</u>

The accompanying notes form part of these financial statements.



Northern Sydney Local Health District  
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**1. The Reporting Entity**

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

The parent 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 District.

The District controls the Northern Sydney Local Health District Special Purpose Service Entity which was established as a Division of the Government Service on 1 January 2011 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a District to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service division. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

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

These consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 15 October 2012.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The District's financial statements are general purpose financial statements which have 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 Public Health Organisations), the Public Finance and Audit Act 1983 and its regulations, and the Treasurers' Direction. Apart from the basis for the District's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities. Further information on the budget figures can be found at Note 2 (ac).

Notwithstanding the consolidated entity has a working capital deficiency of \$49 million and in recognition that a significant portion of current annual leave entitlements are not expected to be settled in the next 12 months, the financial statements of the District have been prepared on a going concern basis.

As has been the case in prior years, the NSW Ministry of Health issued a letter of financial support on 27 September 2012 confirming that the District receives each year funding from monies appropriated to the Minister from the Consolidated Fund in accordance with Section 127 of the Health Services Act 1997.

These appropriated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.

Other mitigating circumstances why the going concern is appropriate include:

- \* The District has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.
- \* The District has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefit from the EIP are retained by the district and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry throughout the financial year.

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Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

**Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The comparative period is a six month period as the entity was established on 1 January 2011.

**Statement of Compliance**

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

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

**a) 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 are due to be settled within 12 months after the end of the period in which the employees render the service 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 2012, such on-costs being based on actuarial assessment (Comparable on-costs for 30 June 2011 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 tax, 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**

The District's liability for Long Service Leave and defined benefit superannuation are assumed by the Crown Entity.

The District accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the District as shown in Note 28.

Long Service Leave is measured at present value in accordance with AASB119, *Employee Benefits* . This is based on the application of certain factors (specified in NSW Treasury Circular 12/06) to employees with five or more years of service, using current rates of pay. These approximate present value.

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The District's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity.

The District 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 26, 'Payables'.

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

**iii) Other Provisions**

Other provisions exist when: the District 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.

**b) Insurance**

The District'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 claim experience.

**c) Finance Costs**

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

**d) Income Recognition**

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

*Sale of Goods*

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

*Rendering of Services*

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

*Patient Fees*

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

*High Cost Drugs*

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

*Motor Accident Authority Third Party*

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A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor accidents.

*Department of Veterans' Affairs*

An agreement is in place with the Commonwealth Department of Veterans' Affairs, through which direct funding is provided for the provision of health services to entitled veterans. Payment for inpatient services are based on admitted public activity whilst payments for non admitted patients are subject to a block grant paid to the credit of the NSW Ministry of Health.

*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 District's right to receive payment is established.

Royalty revenue is recognised in accordance with AASB118 on an accrual basis in accordance with the substance of the relevant agreement.

*Debt Forgiveness*

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

*Use of Hospital Facilities*

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

- \* a monthly charge raised by the Ministry 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 District use in the advancement of the District or individuals within it.

*Use of Outside Facilities*

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

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

*Grants and Contributions*

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

*NSW Ministry of Health Allocations*

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

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

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

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

- \* the amount of GST incurred by the District 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; and
- \* receivables and payables are stated with the amount of GST included.

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

**f) Interstate Patient Flows**

Districts recognise the value of inflows for acute inpatient treatment provided to residents from other States and territories. The revenue values reported within the financial statements have been based on 2010/11 activity data using standard cost weighted separation values to reflect estimated costs in 2011/12 for acute weighted inpatient separations.

The composition of interstate patient flow revenue is disclosed in Note 10.

**g) Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the District.

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 (See also assets transferred as a result of an equity transfer Note 2(z)).

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

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

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

**h) Capitalisation Thresholds**

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

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

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

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

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%

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- 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%

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

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

**j) Revaluation of Non-Current Assets**

Physical non-current assets are valued in accordance with the NSW Ministry 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 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 the depreciated replacement cost.

The District revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the District as at 1 July 2011 was completed on 30 June 2012 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 net result for the year, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the 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.

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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 District 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 District may at times hold certain assets that are not recognised in the Statement of Financial Position because the District is unable to measure reliably the value of the 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 District 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 District does not have any property that meets the definition of Investment Property.

**p) Intangible Assets**

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

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

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

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

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

**q) Maintenance**

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

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**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 Statement of Comprehensive Income in the periods in which they are incurred.

**s) Inventories**

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

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

**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 recognised in the Net Result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

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

The 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 Districts' key management personnel.

The risk management strategy of the District 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'.



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\* Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Northern Sydney Local Health District 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 net result for the year 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 in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

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 District commits to purchase or sell the asset.

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

**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 net result for the year.

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

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

**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 District transfers the financial asset:

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

Where the District has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the District'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 District and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value.

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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 District.

**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 net result for the year on derecognition.

The finance lease liability is determined in accordance with AASB 117, *Leases*.

**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". 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 entities are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

**aa) Equity and Reserves**

**(i) Asset Revaluation Surplus**

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

**(ii) Accumulated Funds**

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

**(iii) Separate Reserves**

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

**ab) Trust Funds**

The District receives monies in a trustee capacity for various trusts as set out in Note 31.

As the District performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the District's own objectives, they are not brought to account in the financial statements.

**ac) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW Health Ministry at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided. The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

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**ad) Emerging Asset**

The District's emerging interest in the Royal North Shore Hospital Car Park has been valued in accordance with the Ministry of Health's policy for Accounting for Privately Financed Projects. This policy required the District to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost was then allocated on a systematic basis over the concession period of 26 years using the annuity method and the Government Bond rate of 6.0% at commencement of the concession period.

**ae) Service Group Statements Allocation Methodology**

Expenses and revenues are assigned to service groups in accordance with statistical data for the six months ended 30 June 2011 which is then applied to the current period's financial information. The same methodology is applied to attribute assets and liabilities to each service group.

In respect of assets and liabilities the Ministry requires that District take action to identify those components that can be specifically identified and reported by service groups.

Remaining values are attributed to service groups in accordance with values advised by the NSW Ministry of Health, e.g. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**af) 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 statements of the District.

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2013 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. Financial assets of the District are not significant and the change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 11, Joint Arrangements has mandatory application from 1 July 2013 and defines joint control and the determination of joint control through an assessment of rights and obligations. The Standard is not expected to have any effect within the District.

AASB 12, Disclosure of Interests in Other Entities, has mandatory application from 1 July 2013 and requires disclosure of significant judgements and assumptions made in determining the nature of its interests in another entity or arrangement.

It is not expected that the changes will have material impact on the District.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumption that market participants would use when pricing the asset or liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of NSW Treasury.

AASB 127, Separate Financial Statements, has mandatory application from 1 July 2013 and applies in accounting for interests in subsidiaries, joint ventures and associates. Based on current activities, it is assessed as having no future impact on the District.

AASB 128, Investments in Associates and Joint Ventures, has mandatory application from 1 July 2013 and, based on current activities, is assessed as having no impact on the District.

Northern Sydney Local Health District  
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AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2010-8, Deferred Tax: Recovery of Underlying Assets has application from 1 July 2012 and addresses deferred tax relating to investment property. It is assessed as having no impact on the District.

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 District.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2011-3, Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and related amendments has application from 1 July 2012 and changes in disclosure will be dependent on the mandate of Treasury.

AASB 2011-4, Amendments to Australian Accounting Standards To Remove Individual Key Management Personnel Disclosure Requirements, has application from 1 July 2013 and removes the requirement to individually report the remuneration to Key Management Personnel, recognising that this is more a governance issue.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131), applies from 1 July 2013.

The exemptions from preparing the consolidation is not expected to apply to the District.

AASB 2011-7, Amendments to Australian Accounting Standards for the consolidation and joint arrangement standards, arise from the issuance of AASB 10, AASB 11, AASB 12, AASB 127, and AASB 128. The changes have application from 1 July 2013 but are assessed as having no material effect.

AASB 2011-8, Amendments to Australian Accounting Standards, Fair Value Measurement affects 32 standards and nine interpretations, consequential to the new requirements contained in AASB 13, Fair Value Measurement. The change is effective from 1 July 2013.

AASB 2011-9, Amendments to Australian Accounting Standards, Presentation of Items of Other Comprehensive Income has application from 1 July 2012. The amendments requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially reclassified to Profit or Loss. No change is expected.

AASB 2011-10, Amendments to Australian Accounting Standards arising from AASB 119 has application from 1 July 2013 and makes consequential amendments to 7 standards and 1 interpretation to the changes made by AASB 119, Employee Entitlements. Any change to the 2013/14 will be dependent on the policy of NSW Treasury.

AASB 2011-11, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-12, Amendments to AASB 119 arising from Reduced Disclosure Requirements, has application from 1 July 2013 and any changes will be dependent on the mandate of NSW Treasury.

AASB 2011-13, Amendments to Australian Accounting Standard - Improvements to AASB 1049, has application from 1 July 2013 and relates to the Whole of Government General Purpose Financial Statements and General Government Sector Financial Statements. Any change will be dependent on the mandate of NSW Treasury.

Northern Sydney Local Health District  
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for the Year Ended 30 June 2012

<b>PARENT</b>		<b>CONSOLIDATION</b>	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>3. Employee Related</b>			
Employee related expenses comprise the following:			
		466,662	205,722
		27,330	12,361
		51,664	26,461
		10,296	6,006
		48,015	22,219
		48,043	9,671
		61,216	30,624
		21,041	8,079
		1,244	506
		8,100	2,351
		<b>743,611</b>	<b>324,000</b>
<b>4. Personnel Services</b>			
Personnel Services comprise the purchase of the following:			
466,662	205,722	Salaries and Wages	
27,330	12,361	Overtime	
51,664	26,461	Penalties	
10,296	6,006	Superannuation - Defined Benefit Plans	
48,015	22,219	Superannuation - Defined Contribution Plans	
48,043	9,671	Long Service Leave	
61,216	30,624	Annual Leave	
21,041	8,079	Sick Leave and Other Leave	
1,244	506	Redundancies	
8,100	2,351	Workers' Compensation Insurance	
<b>743,611</b>	<b>324,000</b>		
<b>5. Other Operating Expenses</b>			
7,407	3,970	Blood and Blood Products	7,407
11,066	5,653	Domestic Supplies and Services	11,066
40,415	19,978	Drug Supplies	40,415
13,139	6,932	Food Supplies	13,139
9,536	4,260	Fuel, Light and Power	9,536
89,225	59,661	General Expenses (See (b) below)	89,225
3,737	1,771	Hospital Ambulance Transport Costs	3,737
6,238	898	Information Management Expenses	6,238
1,324	388	Insurance	1,324
		Maintenance (See (c) below)	
		Maintenance Contracts	9,051
9,051	1,772	New/Replacement Equipment under \$10,000	9,957
9,957	8,732	Repairs Maintenance/Non Contract	6,704
6,704	3,474	Other	(762)
(762)	(821)	Medical and Surgical Supplies	64,601
64,601	30,694	Motor Vehicle Expenses	1,709
1,709	648	Postal and Telephone Costs	2,388
2,388	803	Printing and Stationery	1,902
1,902	894	Rates and Charges	1,517
1,517	792	Rental	1,222
1,222	415	Special Service Departments	53,743
53,743	35,916	Staff Related Costs	5,679
5,679	2,671	Sundry Operating Expenses (See (a) below)	16
16	1	Travel Related Costs	3,740
3,740	1,883		
<b>343,554</b>	<b>191,385</b>		
		<b>343,554</b>	<b>191,385</b>

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for the Year Ended 30 June 2012

PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>(a) Sundry Operating Expenses comprise :</b>			
(1)	1	(1)	1
17	-	17	-
<u>16</u>	<u>1</u>	<u>16</u>	<u>1</u>
<b>(b) General Expenses Include :-</b>			
243	29	243	29
186	140	186	140
35	5	35	5
325	118	325	118
95	-	95	-
2,861	-	2,861	-
871	352	871	352
945	373	945	373
81	89	81	89
399	76	399	76
2,135	919	2,135	919
31,467	15,190	31,467	15,190
446	205	446	205
44	24	44	24
225	59	225	59
176	216	176	216
39,237	38,511	39,237	38,511
1,425	929	1,425	929
8,029	2,426	8,029	2,426
<u>89,225</u>	<u>59,661</u>	<u>89,225</u>	<u>59,661</u>
<b>(c) Reconciliation of Total Maintenance</b>			
24,914	13,157	24,914	13,157
(12,555)	(6,521)	(12,555)	(6,521)
<u>12,359</u>	<u>6,636</u>	<u>12,359</u>	<u>6,636</u>

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for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>6. Depreciation and Amortisation</b>				
30,180	14,759	Depreciation - Buildings	30,180	14,759
100	46	Amortisation - Leased Buildings	100	46
12,079	4,275	Depreciation - Plant and Equipment	12,079	4,275
1,841	558	Depreciation - Infrastructure Systems	1,841	558
<u>44,200</u>	<u>19,638</u>		<u>44,200</u>	<u>19,638</u>
<b>7. Grants and Subsidies</b>				
4,766	809	Non-Government Organisations	4,766	809
2,161	1,298	Community Aged Care Packages	2,161	1,298
188	-	Grants to Research Orgs	188	-
-	2	Promotion of Research	-	2
5,163	1,831	Other Grants	5,163	1,831
<u>12,278</u>	<u>3,940</u>		<u>12,278</u>	<u>3,940</u>
<b>8. Finance Costs</b>				
5,024	-	Finance Lease Interest Charges	5,024	-
21	-	Interest on Bank Overdrafts and Loans	21	-
1	2	Other Interest Charges	1	2
<u>5,046</u>	<u>2</u>	Total Finance Costs	<u>5,046</u>	<u>2</u>
<b>9. Payments to Affiliated Health Organisations</b>				
<b>(a) Recurrent Sourced</b>				
21,497	8,974	Greenwich & Neringah Hospitals (Hope Healthcare)	21,497	8,974
22,486	11,364	Royal Rehabilitation Centre Sydney	22,486	11,364
<u>43,983</u>	<u>20,338</u>		<u>43,983</u>	<u>20,338</u>

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PARENT		CONSOLIDATION	
2012	Six months to 30 June 2011	2012	Six months to 30 June 2011
\$000	\$000	\$000	\$000
<b>10. Sale of Goods and Services</b>			
(a) Sale of Goods comprise the following:-			
7,114	3,748	7,114	3,748
7,329	3,251	7,329	3,251
764	344	764	344
(b) Rendering of Services comprise the following:-			
Patient Fees [see note 2(d)]			
62,417	26,501	62,417	26,501
60	7	60	7
2,007	787	2,007	787
36,045	15,311	36,045	15,311
254	127	254	127
12,014	3,530	12,014	3,530
5,810	3,438	5,810	3,438
191	(18)	191	(18)
1,889	1,019	1,889	1,019
516	204	516	204
(87)	82	(87)	82
-	(8)	-	(8)
126	57	126	57
13,259	6,157	13,259	6,157
115	161	115	161
11,807	3,220	11,807	3,220
2,999	-	2,999	-
226	-	226	-
2,298	1,101	2,298	1,101
5,113	839	5,113	839
<b>172,266</b>	<b>69,858</b>	<b>172,266</b>	<b>69,858</b>
(c) Revenues from Patient Inflows from Interstate are as follows:-			
614	-	614	-
1,296	-	1,296	-
719	-	719	-
78	-	78	-
291	-	291	-
<b>2,998</b>	<b>-</b>	<b>2,998</b>	<b>-</b>
<b>11. Investment Revenue</b>			
4,545	1,819	4,545	1,819
258	83	258	83
205	-	205	-
<b>5,008</b>	<b>1,902</b>	<b>5,008</b>	<b>1,902</b>



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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>12. Grants and Contributions</b>				
1,666	856	Clinical Drug Trials	1,666	856
2,678	602	Commonwealth Government Grants	2,678	602
6,114	3,197	Industry Contributions/Donations	6,114	3,197
4,246	22	Cancer Institute Grants	4,246	22
11,722	579	NSW Government Grants	11,722	579
9,688	6,006	Personnel Services - Superannuation Defined Benefit Plans	-	-
2,158	1,244	Research Grants	2,158	1,244
51,501	10,929	Other Grants	3,427	1,247
<u>89,773</u>	<u>23,435</u>		<u>32,011</u>	<u>7,747</u>
<b>13. Acceptance by the Crown Entity of employee benefits</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation-defined benefit	9,688	6,006
-	-	Long Service Leave	48,074	9,682
<u>-</u>	<u>-</u>		<u>57,762</u>	<u>15,688</u>
<b>14. Other Revenue</b>				
Other Revenue comprises the following:-				
11	7	Bad Debts Recovered	11	7
151	7	Commissions	151	7
77	38	Conference and Training Fees	77	38
2,313	981	Lease and Rental Income	2,313	981
183	83	Sale of Merchandise, Old Wares and Books	183	83
111	40	Sponsorship Income	111	40
3,139	2,435	Treasury Managed Fund Hindsight Adjustment	3,139	2,435
236	54	Other	236	54
<u>6,221</u>	<u>3,645</u>		<u>6,221</u>	<u>3,645</u>

Northern Sydney Local Health District  
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PARENT			CONSOLIDATION	
2012	Six months to 30 June 2011		2012	Six months to 30 June 2011
\$000	\$000		\$000	\$000
<b>15. Gain / (Loss) on Disposal</b>				
29,455	2,795	Property, Plant and Equipment	29,455	2,795
22,204	2,627	Less: Accumulated Depreciation	22,204	2,627
<b>7,251</b>	<b>168</b>	<b>Written Down Value</b>	<b>7,251</b>	<b>168</b>
155	14	Less: Proceeds from Disposal	155	14
<u>(7,096)</u>	<u>(154)</u>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	<u>(7,096)</u>	<u>(154)</u>
-	-	Financial Assets at Fair Value	-	-
356	168	Less: Proceeds from Disposal	356	168
<b>356</b>	<b>168</b>	<b>Gain/(Loss) on Disposal of Financial Assets at Fair Value</b>	<b>356</b>	<b>168</b>
-	-	Assets Held for Sale	-	-
-	1,319	Less: Proceeds from Disposal	-	1,319
<u>-</u>	<u>1,319</u>	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	<u>-</u>	<u>1,319</u>
<u>(6,740)</u>	<u>1,333</u>	<b>Total Gain/(Loss) on Disposal</b>	<u>(6,740)</u>	<u>1,333</u>
<b>16. Other Gains / (Losses)</b>				
(4,037)	(704)	Impairment of Receivables	(4,037)	(704)
<u>(4,037)</u>	<u>(704)</u>		<u>(4,037)</u>	<u>(704)</u>

Northern Sydney Local Health District  
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**PARENT & 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 year for which expenditure in the manner specified had not occurred as at balance date	1,040	21,541	(112)	22,469
Contributions recognised in amalgamated balance as at 30 June 2011 which were not expended in the current year	421	52,115	680	53,216
<b>Total amount of unexpended contributions as at balance date</b>	<b>1,461</b>	<b>73,656</b>	<b>569</b>	<b>75,685</b>

Comment on restricted assets appears in Note 25

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

**18. Service Groups of the District**

**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 Local Health Districts 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 - Inpatient Hospital Services**

Service Description: This service group covers the provision of health care to patients admitted to public hospitals.

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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 Local Health Districts 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 Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

**Service Group 5.1 - Population Health Services**

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

**Service Group 6.1 - Teaching and Research**

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

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

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Northern Sydney Local Health District  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>19. Cash and Cash Equivalents</b>		
33,417	20,422	Cash at Bank and On Hand	33,417	20,422
56,250	52,647	Short Term Deposits	<u>56,250</u>	<u>52,647</u>
<u>89,667</u>	<u>73,069</u>		<u>89,667</u>	<u>73,069</u>
		Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
<u>89,667</u>	<u>73,069</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>89,667</u>	<u>73,069</u>
<u>89,667</u>	<u>73,069</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>89,667</u>	<u>73,069</u>

*Refer to Note 38 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>20. Receivables</b>				
<b>Current</b>				
23,897	19,151	Sale of Goods and Services	23,897	19,151
17,713	20,817	Intra Health Receivables	17,713	20,817
2,274	10,666	Goods and Services Tax	2,274	10,666
11,621	11,846	Other Debtors	11,621	11,846
<u>55,505</u>	<u>62,480</u>	<b>Sub Total</b>	<u>55,505</u>	<u>62,480</u>
(3,015)	(68)	Less Allowance for impairment	<u>(3,015)</u>	<u>(68)</u>
52,490	62,412	<b>Sub Total</b>	52,490	62,412
3,533	3,329	Prepayments	3,533	3,329
<u>56,023</u>	<u>65,741</u>		<u>56,023</u>	<u>65,741</u>
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
-	-	Balance at Commencement of Reporting Period	-	-
2,041	704	Amounts written off during the year	2,041	704
(3,687)	(704)	(Increase)/decrease in Allowance Recognised in	(3,687)	(704)
<u>(1,646)</u>	<u>-</u>	Result for the Year	<u>(1,646)</u>	<u>-</u>
Balance at 30 June				
(b) Movement in the Allowance for Impairment				
Other Debtors				
(68)	-	Balance at Commencement of Reporting Period	(68)	-
(952)	(68)	Amounts written off during the year	(952)	(68)
(350)	-	(Increase)/decrease in Allowance Recognised In	(350)	-
<u>(1,370)</u>	<u>(68)</u>	Result for the Year	<u>(1,370)</u>	<u>(68)</u>
<u>(3,016)</u>	<u>(68)</u>	Balance at 30 June	<u>(3,016)</u>	<u>(68)</u>
<b>Non-Current</b>				
1,296	1,332	Prepayments	1,296	1,332
<u>1,296</u>	<u>1,332</u>		<u>1,296</u>	<u>1,332</u>
(c) Sale of Goods and Services Receivables				
(Current and Non-Current) include:				
1,185	756	Patient Fees - Compensable	1,185	756
1,391	704	Patient Fees - Ineligible	1,391	704
11,770	8,923	Patient Fees - Other	11,770	8,923
<u>14,346</u>	<u>10,383</u>		<u>14,346</u>	<u>10,383</u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 38.*

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
<b>21. Inventories - Current - Held for Distribution</b>				
2,652	2,200	Drugs	2,652	2,200
4,734	4,753	Medical and Surgical Supplies	4,734	4,753
64	70	Engineering Supplies	64	70
170	10	Other Including Goods in Transit	170	10
<u>7,620</u>	<u>7,033</u>		<u>7,620</u>	<u>7,033</u>



Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>22. Property, Plant and Equipment</b>				
		<b>Land and Buildings - Fair Value</b>		
1,665,126	1,641,594	Gross Carrying Amount	1,665,126	1,641,594
<u>729,554</u>	<u>768,365</u>	Less Accumulated Depreciation and Impairment	<u>729,554</u>	<u>768,365</u>
<u><b>935,572</b></u>	<u><b>873,229</b></u>	Net Carrying Amount	<u><b>935,572</b></u>	<u><b>873,229</b></u>
		<b>Plant and Equipment - Fair Value</b>		
149,662	101,809	Gross Carrying Amount	149,662	101,809
<u>77,915</u>	<u>51,815</u>	Less Accumulated Depreciation and Impairment	<u>77,915</u>	<u>51,815</u>
<u><b>71,747</b></u>	<u><b>49,994</b></u>	Net Carrying Amount	<u><b>71,747</b></u>	<u><b>49,994</b></u>
		<b>Infrastructure Systems - Fair Value</b>		
73,936	44,697	Gross Carrying Amount	73,936	44,697
<u>38,434</u>	<u>11,165</u>	Less Accumulated Depreciation and Impairment	<u>38,434</u>	<u>11,165</u>
<u><b>35,502</b></u>	<u><b>33,532</b></u>	Net Carrying Amount	<u><b>35,502</b></u>	<u><b>33,532</b></u>
<u><b>1,042,821</b></u>	<u><b>956,755</b></u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u><b>1,042,821</b></u>	<u><b>956,755</b></u>

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>							
Net Carrying Amount at Start of Year	308,066	484,088	80,452	623	49,994	33,532	956,755
Additions	-	-	65,193	-	12,512	-	77,705
Recognition of Assets Held for Sale	-	-	-	-	-	-	-
Disposals	-	(6,617)	-	-	(634)	-	(7,251)
Administrative Restructures - Transfers In/(Out)	-	171	4,428	-	19,228	625	24,452
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	13,517	24,210	-	-	-	3,228	40,955
Depreciation Expense	-	(30,180)	-	(100)	(12,079)	(1,841)	(44,200)
Reclassifications	-	600	(8,976)	97	2,726	(42)	(5,595)
Net Carrying Amount at End of Year	321,583	472,272	141,097	620	71,747	35,502	1,042,821

	Land	Buildings	Work in Progress	Leased Buildings	Plant and Equipment	Infrastructure Systems	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2011</b>							
Net Carrying Amount at Start of Reporting Period	-	-	-	-	-	-	-
Additions	-	55,254	10,657	-	4,911	41	70,863
Recognition of Assets Held for Sale	(2,650)	(141)	-	-	-	-	(2,791)
Disposals	-	-	-	-	(168)	-	(168)
Administrative Restructures - Transfers In/(Out)	310,716	443,310	70,235	669	49,510	34,049	908,489
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	-	-	-	-	-	-	-
Depreciation Expense	-	(14,756)	-	(46)	(4,278)	(558)	(19,638)
Reclassifications	-	421	(440)	-	19	-	-
Net Carrying Amount at End of Year	308,066	484,088	80,452	623	49,994	33,532	956,755

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the District [see note 2(g)].
- (ii) Land and Buildings were valued by Corporeal Pty Ltd (Registered Valuer No. 2673) on 30 June 2012 [see note 2(j)]. Corporeal Pty Ltd is not an employee of the District.

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>23. Other Assets</b>		
		<b>Non-Current</b>		
5,951	-	Emerging Rights to Assets (refer Note 2(ad))	5,951	-
<u>5,951</u>	<u>-</u>		<u>5,951</u>	<u>-</u>

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>24. Non-Current Assets (or Disposal Groups) Held for Sale</b>				
		<b>Assets Held for Sale</b>		
8,101	8,101	Land and Buildings	8,101	8,101
<u>8,101</u>	<u>8,101</u>		<u>8,101</u>	<u>8,101</u>

The non-current assets held for resale constitute assets that are surplus to requirements and will be actively marketed for sale in the next twelve months, with an expectation that the sale will be effected by 30th June 2013.

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>25. Restricted Assets</b>		
<p>The District's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.</p>				
<p><b>Category</b></p>				
33,247	28,801	Specific Purposes	33,247	28,801
20,776	20,632	Research Grants	20,776	20,632
21,662	16,685	Private Practice Funds	21,662	16,685
<u>75,685</u>	<u>66,118</u>		<u>75,685</u>	<u>66,118</u>

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		<b>26. Payables</b>		
		<b>Current</b>		
		Accrued Salaries, Wages and On-Costs	13,169	8,308
		Taxation and Payroll Deductions	3,880	5,631
17,049	13,939	Accrued Liability - Purchase of Personnel Services		
36,075	25,289	Creditors	36,075	25,289
		Other Creditors		
		- Intra Health Liability	17,761	45,797
17,761	45,797	- Other	16,665	18,548
16,665	18,548	- Taxation	432	323
432	323			
<u>87,982</u>	<u>103,896</u>		<u>87,982</u>	<u>103,896</u>
		<b>27. Borrowings</b>		
		<b>Non-Current</b>		
49,565	49,565	Public Private Partnership	49,565	49,565
703	-	Other	703	-
<u>50,268</u>	<u>49,565</u>		<u>50,268</u>	<u>49,565</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 38.*

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
<b>28. Provisions</b>				
		Annual Leave - Short Term Benefit	71,445	56,420
		Annual Leave - Long Term Benefit	32,765	29,808
		Long Service Leave On-Costs	12,223	5,932
		Other	"	(19)
116,433	92,141	Provision for Personnel Services Liability		
<b>116,433</b>	<b>92,141</b>	<b>Total Current Provisions</b>	<b>116,433</b>	<b>92,141</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>				
		Long Service Leave On-Costs	643	312
643	312	Provision for Personnel Services Liability		
<b>643</b>	<b>312</b>	<b>Total Non-Current Provisions</b>	<b>643</b>	<b>312</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
116,433	92,141	Provisions - Current	116,433	92,141
643	312	Provisions - Non-Current	643	312
17,049	13,939	Accrued Salaries, Wages and On-Costs (Note 26)	17,049	13,939
<b>134,125</b>	<b>106,392</b>	Accrued Liability - Purchase of Personnel Services (Note 26)	<b>134,125</b>	<b>106,392</b>

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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**PARENT**

2012 \$000	2011 \$000		2012 \$000	2011 \$000
		<b>29. Other</b>		
		<b>Current</b>		
6,008	8,057	Income in Advance	6,008	8,057
<u>6,008</u>	<u>8,057</u>		<u>6,008</u>	<u>8,057</u>
		<b>Non-Current</b>		
30,163	31,313	Income in Advance	30,163	31,313
<u>30,163</u>	<u>31,313</u>		<u>30,163</u>	<u>31,313</u>



Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
for the Year Ended 30 June 2012

PARENT			CONSOLIDATION	
2012	2011		2012	2011
\$000	\$000		\$000	\$000
		<b>30. Commitments for Expenditure</b>		
		<b>(a) Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
29,430	6,065	Not later than one year	29,430	6,065
270,814	162,811	Later than one year and not later than five years	270,814	162,811
2,077,783	2,102,698	Later than five years	2,077,783	2,102,698
<u>2,378,028</u>	<u>2,271,574</u>	<b>Total Capital Expenditure Commitments (Including GST)</b>	<u>2,378,028</u>	<u>2,271,574</u>
		<b>(b) Operating Lease Commitments</b>		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
1,995	1,500	Not later than one year	1,995	1,500
1,816	584	Later than one year and not later than five years	1,816	584
-	71	Later than five years	-	71
<u>3,811</u>	<u>2,155</u>	<b>Total Operating Lease Commitments (Including GST)</b>	<u>3,811</u>	<u>2,155</u>

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.

		<b>(c) Finance Lease Commitments</b>		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
54,521	54,521	Later than five years	54,521	54,521
<u>54,521</u>	<u>54,521</u>	<b>Minimum Lease Payments (Including GST)</b>	<u>54,521</u>	<u>54,521</u>
		Less: Future Finance Charges	-	-
<u>54,521</u>	<u>54,521</u>	<b>Present Value of Minimum Lease Payments (Including GST)</b>	<u>54,521</u>	<u>54,521</u>

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

The total of 'Commitments for Expenditure' above, i.e. \$2,378 million as at 30 June 2012 includes input tax credits of \$221 million that are expected to be recoverable from the Australian Taxation Office (2011: \$211 million).

Northern Sydney Local Health District  
Notes to and forming part of the Financial Statements  
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**PARENT & CONSOLIDATION**

**31. Trust Funds**

The District holds trust fund moneys of \$2.9 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 District cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Cash Balance at the beginning of the financial year	385	-	91	-	1,842	-	2,318	-
Receipts	1,587	1,075	180	278	35,852	13,487	37,619	14,840
Expenditure	(1,442)	(690)	(229)	(187)	(35,347)	(11,645)	(37,018)	(12,522)
Cash Balance at the end of the financial year	530	385	42	91	2,347	1,842	2,919	2,318

Northern Sydney Local Health District  
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PARENT AND CONSOLIDATED

32. Contingent Liabilities and Assets

a) **Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2005/06 fund year and an interim adjustment for the 2007/08 fund year were not calculated until 2011/12.

As a result, the 2006/07 final and 2008/09 pertaining to the hospitals and community services now forming part of the District will be paid in 2012/13. It is not possible for the District to reliably quantify the benefit to be received.

b) **Affiliated Health Organisations**

Based on the definition of control in Australian Accounting Standard AASB127, Consolidated and Separate Financial Statements, Affiliated Health Organisations listed in Schedule 3 of the Health Services Act, 1997 are only recognised in the District'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 District and the Ministry.

c) **Royal North Shore Hospital Redevelopment Public Private Partnership (PPP)**

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 PPP capital financing payment will be made in accordance with the CPI index over the project term. The LHD receives funding from NSW Treasury via the Ministry of Health to meet the PPP capital financing payments associated with the campus redevelopment.

The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

Northern Sydney Local Health District  
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PARENT			CONSOLIDATION	
2012	Actual Six months ended 30 June 2011		2012	Actual Six months ended 30 June 2011
\$000	\$000		\$000	\$000
<b>33. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
94,957	8,804	Net Cash Flows from Operating Activities	94,957	8,804
(44,200)	(19,635)	Depreciation	(44,200)	(19,635)
4,037	704	Allowance for Impairment	4,037	704
3,200	(908)	Income in advance	3,200	(908)
(15,072)	(6,344)	Decrease in Provisions	(15,072)	(6,344)
(15,026)	47,376	Increase / (Decrease) in Prepayments and Other Assets	(15,026)	47,376
24,016	(66,331)	(Increase)/ Decrease in Creditors	24,016	(66,331)
(6,739)	1,333	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(6,739)	1,333
<u>45,173</u>	<u>(35,001)</u>	<b>Net Result</b>	<u>45,173</u>	<u>(35,001)</u>

**34. 2011/12 Voluntary Services**

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

- Chaplains 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 Local Health District  
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**PARENT AND CONSOLIDATED**

**35. Unclaimed Moneys**

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

All money and personal effects of patients which are left in the custody of District 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 District.

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 Result**

The actual Net Result was higher than budget by \$8.7 million (23.9%). This was primarily driven by a \$8.8 million favourability in Capital Allocations from the Ministry of Health. This favourability has been partially offset by a \$0.1 million unfavourability in overall operating result.

**Assets and Liabilities**

Total assets are favourable to budget by \$56.1 million. This favourability is primarily driven by \$41.0 million revaluation increase in Property, Plant and Equipment and a transfer of \$27.8 million assets from the Health Reform Transitional Organisation. The variance in total liabilities between actual and budget is comparable.

**Cash Flows**

Operating cash flow reflect a variance of \$4.2 million unfavourable over budget. This unfavourable variance has been offset by \$4.7 million favourable variance in cash flows from investing activities. These variances are mainly driven by the cessation of the Health Reform Transitional Organisation.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 1 July 2011 are as follows:

	\$000
Initial Allocation, 1 July 2011	796,671
Award	9,433
Capital adjustment	73,861
Cash adjustment	12,038
Leap Year Funding	1,589
Other	5,952
PPP	11,649
Redundancies	1,231
SP&T adjustment	16,585
Special Projects	5,751
Transfer from holding entity / transition office	72,445
Treasury Managed Fund	1,423
	1,008,628
Balance as per Statement of Comprehensive Income	1,008,628

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

Net assets of \$861.7 million transferred from the former Northern Sydney and Central Coast Local Area Health Service with effect from 1 January 2011 commensurate with the responsibilities for health services assumed by the District on that date in accordance with the provisions of the Health Services Act 1989.

Consistent with Treasury approval, Long Service Leave liability of \$173.3 million transferred from the Health Service with effect from 31 December 2010 from which time the Crown Entity assumed responsibility for Long Service Leave.

Equity transfers effected in 2011/12 comprised:

An increase in net assets of \$7.1 million relating to the Districts' assumption of responsibilities upon dissolution of Health Reform Transitional Organisations on 31 May 2012.

Assets and Liabilities transferred are as follows:

	2012 \$000
<b><u>Assets</u></b>	
<u>Current Assets</u>	
Cash and Cash Equivalents	444
Receivables	2,722
Inventories	177
Non-Current Assets Held for Sale	-
<b>Total Current Assets</b>	<b>3,343</b>
<u>Non-Current Assets</u>	
Receivables	-
Property, Plant and Equipment	
- Land and Buildings	4,599
- Plant and Equipment	19,228
- Infrastructure Systems	625
Total Property, Plant and Equipment	24,452
Other	-
<b>Total Non-Current Assets</b>	<b>24,452</b>
<b>Total Assets</b>	<b>27,795</b>
<b><u>Liabilities</u></b>	
<u>Current Liabilities</u>	
Payables	(9,198)
Borrowings	(1,235)
Provisions	(9,552)
Other	-

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<b>Total Current Liabilities</b>	<u><u>(19,985)</u></u>
<u>Non-Current Liabilities</u>	
Borrowings	(703)
Provisions	-
Other	-
<b>Total Non-Current Liabilities</b>	<u><u>(703)</u></u>
<b>Total Liabilities</b>	<u><u>(20,689)</u></u>
<b>Increase/(Decrease) in Net Assets From Equity Transfers</b>	<u><u>7,107</u></u>

Northern Sydney Local Health District  
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**38. Financial Instruments**

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

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

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

**(a) Financial Instrument Categories**

**PARENT AND CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount	Carrying Amount
		2012 \$000	2011 \$000
Cash and Cash Equivalents (note 19)	N/A	89,667	73,069
Receivables (note 20) <sup>1</sup>	Loans and receivables (at amortised cost)	53,231	26,020
<b>Total Financial Assets</b>		<b>142,898</b>	<b>99,089</b>
<b>Financial Liabilities</b>			
Borrowings (note 27)	measured at	50,268	49,565
Payables (note 28) <sup>2</sup>	amortised cost	87,550	104,979
<b>Total Financial Liabilities</b>		<b>137,818</b>	<b>154,544</b>

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

**(b) Credit Risk**

Credit risk arises when there is the possibility of the District's debtors defaulting on their contractual obligations, resulting in a financial loss to the District. 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 District, including cash, receivables and authority deposits. No collateral is held by the District. The District has not granted any financial guarantees.

Credit risk associated with the District'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.



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**Cash**

Cash comprises cash on hand and bank balances deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.42% in 2011/12 compared to 4.62% 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. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the District will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The District 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 (2012:\$11.7 m; 2011: \$6.9 m) and not more than 3 months past due (2012: \$2.9 m; 2011:\$2.9m) are not considered impaired and together these represent 85% of the total trade debtors. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the District' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'sales of goods and services' or 'Other Debtors' in the 'receivables' category of the Statement of Financial Position. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

	\$000		
2012	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<3 months overdue	2,893	2,893	-
3 months - 6 months overdue	952	952	-
> 6 months overdue	2,270	-	2,270
<b>2011</b>			
<3 months overdue	2,912	2,912	-
3 months - 6 months overdue	403	403	-
> 6 months overdue	-	-	-

**Notes**

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

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

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**Authority Deposits**

The District has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 4.08% (2011 - 5.44%), while over the year the weighted average interest rate was 4.87% (2011 - 5.42%) on a weighted average balance during the year of \$54.5 m(2011 - \$50.8 m). None of these assets are past due or impaired.

**(c) Liquidity Risk**

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

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The District's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Ministry of Health has indicated its ongoing financial support for the Northern Sydney Local Health District 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 Ministry of Health. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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

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*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure				Maturity Dates			
	Weighted Average Effective Int. Rate	Nominal Amount 1	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2012</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		17,049	-	-	17,049	17,049	-	-
Creditors		70,933	-	-	70,933	70,933	-	-
Borrowings		50,268	-	-	50,268	-	-	50,268
		<u>138,250</u>	<u>-</u>	<u>-</u>	<u>138,250</u>	<u>87,982</u>	<u>-</u>	<u>50,268</u>
<b>2011</b>								
Payables:								
Accrued Salaries Wages, On-Costs and Payroll Deductions		13,939	-	-	13,939	13,939	-	-
Creditors		41,771	-	-	41,771	41,771	-	-
		<u>55,710</u>	<u>-</u>	<u>-</u>	<u>55,710</u>	<u>55,710</u>	<u>-</u>	<u>-</u>

Notes:

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

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**(d) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The District's exposures to market risk are primarily through interest rate risk on the District's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The District 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 District operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

*Interest rate risk*

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

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

Both Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The District does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The District's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	Equity	+1% Profit	Equity
<b>2012</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	89,667	(897)	897	897	(897)
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	73,069	(730)	730	730	(730)

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*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 District has no direct equity investments. The District holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	56,250	50,667

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 is trustee for each of the above facilities and 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. However, TCorp, acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the District'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).

	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	563	507

**(e) Fair Value compared to Carrying Amount**

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

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Except where specified below, the amortised cost of financial instruments recognised in the Statement of Financial Position 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:

	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	Carrying amount	Carrying amount	Fair value	Fair value
Financial assets	86,648	48,422	56,250	50,667
Financial liabilities	138,250	154,544		

**(f) Fair Value recognised in the Statement of Financial Position**

The District uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

Level 1 - derived from quoted prices in active markets for identical assets/liabilities.

Level 2- derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 - derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
TCorp Hour-Glass Invt.Facility	-	56,250	-	56,250

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

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

**Note 39 Events after the Reporting Period**

A national approach to activity based funding (ABF) commences from 1 July 2012 and will make public hospital funding more transparent and help to drive efficiency in the delivery of hospital services. Through ABF, public hospitals will be funded according to the numbers and kinds of services they provide.

As the efficient price of delivering services increases, the Commonwealth Government will meet 45, then 50% of that increase. As more services are delivered, the Commonwealth Government will meet 45, then 50% of the efficient price of every additional service, for as many additional services as are delivered. The National efficient price of public hospital services will be determined by the Independent Hospital Pricing Authority.

ABF will provide incentives to hospitals to treat more patients more efficiently and will provide incentives for hospitals and governments to ensure patients are treated in the most appropriate setting.

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Commonwealth and State government contributions for public hospital funding will be transparent with both amounts to be provided to Local Health Districts through the National Health Funding Pool. For small hospitals where ABF would not be appropriate, funding will continue to be provided through block grants.

**END OF AUDITED FINANCIAL STATEMENTS**

