



INDEPENDENT AUDITOR'S REPORT

Nepean Blue Mountains Local Health District

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Nepean Blue Mountains Local Health District (the District), which comprise the statement of financial position as at 30 June 2014, 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 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of 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 comprehensive income, statement of financial position and statement of cash flows.

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

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 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.



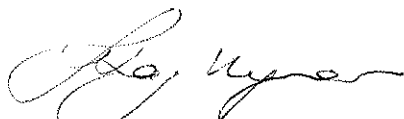
Chris Clayton
Director, Financial Audit Services

18 September 2014
SYDNEY

**Nepean Blue Mountains Local Health District
Certification of the Financial Statements
for the year ended 30 June 2014**

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

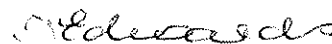
- 1) The financial statements of the Nepean Blue Mountains Local Health District for the year ended 30 June 2014 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations)
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2010* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Nepean Blue Mountains Local Health District; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Kay Hyman

Chief Executive

17 September 2014



Angela Edwards

Director, Finance

Nepean Blue Mountains Local Health District
Statement of Comprehensive Income for the year ended 30 June 2014

PARENT			CONSOLIDATION				
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual	
2014	2014	2013		2014	2014	2013	
\$000	\$000	\$000		\$000	\$000	\$000	
Expenses excluding losses							
Operating Expenses							
-----	-----	-----	Employee Related	3	390,788	380,791	362,256
371,722	359,852	353,087	Personnel Services	4	-----	-----	-----
28,392	25,432	25,507	Visiting Medical Officers		28,392	25,432	25,507
196,654	213,314	189,555	Other Operating Expenses	5	196,654	213,314	189,555
22,728	22,831	22,235	Depreciation and Amortisation	2(i), 6	22,728	22,831	22,235
3,726	3,114	3,599	Grants and Subsidies	7	3,726	3,114	3,599
798	260	1,009	Finance Costs	8	798	260	1,009
3,243	3,310	3,140	Payments to Affiliated Health Organisations	9	3,243	3,310	3,140
627,263	628,113	598,132	Total Expenses excluding losses		646,329	649,052	607,301
Revenue							
528,947	528,949	516,759	NSW Ministry of Health Recurrent Allocations	2(d)	528,947	528,949	516,759
17,163	17,163	46,391	NSW Ministry of Health Capital Allocations	2(d)	17,163	17,163	46,391
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 13	19,066	20,939	9,169
64,990	60,781	57,734	Sale of Goods and Services	10	64,990	60,781	57,734
1,104	981	1,017	Investment Revenue	11	1,104	981	1,017
7,042	7,026	7,006	Grants and Contributions	12	7,042	7,026	7,006
1,965	1,449	1,714	Other Revenue	14	1,965	1,449	1,714
621,211	616,349	630,621	Total Revenue		640,277	637,288	639,790
(115)	(225)	197	Gain / (Loss) on Disposal	15	(115)	(225)	197
(595)	(300)	770	Other Gains / (Losses)	16	(595)	(300)	770
(6,762)	(12,289)	33,456	Net Result	33	(6,762)	(12,289)	33,456
(6,762)	(12,289)	33,456	TOTAL COMPREHENSIVE INCOME		(6,762)	(12,289)	33,456

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Financial Position as at 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual	Notes	Actual	Budget Unaudited	Actual
2014 \$000	2014 \$000	2013 \$000		2014 \$000	2014 \$000	2013 \$000
ASSETS						
Current Assets						
30,127	23,930	27,304	19	30,127	23,930	27,304
20,174	18,015	18,384	20	20,174	18,015	18,384
3,676	3,740	3,836	21	3,676	3,740	3,836
53,977	45,685	49,524		53,977	45,685	49,524
Non-Current Assets						
-----	724	724	20	-----	724	724
475,631	470,831	473,584	22	475,631	470,831	473,584
28,427	31,708	31,978	22	28,427	31,708	31,978
2,925	3,136	3,136	22	2,925	3,136	3,136
506,983	505,675	508,698		506,983	505,675	508,698
106	123	122	23	106	123	122
507,089	506,522	509,544		507,089	506,522	509,544
561,066	552,207	559,068		561,066	552,207	559,068
LIABILITIES						
Current Liabilities						
47,486	45,796	41,798	26	47,486	45,796	41,798
3,005	3,337	2,801	27	3,005	3,337	2,801
55,650	50,932	51,975	28	55,650	50,932	51,975
34	-----	-----	29	34	-----	-----
106,175	100,065	96,574		106,175	100,065	96,574
Non-Current Liabilities						
4,638	8,327	5,866	27	4,638	8,327	5,866
345	(234)	289	28	345	(234)	289
4,983	8,093	6,155		4,983	8,093	6,155
111,158	108,158	102,729		111,158	108,158	102,729
449,908	444,049	456,339		449,908	444,049	456,339
EQUITY						
141	141	141		141	141	141
449,767	443,908	456,198		449,767	443,908	456,198
449,908	444,049	456,339		449,908	444,049	456,339

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Changes in Equity for the year ended 30 June 2014

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$000	\$000	\$000
Balance at 1 July 2013		456,198	141	456,339
Total Equity at 1 July 2013		456,198	141	456,339
Net Result for the year		(6,762)		(6,762)
Total Comprehensive Income for the year		(6,762)	-----	(6,762)
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	331	-----	331
Balance at 30 June 2014		449,767	141	449,908
Balance at 1 July 2012		416,801	141	416,942
Total Equity at 1 July 2012		416,801	141	416,942
Net Result for the year		33,456		33,456
Total Comprehensive Income for the year		33,456	-----	33,456
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers	37	5,941	-----	5,941
Balance at 30 June 2013		456,198	141	456,339

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Statement of Cash Flows for the year ended 30 June 2014

PARENT			CONSOLIDATION			
Actual	Budget Unaudited	Actual		Actual	Budget Unaudited	Actual
2014	2014	2013	Notes	2014	2014	2013
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
----	----	----				
(7,749)	(7,204)	(7,536)		(372,742)	(366,434)	(358,132)
(797)	(260)	(869)		(7,749)	(7,204)	(7,536)
(615,586)	(625,193)	(601,777)		(797)	(260)	(869)
				(242,844)	(258,759)	(243,645)
(624,132)	(632,657)	(610,182)		(624,132)	(632,657)	(610,182)
Receipts						
528,947	528,949	516,759		528,947	528,949	516,759
17,163	17,163	46,391		17,163	17,163	46,391
5,188	5,188	4,980		5,188	5,188	4,980
64,912	62,395	56,097		64,912	62,395	56,097
1,104	977	1,017		1,104	977	1,017
7,462	7,446	7,466		7,462	7,446	7,466
24,692	24,201	25,833		24,692	24,201	25,833
649,468	646,319	658,543		649,468	646,319	658,543
NET CASH FLOWS FROM OPERATING ACTIVITIES						
25,336	13,662	48,361	33	25,336	13,662	48,361
CASH FLOWS FROM INVESTING ACTIVITIES						
7	----	----		7	----	----
(21,404)	(20,032)	(45,396)		(21,404)	(20,032)	(45,396)
(21,397)	(20,032)	(45,396)		(21,397)	(20,032)	(45,396)
CASH FLOWS FROM FINANCING ACTIVITIES						
(1,026)	2,996	(2,305)		(1,026)	2,996	(2,305)
(1,026)	2,996	(2,305)		(1,026)	2,996	(2,305)
NET INCREASE / (DECREASE) IN CASH						
2,913	(3,374)	660		2,913	(3,374)	660
27,304	27,304	26,644		27,304	27,304	26,644
(90)	----	----	37	(90)	----	----
30,127	23,930	27,304	19	30,127	23,930	27,304

The accompanying notes form part of these financial statements.

Nepean Blue Mountains Local Health District
Service Group Statements
for the year ended 30 June 2014

	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				
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
INCOME																									
Expenses excluding losses																									
Operating Expenses																									
Employee Related	16,562	14,780	1,462	1,159	61,854	55,135	39,054	42,529	186,694	171,782	33,640	30,611	41,542	38,290	4,701	3,152	5,279	4,818					390,788	362,256	
Visiting Medical Officers	63	54			2,756	2,321	4,498	4,035	17,602	16,658	1,232	1,110	1,505	1,247			736	82					28,392	25,507	
Other Operating Expenses	4,077	4,019	472	322	30,751	30,992	28,070	31,125	112,835	104,634	6,801	5,364	11,209	11,089	946	948	1,493	1,062					196,654	189,555	
Depreciation and Amortisation	725	660	51	31	4,387	4,411	2,635	2,988	11,894	11,077	551	723	2,212	2,110	41	64	222	171					22,728	22,235	
Grants and Subsidies	882	2,269	65	471	1,681	12	13	(73)	55	(269)	116	201	8	957	651	36	255	(5)					3,726	3,599	
Finance Costs	1	5			48	48	37	232	279	503	2	9	5	13			1	7	10				798	1,009	
Payments to Affiliated Health Organisations	7	1,105			315	78	514	75	2,010	1,788	141	35	172	48			84	5					3,243	3,140	
Total Expenses excluding losses	22,317	22,892	2,050	1,985	101,802	92,986	75,016	80,958	331,593	306,325	42,483	38,053	56,653	53,754	6,339	4,205	8,076	6,143					646,329	607,301	
Revenue																									
NSW Ministry of Health Recurrent Allocations **																								516,759	516,759
NSW Ministry of Health Capital Allocations **																							17,163	17,163	
Acceptance by the Crown Entity																								46,391	46,391
of Employee Benefits and Other Liabilities	783	374	90	29	2,967	1,396	2,201	1,076	8,823	4,348	1,584	775	2,119	969	223	80	266	122					19,066	9,169	
Sale of Goods and Services	187	196	15	6	19,704	11,997	1,012	1,576	30,903	34,299	1,142	595	11,945	8,383	44	624	38	58					64,990	57,734	
Investment Revenue	9	1	1		310	204	32	18	519	568	29	1	199	223	2	2	3						1,104	1,017	
Grants and Contributions	1,203	151	167		1,496	1,130	136	49	837	546	27	1	2,019	3,980	2	1	1,155	1,148					7,042	7,006	
Other Revenue	17	4	2		537	6	58	2	934	1,690	54	4	354	7	4		5	1					1,965	1,714	
Total Revenue	2,199	726	275	35	25,014	14,733	3,439	2,721	42,016	41,451	2,846	1,376	16,636	13,562	275	707	1,467	1,329					640,277	639,790	
Gain / (Loss) on Disposal	(4)	6			(22)	39	(13)	26	(61)	98	(3)	6	(11)	19			(1)	2						(115)	197
Other Gains / (Losses)	(2)	3			(180)	160	(9)	21	(285)	457	(10)	8	(109)	112				1						(595)	770
Net Result	(20,124)	(22,157)	(1,775)	(1,950)	(76,990)	(78,054)	(71,599)	(78,190)	(289,923)	(264,319)	(39,650)	(36,663)	(40,137)	(40,061)	(6,064)	(3,489)	(6,610)	(4,811)					563,150	33,456	
Total Comprehensive Income	(20,124)	(22,157)	(1,775)	(1,950)	(76,990)	(78,054)	(71,599)	(78,190)	(289,923)	(264,319)	(39,650)	(36,663)	(40,137)	(40,061)	(6,064)	(3,489)	(6,610)	(4,811)					563,150	33,456	

* The name and purpose of each service group is summarised in Note 18

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

Nepean Blue Mountains Local Health District
Service Group Statements (Continued)
for the year ended 30 June 2014

NBMLHD 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			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS																								
Current Assets																								
Cash and Cash Equivalents	1,040	1,029	96	89	4,745	4,181	3,497	3,640	15,457	13,772	1,980	1,711	2,641	2,417	295	189	376	276					30,127	27,304
Receivables	58	63	5	2	6,116	3,820	314	502	9,592	10,922	365	189	3,708	2,669	14	199	12	18					20,174	18,384
Inventories	76	81	9	7	575	627	525	630	2,108	2,118	127	109	210	224	18	19	28	21					3,676	3,836
Total Current Assets	1,174	1,173	110	98	11,436	8,628	4,336	4,772	27,157	26,812	2,482	2,009	6,559	5,310	327	407	416	315					53,977	49,524
Non-Current Assets																								
Receivables		2				150		20		431		7		105		8		1						724
Property, Plant and Equipment																								
- Land and Buildings	15,175	14,065	1,071	663	92,012	93,959	55,142	63,650	248,915	235,893	11,532	15,391	46,281	44,943	859	1,373	4,644	3,647					475,631	473,584
- Plant and Equipment	907	950	64	45	5,499	6,344	3,296	4,298	14,877	15,928	689	1,039	2,766	3,035	51	93	278	246					28,427	31,978
- Infrastructure Systems	93	93	7	4	566	622	339	421	1,530	1,563	71	102	285	298	5	9	29	24					2,925	3,136
Intangible Assets	3	4			21	24	12	16	56	61	3	4	10	12			1	1					106	122
Total Non-Current Assets	16,178	15,114	1,142	712	98,098	101,099	58,789	68,405	265,378	253,876	12,295	16,543	49,342	48,393	915	1,483	4,952	3,919					507,089	508,544
TOTAL ASSETS	17,352	16,287	1,252	810	109,534	109,727	63,125	73,177	292,535	280,688	14,757	18,552	55,901	53,703	1,242	1,890	5,368	4,234					561,066	559,068
LIABILITIES																								
Current Liabilities																								
Payables	984	886	114	71	7,425	6,834	6,778	6,863	27,248	23,073	1,642	1,183	2,707	2,445	228	209	360	234					47,486	41,798
Borrowings	104	106	10	9	473	429	349	373	1,541	1,413	198	176	263	248	29	19	38	28					3,005	2,801
Provisions	2,358	2,121	208	166	8,808	7,911	5,562	6,102	26,585	24,646	4,791	4,392	5,916	5,494	670	452	752	691					55,650	51,975
Other	1						4		19		2		3										34	
Total Current Liabilities	3,447	3,113	332	246	16,711	15,174	12,693	13,338	55,393	49,132	6,633	5,751	8,889	8,187	927	680	1,150	953					106,175	96,574
Non-Current Liabilities																								
Borrowings	160	221	15	19	731	898	538	782	2,379	2,959	305	368	407	519	45	41	58	59					4,638	5,866
Provisions	15	12	1	1	55	44	34	34	164	136	30	24	37	31	4	3	5	4					345	289
Total Non-Current Liabilities	175	233	16	20	786	942	572	816	2,543	3,095	335	392	444	550	49	44	63	63					4,983	6,155
TOTAL LIABILITIES	3,622	3,346	348	266	17,497	16,116	13,265	14,154	57,936	52,227	6,968	6,143	9,333	8,737	976	724	1,213	1,016					111,158	102,729
NET ASSETS	13,730	12,941	904	544	92,037	93,611	49,860	59,023	234,599	228,461	7,789	12,409	46,568	44,966	266	1,166	4,155	3,218					449,908	456,339

* The name and purpose of each service group is summarised in Note 18

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

The Nepean Blue Mountains Local Health District (the NBMLHD) was established under the provisions of the Health Services Act 1997 with effect from 1 January 2011.

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

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

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

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 NBMLHD is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2014 have been authorised for issue by the Chief Executive on 17 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The NBMLHD's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2010, and the Treasurers' Directions. Apart from the basis for the NBMLHD'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(ab).

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

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

Other circumstances why the going concern is appropriate include:

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

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

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

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

Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Statement of Compliance

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

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

a) Employee Benefits and Other Provisions

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

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

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

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 16.5% are applied to the value of leave payable at 30 June 2014 (Comparable on-costs for 30 June 2013 were 14.9%)The NBMLHD has assessed the actuarial advice based on the NBMLHD's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

ii) Long Service Leave and Superannuation

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

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

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

Long Service Leave is measured at present value in accordance with AASB 119, Employee Benefits. This is based on the application of certain factors (specified in NSW Treasury Circular 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

iii) Consequential On-Costs

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

iv) Other Provisions

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

c) Finance Costs

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

d) Income Recognition

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

Sale of Goods

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

Rendering of Services

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

Patient Fees

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

High Cost Drugs

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

Motor Accident Authority Third Party

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

Department of Veterans' Affairs

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

Investment Revenue

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

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

The NBMLHD 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 recognised as revenues when the NBMLHD 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 NBMLHD as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

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

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

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

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

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

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

f) Interstate Patient Flows

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

g) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(y)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

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

h) Capitalisation Thresholds

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

i) Depreciation of Property, Plant and Equipment

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

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

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%
Intangibles	20%

"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 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 22 and Note 24 for further information regarding fair value.

The NBMLHD revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the NBMLHD was completed in the 2011-12 financial year and was based on an independent assessment.

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

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the Net Result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

k) Impairment of Property, Plant and Equipment

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

l) Restoration Costs

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

m) Investment Properties

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

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

n) Intangible Assets

The NBMLHD recognises intangible assets only if it is probable that future economic benefits will flow to the NBMLHD 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 NBMLHD's intangible assets, the assets are carried at cost less any accumulated amortisation.

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

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

o) Maintenance

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

p) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and 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, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

q) Inventories

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

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

r) Loans and Receivables

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

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

s) Investments

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

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

t) Impairment of financial assets

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

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

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

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

u) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the NBMLHD transfers the financial asset:

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

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

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

v) Payables

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

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

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

w) Borrowings

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

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

x) Fair Value Hierarchy

A number of the NBMLHD's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the NBMLHD categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- * Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- * Level 3 – inputs that are not based on observable market data (unobservable inputs).

The NBMLHD recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 24 and Note 38 for further disclosures regarding fair value measurements of financial and non-financial assets.

y) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004, Contributions and Australian 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 NBMLHD recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the NBMLHD does not recognise that asset.

z) Equity and Reserves

(i) Accumulated Funds

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

(ii) Revaluation Surplus

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

(iii) Separate Reserves

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

aa) Trust Funds

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

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

ab) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Ministry of Health 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".

ac) Service Group Statements Allocation Methodology

Using the statistical data for twelve months ending 30 June 2013, the data is then adjusted for any material change in service delivery or funding distribution, occurring in the 2013-14 year.

In respect of assets and liabilities the Ministry requires the NBMLHD 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.

ad) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have impacted in 2013-14 and have been applied for the first time as follows:

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 January 2013 and address, inter alia, the assumptions that market participants would use when pricing the asset or liability. No impact to prior year values, increased note disclosures, refer note 24.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 January 2013 and cover the recognition and measurement of short term and long term employee benefits. Refer Note 3 and 28.

AASB 2012-2, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application for reporting periods starting on or after 1 January 2013 and seeks to address some of the offsetting criteria of AASB 7. Minor Adjustment has been made to note 38.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 2010-7, regarding Financial Instruments has mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. The change is not expected to materially impact the financial statements.

AASB 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. For not for profit entities, the changes have application from 1 July 2014. Based on the initial high level assessment performed by the Ministry of Health, this standard has been assessed as having no material effect. The NBMLHD in conjunction with the Ministry will be performing a detailed review of the impact of the standard to assess if any small foundations, trust or any other type of entities are controlled, noting if such relationship exists, it is still likely to be immaterial.

AASB 1055 and AASB 2013-1, regarding Budgetary Reporting has application from 1 July 2014. Any changes in future disclosures will be determined by the policies adopted for whole of government reporting.

AASB 9, Financial Instruments, has application from 1 Jan 2017. Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

AASB 1031, Materiality, is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard provides references to other Standards and the Framework that contain guidance on materiality.

AASB 2012-3, Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities, has application from 1 January 2014 and seeks to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.

AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets, has application from 1 July 2014.

AASB 2013-6, Amendments to AASB 136 arising from Reduced Disclosure Requirements, has application from 1 July 2014.

AASB 2013-8, Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities, has application from 1 July 2014.

AASB 2013-9, Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments has application from 1 July 2014.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	246,619	245,137
----	----	Overtime	12,639	12,711
----	----	Penalties	24,964	23,957
----	----	Superannuation - Defined Benefit Plans	3,990	4,201
----	----	Superannuation - Defined Contribution Plans	27,760	25,125
----	----	Long Service Leave	16,214	4,950
----	----	Annual Leave	32,729	28,681
----	----	Sick Leave and Other Leave	17,936	9,880
----	----	Redundancies	-----	783
----	----	Workers' Compensation Insurance	7,937	6,768
----	----	Fringe Benefits Tax	-----	63
-----	-----		390,788	362,256
-----	-----		-----	-----
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
246,619	245,137	Salaries and Wages	-----	-----
12,639	12,711	Overtime	-----	-----
24,964	23,957	Penalties	-----	-----
27,760	25,125	Superannuation - Defined Contribution Plans	-----	-----
1,138	(18)	Long Service Leave	-----	-----
32,729	28,681	Annual Leave	-----	-----
17,936	9,880	Sick Leave and Other Leave	-----	-----
-----	783	Redundancies	-----	-----
7,937	6,768	Workers' Compensation Insurance	-----	-----
-----	63	Fringe Benefits Tax	-----	-----
-----	-----		-----	-----
371,722	353,087		-----	-----
-----	-----		-----	-----
5. Other Operating Expenses				
124	103	Advertising	124	103
126	201	Auditor's Remuneration - Audit of Financial Statements	126	201
3,346	2,793	Blood and Blood Products	3,346	2,793
-----	1	Capital Project Expense	-----	1
602	368	Consultancies	602	368
28	-----	Contractors	28	-----
5,900	4,752	Domestic Supplies and Services	5,900	4,752
21,049	19,411	Drug Supplies	21,049	19,411
9,027	8,329	Food Supplies	9,027	8,329
4,469	4,199	Fuel, Light and Power	4,469	4,199
59,270	62,002	Other (See (a) below)	59,270	62,002
2,828	3,541	Hospital Ambulance Transport Costs	2,828	3,541
8,243	8,034	Information Management Expenses	8,243	8,034
923	829	Insurance	923	829
11,086	10,097	Maintenance (See (b) below)	11,086	10,097
33,494	32,665	Medical and Surgical Supplies	33,494	32,665
1,170	892	Motor Vehicle Expenses	1,170	892
1,185	1,057	Postal and Telephone Costs	1,185	1,057
1,884	2,217	Printing and Stationery	1,884	2,217
753	712	Rates and Charges	753	712
1,262	1,031	Rental	1,262	1,031
25,521	22,392	Special Service Departments	25,521	22,392
2,461	2,212	Staff Related Costs	2,461	2,212
1,903	1,717	Travel Related Costs	1,903	1,717
-----	-----		-----	-----
196,654	189,555		196,654	189,555
-----	-----		-----	-----

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		(a) Other Includes:		
4	-----	Aircraft Expenses (Ambulance)	4	-----
47,591	48,471	Contract for Patient Services	47,591	48,471
2,592	2,514	Corporate Support Services	2,592	2,514
221	261	Courier and Freight	221	261
80	60	Isolated Patient Travel and Accommodation Assistance Scheme	80	60
304	129	Legal Services	304	129
242	279	Membership/Professional Fees	242	279
1,232	1,484	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	1,232	1,484
1	3	Public Private Partnership	1	3
2,177	2,463	Other Operating Lease Expense - Minimum Lease Payments	2,177	2,463
74	120	Quality Assurance/Accreditation	74	120
491	712	Security Services	491	712
4,261	5,506	Other Miscellaneous	4,261	5,506
<u>59,270</u>	<u>62,002</u>		<u>59,270</u>	<u>62,002</u>
		(b) Reconciliation of Total Maintenance		
3,784	2,859	Maintenance Contracts	3,784	2,859
4,110	3,520	New/Replacement Equipment under \$10,000	4,110	3,520
2,972	3,717	Repairs Maintenance/Non Contract	2,972	3,717
220	-----	Other	220	-----
11,086	10,096	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	11,086	10,096
1,733	1,280	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	1,733	1,280
<u>12,819</u>	<u>11,376</u>	Total Maintenance Expenses	<u>12,819</u>	<u>11,376</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
16,533	15,711	Depreciation - Buildings	16,533	15,711
5,938	6,231	Depreciation - Plant and Equipment	5,938	6,231
211	215	Depreciation - Infrastructure Systems	211	215
46	78	Amortisation - Intangible Assets	46	78
<u>22,728</u>	<u>22,235</u>		<u>22,728</u>	<u>22,235</u>
7. Grants and Subsidies				
2,985	3,008	Non-Government Organisations	2,985	3,008
27	39	Grants to Research Organisations	27	39
714	552	Other Grants	714	552
<u>3,726</u>	<u>3,599</u>		<u>3,726</u>	<u>3,599</u>
8. Finance Costs				
688	869	Finance Lease Interest Charges	688	869
109	140	Interest on Loans	109	140
1	----	Other Interest Charges	1	----
<u>798</u>	<u>1,009</u>		<u>798</u>	<u>1,009</u>
9. Payments to Affiliated Health Organisations				
3,243	3,140	(a) Recurrent Sourced Tresillian Family Care Centre	3,243	3,140
<u>3,243</u>	<u>3,140</u>		<u>3,243</u>	<u>3,140</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT

CONSOLIDATION

2014	2013		2014	2013
\$000	\$000		\$000	\$000

10. Sale of Goods and Services

(a) Sale of Goods comprise the following:-

182	144	Pharmacy Sales	182	144
3,106	2,181	Sale of Prosthesis	3,106	2,181
27	29	Other	27	29

(b) Rendering of Services comprise the following:-

		Patient Fees		
18,103	17,497	- Inpatient Fees	18,103	17,497
629	299	- Nursing Home Fees	629	299
246	298	- Non Inpatient Fees	246	298
9,969	8,770	Department of Veterans' Affairs	9,969	8,770
4	5	Staff-Meals and Accommodation	4	5
8,880	8,211	Infrastructure Fees - Monthly Facility Charge	8,880	8,211
4,660	4,198	- Annual Charge	4,660	4,198
7	7	Cafeteria/Kiosk	7	7
2,972	1,095	Car Parking	2,972	1,095
1,038	1,024	Child Care Fees	1,038	1,024
184	285	Clinical Services (excluding Clinical Drug Trials)	184	285
180	873	Commercial Activities	180	873
63	63	Fees for Medical Records	63	63
4	5	Information Retrieval	4	5
9,203	8,192	High Cost Drugs	9,203	8,192
3,038	2,223	Motor Accident Authority Third Party	3,038	2,223
65	65	Private Use of Motor Vehicles	65	65
397	574	Salary Packaging Fee	397	574
1,700	1,205	Services Provided to Non NSW Health Organisations	1,700	1,205
----	21	Shared Corporate Services	----	21
----	235	Multi Purpose Service Centre Fees	----	235
333	235	Other	333	235

64,990

57,734

64,990

57,734

11. Investment Revenue

1,104	1,017	Interest	1,104	1,017
-------	-------	----------	-------	-------

1,104

1,017

1,104

1,017

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
12. Grants and Contributions				
371	388	Clinical Drug Trials	371	388
3,800	3,216	Commonwealth Government Grants	3,800	3,216
1,056	1,013	Industry Contributions/Donations	1,056	1,013
352	574	Cancer Institute Grants	352	574
467	380	NSW Government Grants	467	380
528	388	Research Grants	528	388
468	1,047	Other Grants	468	1,047
7,042	7,006		7,042	7,006
13. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-----	-----	Superannuation-defined benefit	3,990	4,201
-----	-----	Long Service Leave	15,076	4,968
-----	-----		19,066	9,169
14. Other Revenue				
Other Revenue comprises the following:-				
11	18	Bad Debts Recovered	11	18
165	144	Commissions	165	144
82	25	Conference and Training Fees	82	25
24	-----	Discounts	24	-----
29	14	Insurance Refunds	29	14
849	780	Lease and Rental Income	849	780
-----	3	Sale of Merchandise, Old Wares and Books	-----	3
-----	1	Sponsorship Income	-----	1
805	729	Other	805	729
1,965	1,714		1,965	1,714

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
15. Gain / (Loss) on Disposal				
267	2,013	Property, Plant and Equipment	267	2,013
145	2,210	Less: Accumulated Depreciation	145	2,210
<u>122</u>	<u>(197)</u>	Written Down Value	<u>122</u>	<u>(197)</u>
7	----	Less: Proceeds from Disposal	7	----
<u><u>(115)</u></u>	<u><u>197</u></u>	Total Gain/(Loss) on Disposal	<u><u>(115)</u></u>	<u><u>197</u></u>
 16. Other Gains / (Losses)				
----	1,048	Property, Plant and Equipment	----	1,048
(595)	(278)	Asset Revaluation Increment/(Decrement)	(595)	(278)
<u>(595)</u>	<u>770</u>	Impairment of Receivables	<u>(595)</u>	<u>(278)</u>
<u><u>(595)</u></u>	<u><u>770</u></u>		<u><u>(595)</u></u>	<u><u>770</u></u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 reporting period for which expenditure in the manner specified had not occurred as at balance date	3,408	-----	91	3,499
Contributions recognised in previous years which were not expended in the current reporting period	25,217	4,202	-----	29,419
Total amount of unexpended contributions as at balance date	28,625	4,202	91	32,918

Comment on restricted assets appears in Note 25

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

18. Service Groups of the NBMLHD

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 program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community).

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

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

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services 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 road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

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

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

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

Service Group 5.1 - Population Health Services

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

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

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

Service Group 6.1 - Teaching and Research

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

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

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	PARENT		CONSOLIDATION
	2014	2013	2013
	\$000	\$000	\$000
19. Cash and Cash Equivalents			
Cash at Bank and On Hand	30,127	27,304	27,304
	30,127	27,304	27,304
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash & cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>			
Cash and Cash Equivalents (per Statement of Financial Position)	30,127	27,304	27,304
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	30,127	27,304	27,304

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
20. Receivables				
Current				
4,778	4,400	Sale of Goods and Services	4,778	4,400
6,896	5,992	Intra Health Receivables	6,896	5,992
2,640	3,927	Goods and Services Tax	2,640	3,927
5,588	4,567	Other Debtors	5,588	4,567
19,902	18,886	Sub Total	19,902	18,886
(897)	(620)	Less Allowance for Impairment	(897)	(620)
19,005	18,266	Sub Total	19,005	18,266
1,169	118	Prepayments	1,169	118
20,174	18,384		20,174	18,384
(a) Movement in the Allowance for Impairment				
Sale of Goods and Services				
(402)	(465)	Balance at Commencement of Reporting Period	(402)	(465)
318	225	Amounts written off during the period	318	225
(362)	(161)	(Increase)/decrease in Allowance Recognised in the Income Statement	(362)	(161)
(446)	(402)	Balance at 30 June	(446)	(402)
(b) Movement in the Allowance for Impairment				
Other Debtors				
(218)	(153)	Balance at Commencement of Reporting Period	(218)	(153)
-----	52	Amounts written off during the period	-----	52
(233)	(117)	(Increase)/decrease in Allowance Recognised in the Income Statement	(233)	(117)
(451)	(218)	Balance at 30 June	(451)	(218)
(897)	(620)		(897)	(620)
Non-Current				
-----	724	Prepayments	-----	724
-----	724		-----	724
The current and non-current sale of goods and services balances above include the following patient fee receivables:				
(Current and Non-Current) include:				
239	406	Patient Fees - Compensable	239	406
644	507	Patient Fees - Ineligible	644	507
2,273	2,119	Patient Fees - Inpatient & Other	2,273	2,119
3,156	3,032		3,156	3,032

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

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT

CONSOLIDATION

2014 2013
\$000 \$000

2014 2013
\$000 \$000

21. Inventories - Current - Held for Distribution

1	----
----	143
<u>3,675</u>	<u>3,693</u>
<u>3,676</u>	<u>3,836</u>

Drugs
Medical and Surgical Supplies
Other Including Goods in Transit

1	----
----	143
<u>3,675</u>	<u>3,693</u>
<u>3,676</u>	<u>3,836</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
22. Property, Plant and Equipment				
Land and Buildings - Fair Value				
736,316	717,736	Gross Carrying Amount	736,316	717,736
260,685	244,152	Less: Accumulated Depreciation and Impairment	260,685	244,152
<u>475,631</u>	<u>473,584</u>	Net Carrying Amount	<u>475,631</u>	<u>473,584</u>
Plant and Equipment - Fair Value				
61,959	59,402	Gross Carrying Amount	61,959	59,402
33,532	27,424	Less: Accumulated Depreciation and Impairment	33,532	27,424
<u>28,427</u>	<u>31,978</u>	Net Carrying Amount	<u>28,427</u>	<u>31,978</u>
Infrastructure Systems - Fair Value				
8,809	8,810	Gross Carrying Amount	8,809	8,810
5,884	5,674	Less: Accumulated Depreciation and Impairment	5,884	5,674
<u>2,925</u>	<u>3,136</u>	Net Carrying Amount	<u>2,925</u>	<u>3,136</u>
Leasehold Improvements - Fair Value				
-----	-----	Gross Carrying Amount	-----	-----
-----	-----	Less: Accumulated Depreciation and Impairment	-----	-----
<u>-----</u>	<u>-----</u>	Net Carrying Amount	<u>-----</u>	<u>-----</u>
<u>506,983</u>	<u>508,698</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>506,983</u>	<u>508,698</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT & CONSOLIDATION

22. Property, Plant and Equipment - Reconciliation

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

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2014						
Net Carrying Amount at Start of Year	26,842	446,742	31,978	3,136	----	508,698
Additions	----	18,660	2,744	----	----	21,404
Disposals	----	----	(122)	----	----	(122)
Administrative Restructures - Transfers In/(Out)	----	----	(315)	----	----	(315)
Depreciation Expense	----	(16,533)	(5,938)	(211)	----	(22,682)
Reclassifications	----	(80)	80	----	----	----
Net Carrying Amount at End of Year	26,842	448,789	28,427	2,925	0	506,983

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	26,842	418,604	31,812	3,326	----	480,584
Additions	----	40,173	4,870	2	----	45,045
Reclassifications to Intangibles	----	----	157	----	----	157
Disposals	----	3	194	----	----	197
Administrative Restructures - Transfers In/(Out)	----	----	4,185	----	----	4,185
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	1,048	----	----	----	1,048
Depreciation Expense	----	(15,711)	(6,274)	(215)	----	(22,200)
Reclassifications	----	2,625	(2,966)	23	----	(318)
Net Carrying Amount at End of Year	26,842	446,742	31,978	3,136	0	508,698

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 24.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the NBMLHD [see note 2(g)].
- (ii) Indices provided by Land & Property Information being the carrying value of assets were not applied as immaterial.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		23. Intangible Assets		
		Intangibles		
236	236	Cost (Gross Carrying Amount)	236	236
130	114	Less Accumulated Amortisation and Impairment	130	114
<u>106</u>	<u>122</u>	Total Intangible Assets at Net Carrying Amount	<u>106</u>	<u>122</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

PARENT AND CONSOLIDATION

23. Intangibles - Reconciliation

	Intangibles \$000
2014	
Net Carrying Amount at Start of Year	122
Amortisation (Recognised in Depreciation and Amortisation)	(46)
Other Movements (Admin Restructure)	30
Net Carrying Amount at End of Year	106

	Intangibles \$000
2013	
Net Carrying Amount at Start of Reporting Period	-----
Reclassification From Plant & Equipment	157
Amortisation (Recognised in Depreciation and Amortisation)	(35)
Net Carrying Amount at End of Year	122

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

24. Fair Value Measurement of Non-Financial Assets

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for the following has not been provided as permitted by the transitional provisions of the new standard.

a) Fair Value Hierarchy	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2014				
Property, Plant and Equipment (Note 22)*				
- Land and Buildings	----	76,385	399,246	475,631
- Infrastructure Systems	----	----	2,925	2,925
	<u>----</u>	<u>76,385</u>	<u>402,171</u>	<u>478,556</u>

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

*For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant and Equipment are not required to be reported under the fair value hierarchy.

b) Valuation Techniques, Inputs and Processes

For land, buildings and infrastructure the NBMLHD obtains external valuations by independent valuers every three years. The last revaluation was performed by AON Valuation Services for the 2011/12 financial year. AON Valuation Services is an independent entity and is not an employee of the NBMLHD.

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

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

For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs.

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

Buildings and Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual building and infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations. The useful economic life of the assets is initially assessed at 40 years. The remaining economic life is assessed based upon physical depreciation and obsolescence. The district provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed over the past four years have been included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The District is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT & CONSOLIDATION

24. Fair Value Measurement of Non-Financial Assets

c) Reconciliation of Recurring Level 3 Fair Value Measurements	Land and Buildings \$000	Infrastructure \$000	Total Level 3 Recurring \$000
Fair value as at 1 July 2013	473,584	3,136	476,720
Additions	18,580	-----	18,580
Depreciation	(16,533)	(211)	(16,744)
	<hr/>	<hr/>	<hr/>
Fair value as at 30 June 2014	<u>399,246</u>	<u>2,925</u>	<u>402,171</u>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

	PARENT		CONSOLIDATION
	2014	2013	2013
	\$000	\$000	\$000
25. Restricted Assets			
The NBMLHD's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.			
Category			
	9,789	9,814	9,814
	23,129	19,637	19,637
	32,918	29,451	29,451

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		26. Payables		
		Current		
-----	-----	Accrued Salaries, Wages and On-Costs	9,265	7,995
-----	-----	Taxation and Payroll Deductions	2,383	2,541
11,648	10,536	Accrued Liability - Purchase of Personnel Services	-----	-----
22,304	19,423	Creditors	22,304	19,423
8,043	5,869	- Intra Health Liability	8,043	5,869
5,491	5,970	- Other	5,491	5,970
<u>47,486</u>	<u>41,798</u>		<u>47,486</u>	<u>41,798</u>

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

		27. Borrowings		
		Current		
814	831	Other Loans and Deposits	814	831
2,191	1,970	Finance Leases [see note 2(p)]	2,191	1,970
<u>3,005</u>	<u>2,801</u>		<u>3,005</u>	<u>2,801</u>
		Non-Current		
1,994	1,032	Other Loans and Deposits	1,994	1,032
2,644	4,834	Finance Leases [see note 2(p)]	2,644	4,834
<u>4,638</u>	<u>5,866</u>		<u>4,638</u>	<u>5,866</u>

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

Final Repayment is scheduled for 30 June 2019

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

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

Nepean Blue Mountains Local Health District
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
28. Provisions				
Current				
-----	-----	Annual Leave - Short Term Benefit	30,895	16,537
-----	-----	Annual Leave - Long Term Benefit	18,187	29,951
-----	-----	Long Service Leave - Long Term Benefit	4	4
-----	-----	Long Service Leave Consequential On-Costs	6,564	5,483
55,650	51,975	Provision for Personnel Services Liability	-----	-----
55,650	51,975	Total Current Provisions	55,650	51,975
Non-Current				
-----	-----	Long Service Leave Consequential On-Costs	345	289
345	289	Provision for Personnel Services Liability	-----	-----
345	289	Total Non-Current Provisions	345	289
Aggregate Employee Benefits and Related On-Costs				
-----	-----	Provisions - Current	55,650	51,975
-----	-----	Provisions - Non-Current	345	289
-----	-----	Accrued Salaries, Wages and On-Costs (Note 26)	11,648	10,536
67,643	62,800	Liability - Purchase of Personnel Services	-----	-----
67,643	62,800		67,643	62,800
29. Other Liabilities				
Current				
34	-----	Income in Advance	34	-----
34	-----		34	-----
34	-----		34	-----

Income in advance of \$34K represents patient fees paid in advance

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		30. Commitments for Expenditure		
		(a) Capital Commitments		
		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:		
2,852	9,321	Not later than one year	2,852	9,321
1,300	-----	Later than one year and not later than five years	1,300	-----
<u>4,152</u>	<u>9,321</u>	Total Capital Expenditure Commitments (Including GST)	<u>4,152</u>	<u>9,321</u>
		Of the commitments reported at 30 June 2014 it is expected that \$3.60M will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
4,130	3,789	Not later than one year	4,130	3,789
12,214	13,313	Later than one year and not later than five years	12,214	13,313
9,060	8,641	Later than five years	9,060	8,641
<u>25,404</u>	<u>25,743</u>	Total Operating Lease Commitments (Including GST)	<u>25,404</u>	<u>25,743</u>
		The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment and other equipment.		
		(c) Finance Lease Commitments		
		Minimum lease payment commitments in relation to finance leases are payable as follows:		
3,065	2,993	Not later than one year	3,065	2,993
3,401	6,466	Later than one year and not later than five years	3,401	6,466
<u>6,466</u>	<u>9,459</u>	Minimum Lease Payments	<u>6,466</u>	<u>9,459</u>
<u>1,631</u>	<u>2,655</u>	Less: Future Finance Charges	<u>1,631</u>	<u>2,655</u>
<u>4,835</u>	<u>6,804</u>	Present Value of Minimum Lease Payments	<u>4,835</u>	<u>6,804</u>
		The present value of finance lease commitments is as follows:		
2,191	1,970	Not later than one year	2,191	1,970
2,644	4,834	Later than one year and not later than five years	2,644	4,834
<u>4,835</u>	<u>6,804</u>	Present Value of Minimum Lease Payments	<u>4,835</u>	<u>6,804</u>
		Classified as:		
2,191	1,970	(a) Current (Note 27)	2,191	1,970
2,644	4,834	(b) Non-Current (Note 27)	2,644	4,834
<u>4,835</u>	<u>6,804</u>		<u>4,835</u>	<u>6,804</u>

The operating lease commitments above are for motor vehicles, medical and other equipment

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

The total of 'Commitments for Expenditure' above, i.e. \$36.022 million (2013-\$44.523 million) million as at 30 June 2014 includes input tax credits of \$3.275 million that are expected to be recoverable from the Australian Taxation Office (2013 \$4.048 million).

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

31. Trust Funds

The NBMLHD holds trust fund moneys of \$14.8 million which are held 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 NBMLHD 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash Balance at the beginning of the financial year	327	309	1,585	1,570	10,053	4,213	11,965	6,092
Receipts	7	37	34,338	15,115	57,236	34,157	91,581	49,309
Expenditure	(6)	(19)	(35,903)	(15,100)	(52,804)	(28,317)	(88,713)	(43,436)
Cash Balance at the end of the financial year	328	327	20	1,585	14,485	10,053	14,833	11,965

Nepean Blue Mountains 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 2007/08 fund year and an interim adjustment for the 2009/10 fund year were not calculated until 2013/14.

As a result, the 2008/09 final and 2010/11 pertaining to the hospitals and community services now forming part of the NBMLHD will be paid in 2014/15. It is not possible for the NBMLHD to reliably quantify the benefit to be received or amount payable.

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 NBMLHD'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 NBMLHD and the Ministry.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
33. Reconciliation of Cash Flows from Operating Activities to Net Result				
25,336	48,361	Net Cash Flows from Operating Activities	25,336	48,361
(22,728)	(22,235)	Depreciation	(22,728)	(22,235)
(595)	(278)	Allowance for Impairment	(595)	(278)
(34)	764	(Increase)/ Decrease Income in Advance	(34)	764
(3,730)	326	(Increase)/ Decrease in Provisions	(3,730)	326
2,174	4,343	Increase / (Decrease) in Prepayments and Other Assets	2,174	4,343
(7,070)	930	(Increase)/ Decrease in Creditors	(7,070)	930
-----	1,048	Revaluation of Property, Plant & Equipment recognised in "Other gains/(losses)"	-----	1,048
(115)	197	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(115)	197
<hr/>				
<u>(6,762)</u>	<u>33,456</u>	Net Result	<u>(6,762)</u>	<u>33,456</u>

34. 2013/14 Voluntary Services

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

- | | |
|---|--|
| <ul style="list-style-type: none"> - Chaplaincies and Pastoral Care - Pink Ladies/Hospital Auxiliaries - Patient Support Groups - Community Organisations | <ul style="list-style-type: none"> - Patient & Family Support - Patient Services, Fund Raising - Practical Support to Patients and Relative - Counselling, Health Education, Transport, Home Help & Patient Activities |
|---|--|

35. Unclaimed Monies

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

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

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.

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

36. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$6 million, primarily due to:

Consolidated expenses being under budget by \$2.7 million due to additional budget relating to 2012/13 disaggregation of services impacting on this year's cash, while local factors including leave management, reduction in overtime and clinical redesign efficiency strategies also contributed to the favourable result.

Consolidated revenue exceeded budget expectations by \$3 million due to an increase in patient fees received during the year which is reflective of strategies to increase same. The District also received revenues relating to MAA & DVA activity wash ups for the 2012/13 financial year.

The District was also favourable \$2.4 million for Special Purpose & Trust which reflects additional alignment work to occur to ensure the Special Purpose & Trust budget reflects expectations.

Assets and Liabilities

Throughout 2013/14 NBMLHD worked with the Ministry to refine budget asset and liability account lines as a result of misalignment arising from the split with WSLHD and the HRTD respectively. The balance sheet result for 2013/14 is in line with expectations, however both the District and Ministry have committed to continued refinement to ensure the balance sheet budget reflects expectations.

Cash Flows

The performance against budget reflects the Special Purpose & Trust full year result and additional work required to align budgets with expectations.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2013 are as follows:

	\$000
Initial Allocation, 01 July 2013	476,088
Growth, Award & CPI increases	29,853
Approved Line Transfers	6,550
Other enhancements	6,572
Hawkesbury Availability Charge	2,658
Additional costs incurred due to the disaggregation of services	3,582
Other adjustment	2,623
Treasury Managed Fund 2013/14 Allocation Adjustment	1,021
	<hr/>
Balance as per Statement of Comprehensive Income	528,947
	<hr/> <hr/>

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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37. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$5.941M relating to the Districts' assumption of responsibilities due to the split of Hosted and Imaging services between NBMLHD and other organisations listed.

Equity transfers effected in the 2013/14 year were:

An increase in net assets of \$0.331M relating to the Districts' assumption of responsibilities due to the split of Imaging services between NBMLHD and WSLHD.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs		840
WSLHD	421	5138
SLHD		(93)
HEALTH SHARE		(3)
NSW PATH	(90)	
ACI		59
	331	5,941

Assets and Liabilities transferred are as follows:

	2014	2013
	\$000	\$000
Assets		
Receivables		1310
Inventory		143
Plant & Equipment	(315)	3870
Cash and Cash Equivalents	(90)	
Intangibles	30	(30)
Liabilities		
Payables	706	1394
Provision		(746)
Increase/(Decrease) in Net Assets From Equity Transfers	331	5,941

Nepean Blue Mountains Local Health District
Notes to and forming part of the Financial Statements
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38. Financial Instruments

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

The NBMLHD's main risks arising from financial instruments are outlined below, together with the NBMLHD'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 NBMLHD, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a continuous basis.

(a) Financial Instrument Categories

PARENT AND CONSOLIDATION		Carrying Amount 2014 \$000	Carrying Amount 2013 \$000
Class:	Category		
Financial Assets			
Cash and Cash Equivalents (note 19)	N/A	30,127	27,304
Receivables (note 20)*	Loans and receivables (at amortised cost)	16,365	14,339
Total Financial Assets		46,492	41,643
Financial Liabilities			
Borrowings (note 27)		7,643	8,667
Payables (note 26)**		45,103	39,257
Total Financial Liabilities		52,746	47,924

Notes

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

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

(b) Credit Risk

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

Credit risk associated with the NBMLHD'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.

Nepean Blue Mountains Local Health District
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Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.35% in 2013/14 compared to 3.26% in the previous year.

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 NBMLHD 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 NBMLHD 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 (2014:\$3.780m; 2013: \$2.126m) and not more than 3 months past due (2014: \$0.289m; 2013:\$2.055m) are not considered impaired. Together these represent 85.16% 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 NBMLHD's 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.

2014	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
<3 months overdue	410	289	121
3 months - 6 months overdue	237	106	131
> 6 months overdue	351	157	194
2013			
<3 months overdue	2,084	1,915	169
3 months - 6 months overdue	441	140	301

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.

Nepean Blue Mountains Local Health District
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(c) Liquidity Risk

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The NBMLHD has exposure to liquidity risk.

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

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

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

For other suppliers, where settlement cannot be effected in accordance with the above, e.g. 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 NBMLHD's financial liabilities together with the interest rate exposure.

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Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates	
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
	%	\$000	\$000	\$000	\$000	\$000	\$000
2014							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		9,265	-----	-----	9,265	9,265	-----
- Creditors		35,838	-----	-----	35,838	35,838	-----
Borrowings:							
- Loans and Deposits	4.74%	2,795	2,795	-----	-----	1,298	1,497
- Finance Leases	6.62%	4,835	4,835	-----	-----	2,191	2,644
		<u>52,733</u>	<u>7,630</u>	<u>-----</u>	<u>45,103</u>	<u>48,592</u>	<u>4,141</u>
2013							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		7,995	-----	-----	7,995	7,995	-----
- Creditors		31,262	-----	-----	31,262	31,262	-----
Borrowings:							
- Loans and Deposits	5.68%	1,476	1,476	-----	-----	571	905
- Finance Leases	6.66%	6,805	6,805	-----	-----	1,970	4,835
		<u>47,538</u>	<u>8,281</u>	<u>-----</u>	<u>39,257</u>	<u>41,798</u>	<u>5,740</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 NBMLHD 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

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 NBMLHD 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 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

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

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

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 NBMLHD does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

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

Nepean Blue Mountains Local Health District
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The NBMLHD's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
2014					
Financial Assets					
Cash and Cash Equivalents	30,127	(301)	(301)	301	301
Receivables	16,365	----	----	----	----
Financial Liabilities					
Payables	45,103	----	----	----	----
Borrowings	7,643	76	76	(76)	(76)
2013					
Financial Assets					
Cash and Cash Equivalents	27,304	(273)	(273)	273	273
Receivables	14,339	----	----	----	----
Financial Liabilities					
Payables	39,257	----	----	----	----
Borrowings	8,667	87	(87)	87	87

(e) Fair Value Measurement

(i) Fair value compared to carrying amount

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

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

39. Events after the Reporting Period

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

END OF AUDITED FINANCIAL STATEMENTS