



INDEPENDENT AUDITOR'S REPORT

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) (the Network), 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 Network and the consolidated entity. The consolidated entity comprises the Network 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 Network 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 Network 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

22 September 2014
SYDNEY



**Certification of the Parent/Consolidated 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 Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) 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 Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children); and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Elizabeth Koff
Chief Executive

19 September 2014



Lis Wilson
Director of Finance and Corporate Services

19 September 2014

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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	464,994	460,866	422,971	
441,149	436,424	414,509	Personnel Services	4	-----	-----	-----	
10,707	10,516	10,217	Visiting Medical Officers		10,707	10,516	10,217	
158,305	153,866	154,846	Other Operating Expenses	5	158,305	153,866	154,846	
24,775	24,855	23,628	Depreciation and Amortisation	2(i), 6	24,775	24,855	23,628	
5,357	2,805	2,509	Grants and Subsidies	7	5,357	2,805	2,509	
640,293	628,466	605,709	Total Expenses excluding losses		664,138	652,908	614,171	
			Revenue					
471,228	471,156	452,721	NSW Ministry of Health Recurrent Allocations	2(d)	471,228	471,156	452,721	
3,918	3,707	6,056	NSW Ministry of Health Capital Allocations	2(d)	3,918	3,707	6,056	
-----	-----	-----	Acceptance by the Crown Entity of Employee Benefits	2(a)(ii), 11	23,845	24,442	8,462	
74,484	69,920	66,830	Sale of Goods and Services	8	74,484	69,920	66,830	
10,015	7,443	12,804	Investment Revenue	9	10,015	7,443	12,804	
60,378	45,068	76,586	Grants and Contributions	10	60,378	45,068	76,586	
8,438	6,809	7,151	Other Revenue	12	8,438	6,809	7,151	
628,461	604,103	622,148	Total Revenue		652,306	628,545	630,610	
(413)	(217)	(377)	Gain / (Loss) on Disposal	13	(413)	(217)	(377)	
(365)	(555)	1,260	Other Gains / (Losses)	14	(365)	(555)	1,260	
(12,610)	(25,135)	17,322	Net Result	31	(12,610)	(25,135)	17,322	
			Other Comprehensive Income					
			Items that will not be reclassified to net result					
			Net Increase/(Decrease) in Property, Plant &					
-----	-----	1,380	Equipment Revaluation Surplus	21	-----	-----	1,380	
-----	-----	1,380	Total Other Comprehensive Income		-----	-----	1,380	
(12,610)	(25,135)	18,702	TOTAL COMPREHENSIVE INCOME					(12,610)
					(25,135)		18,702	

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Statement of Financial Position as at 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	
ASSETS							
Current Assets							
103,362	79,585	92,126	Cash and Cash Equivalents	17	103,362	79,585	92,126
22,757	25,107	25,051	Receivables	18	22,757	25,107	25,051
6,244	6,266	6,212	Inventories	19	6,244	6,266	6,212
15,076	19,215	19,215	Financial Assets at Fair Value	20	15,076	19,215	19,215
147,439	130,173	142,604	Total Current Assets		147,439	130,173	142,604
Non-Current Assets							
39,747	47,002	42,002	Financial Assets at Fair Value	20	39,747	47,002	42,002
Property, Plant & Equipment							
395,151	402,324	408,278	- Land and Buildings	21	395,151	402,324	408,278
40,087	38,237	40,791	- Plant and Equipment	21	40,087	38,237	40,791
36,370	36,371	37,915	- Infrastructure Systems	21	36,370	36,371	37,915
3,481	3,481	3,611	- Leasehold Improvements	21	3,481	3,481	3,611
475,089	480,413	490,595	Total Property, Plant & Equipment		475,089	480,413	490,595
4,635	416	1,054	Intangible Assets	22	4,635	416	1,054
519,471	527,831	533,651	Total Non-Current Assets		519,471	527,831	533,651
666,910	658,004	676,255	Total Assets		666,910	658,004	676,255
LIABILITIES							
Current Liabilities							
42,776	46,050	45,676	Payables	25	42,776	46,050	45,676
72,559	72,457	67,164	Provisions	26	72,559	72,457	67,164
1,913	1,218	1,218	Other	27	1,913	1,218	1,218
117,248	119,725	114,058	Total Current Liabilities		117,248	119,725	114,058
Non-Current Liabilities							
465	1,608	390	Provisions	26	465	1,608	390
465	1,608	390	Total Non-Current Liabilities		465	1,608	390
117,713	121,333	114,448	Total Liabilities		117,713	121,333	114,448
549,197	536,671	561,807	Net Assets		549,197	536,671	561,807
EQUITY							
230,668	230,668	230,668	Reserves		230,668	230,668	230,668
318,529	306,003	331,139	Accumulated Funds		318,529	306,003	331,139
549,197	536,671	561,807	Total Equity		549,197	536,671	561,807

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Statement of Changes in Equity for the year ended 30 June 2014

PARENT AND CONSOLIDATION	Notes	Accumulated	Asset Revaluation	Available For	Total
		Funds	Surplus	Sale Reserve	
		\$000	\$000	\$000	\$000
Balance at 1 July 2013		331,139	230,668	----	561,807
Total Equity at 1 July 2013		<u>331,139</u>	<u>230,668</u>	<u>----</u>	<u>561,807</u>
Net Result for the year		(12,610)			(12,610)
Other Comprehensive Income:					
Total Other Comprehensive Income		----	----	----	----
Total Comprehensive Income for the year		<u>(12,610)</u>	<u>----</u>	<u>----</u>	<u>(12,610)</u>
Balance at 30 June 2014		<u>318,529</u>	<u>230,668</u>	<u>----</u>	<u>549,197</u>
Balance at 1 July 2012		312,897	229,288	----	542,185
Total Equity at 1 July 2012		<u>312,897</u>	<u>229,288</u>	<u>----</u>	<u>542,185</u>
Net Result for the year		17,322			17,322
Other Comprehensive Income:					
Net Increase/(Decrease) in Property, Plant & Equipment	21	----	1,380	----	1,380
Total Other Comprehensive Income		----	1,380	----	1,380
Total Comprehensive Income for the year		<u>17,322</u>	<u>1,380</u>	<u>----</u>	<u>18,702</u>
Transactions With Owners In Their Capacity As Owners					
Increase/(Decrease) in Net Assets From Equity Transfers	36	920	----	----	920
Balance at 30 June 2013		<u>331,139</u>	<u>230,668</u>	<u>----</u>	<u>561,807</u>

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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						
-----	-----	-----				
(5,947)	(3,395)	(2,801)		(442,163)	(437,664)	(422,217)
(635,031)	(618,926)	(602,879)		(5,947)	(3,395)	(2,801)
				(192,868)	(181,262)	(180,662)
<u>(640,978)</u>	<u>(622,321)</u>	<u>(605,680)</u>		<u>(640,978)</u>	<u>(622,321)</u>	<u>(605,680)</u>
Receipts						
471,228	471,156	452,721		471,228	471,156	452,721
3,918	3,707	6,056		3,918	3,707	6,056
7,500	7,500	6,022		7,500	7,500	6,022
75,417	71,638	66,959		75,417	71,638	66,959
3,829	803	1,318		3,829	803	1,318
61,140	47,210	79,047		61,140	47,210	79,047
34,008	26,737	28,092		34,008	26,737	28,092
<u>657,040</u>	<u>628,751</u>	<u>640,215</u>		<u>657,040</u>	<u>628,751</u>	<u>640,215</u>
<u>16,062</u>	<u>6,430</u>	<u>34,535</u>		<u>16,062</u>	<u>6,430</u>	<u>34,535</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
			31			
CASH FLOWS FROM INVESTING ACTIVITIES						
116	-----	220		116	-----	220
27,509	-----	80,733		27,509	-----	80,733
(11,337)	(13,971)	(28,834)		(11,337)	(13,971)	(28,834)
(21,114)	(5,000)	(30,316)		(21,114)	(5,000)	(30,316)
<u>(4,826)</u>	<u>(18,971)</u>	<u>21,803</u>		<u>(4,826)</u>	<u>(18,971)</u>	<u>21,803</u>
NET INCREASE / (DECREASE) IN CASH						
11,236	(12,541)	56,338		11,236	(12,541)	56,338
92,126	92,126	35,788		92,126	92,126	35,788
<u>103,362</u>	<u>79,585</u>	<u>92,126</u>		<u>103,362</u>	<u>79,585</u>	<u>92,126</u>
CLOSING CASH AND CASH EQUIVALENTS						
			17			

The accompanying notes form part of these financial statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Service Group Statements
for the year ended 30 June 2014

NETWORK EXPENSES AND INCOME	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	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	
Expenses excluding losses																						
Operating Expenses	13,156	16,511	305	511	82,543	77,021	39,363	37,560	241,870	206,918	17,535	16,500	11,905	9,637	20,761	16,920	37,556	41,393			464,984	
Employee Related	6	9	(1)	2	2,725	1,231	209	184	6,690	8,020	119	80	127	21	688	492	144	178			10,707	
Visiting Medical Officers	1,015	2,441	(164)	55	37,078	40,638	7,228	5,762	77,905	73,699	6,523	5,138	4,514	3,179	8,628	7,558	15,598	16,376			158,305	
Other Operating Expenses	454	386	10	23	4,824	5,757	2,036	1,387	13,907	12,317	778	703	292	379	1,016	1,273	1,458	1,403			24,775	
Depreciation and Amortisation	19	87		(1)	2	150		24	169	46	5	263	755	502	1,816	42	2,591	1,396			5,357	
Grants and Subsidies	14,650	19,434	130	590	127,172	124,797	48,836	44,917	340,541	301,000	24,960	22,684	17,593	13,718	32,909	26,285	57,347	60,746			664,138	
Total Expenses excluding losses																						614,171
Revenue																						452,721
NSW Ministry of Health Recurrent Allocations **																						452,721
NSW Ministry of Health Capital Allocations **																						6,056
Acceptance by the Crown Entity																						3,918
of Employee Benefits and Other Liabilities	643	318	44	10	3,145	1,568	1,568	787	16,096	4,540	479	240	269	141	768	354	813	504			23,845	
Sale of Goods and Services	138	619	6	15	20,484	5,747	1,055	2,051	50,189	44,137	1,644	1,691	547	1,354	189	2,875	232	8,341			74,484	
Investment Revenue	64	1,050	2	23	2,716	422	243	395	6,467	1,300	236	43	122	863	78	1,037	87	7,671			10,015	
Grants and Contributions	550	6,259	13	137	10,075	2,387	901	2,308	22,588	6,763	875	244	861	5,144	309	6,184	24,206	47,160			60,378	
Other Revenue	81	433	3	13	2,157	697	280	364	5,396	2,121	203	114	99	342	102	425	117	2,642			8,438	
Total Revenue	1,476	8,679	68	198	38,577	10,821	4,067	5,905	100,736	58,861	3,437	2,332	1,898	7,844	1,446	10,875	25,455	66,318	475,146	458,777	652,306	
Gain / (Loss) on Disposal	(106)	(151)			(22)	(188)		(1)	(133)	7	(51)	15	561	(2)	(7)	(41)	(94)	(16)			(413)	
Other Gains / (Losses)						(3)		(13)	(926)	1,568				(141)		(52)	(68)	(68)			(365)	
Net Result	(13,280)	(10,906)	(62)	(393)	(88,617)	(114,167)	(44,769)	(39,026)	(240,864)	(240,564)	(21,574)	(20,337)	(15,134)	(6,017)	(31,470)	(15,503)	(31,986)	5,458	475,146	458,777	(12,610)	
Other Comprehensive Income																						
Increase/(Decrease) in Revaluation Surplus																						
Total Other Comprehensive Income																						
Total Comprehensive Income	(13,280)	(10,983)	(62)	(391)	(88,617)	(113,829)	(44,769)	(38,945)	(240,864)	(239,841)	(21,574)	(20,296)	(15,134)	(5,995)	(31,470)	(15,423)	(31,986)	5,533	475,146	458,777	(12,610)	
																						1,380
																						1,380
																						13,702

* The name and purpose of each service group is summarised in Note 16

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (Incorporating The Royal Alexandra Hospital for Children)
Service Group Statements (Continued)
for the year ended 30 June 2014

NETWORK 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	1,902	2,399	17	77	16,514	15,960	6,342	5,754	44,221	38,771	3,241	2,995	2,285	1,560	4,273	3,397	24,567	21,223							
Receivables	42	232	2	7	6,259	2,154	322	769	15,334	16,544	502	634	167	507	58	1,078	71	3,126							
Inventories	40	98	(6)	2	1,462	1,630	285	231	3,073	2,957	257	206	178	128	340	303	615	657							
Financial Assets at Fair Value	279	482	3	15	2,425	3,203	931	1,155	6,494	7,786	476	602	335	313	628	682	3,505	4,977							
Total Current Assets	2,263	3,211	16	101	26,660	22,937	7,880	7,909	69,122	66,068	4,476	4,437	2,965	2,508	5,299	5,460	28,758	29,983							
Non-Current Assets																									
Financial Assets at Fair Value	737	1,053	6	33	6,394	7,001	2,455	2,526	17,121	17,019	1,255	1,315	884	685	1,654	1,491	9,241	10,879							
Property, Plant and Equipment	7,102	6,537	141	371	75,404	97,591	31,830	23,519	217,354	208,803	12,166	11,917	4,556	6,430	15,883	21,583	30,715	31,527							
- Land and Buildings	742	669	14	39	7,872	9,990	3,323	2,408	22,692	21,375	1,270	1,220	476	658	1,658	2,209	2,040	2,223							
- Plant and Equipment	655	608	13	34	6,950	9,074	2,934	2,187	20,035	19,414	1,121	1,108	420	598	1,464	2,007	2,778	2,885							
- Infrastructure Systems	68	58	1	3	720	863	304	208	2,076	1,847	-----	105	116	57	44	191	152	279							
- Leasehold Improvements	78	17	2	1	832	257	351	62	2,397	549	134	31	50	17	175	57	616	63							
Intangible Assets																									
Total Non-Current Assets	9,382	8,942	177	481	98,172	124,776	41,197	30,910	281,675	269,007	15,946	15,696	6,502	8,445	20,878	27,538	45,542	47,856							
TOTAL ASSETS	11,645	12,153	193	582	124,832	147,713	49,077	38,819	350,797	335,065	20,422	20,133	9,467	10,953	26,177	32,998	74,300	77,839							
LIABILITIES																									
Current Liabilities																									
Payables	274	720	(50)	15	10,019	11,987	1,953	1,700	21,051	21,739	1,763	1,516	1,220	938	2,331	2,230	4,215	4,831							
Provisions	2,053	2,622	48	81	12,880	12,230	6,142	5,964	37,742	32,857	2,736	2,620	1,858	1,530	3,240	2,687	5,860	6,573							
Other	42	39	-----	2	366	247	141	89	981	597	72	45	51	27	95	52	165	120							
Total Current Liabilities	2,369	3,381	(2)	98	23,265	24,464	8,236	7,753	59,774	55,193	4,571	4,181	3,129	2,495	5,666	4,969	10,240	11,524							
Non-Current Liabilities																									
Provisions	13	15	(1)	-----	83	71	39	35	242	191	18	15	12	9	21	16	38	38							
Total Non-Current Liabilities	13	15	(1)	-----	83	71	39	35	242	191	18	15	12	9	21	16	38	38							
TOTAL LIABILITIES	2,382	3,396	(3)	98	23,348	24,535	8,275	7,788	60,016	55,384	4,589	4,196	3,141	2,504	5,687	4,985	10,278	11,562							
NET ASSETS	9,263	8,757	196	484	101,484	123,178	40,802	31,031	290,781	279,681	15,833	15,937	6,326	8,449	20,490	28,013	64,022	66,277							

* The name and purpose of each service group is summarised in Note 16

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

1. The Reporting Entity

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) (the Network) was established under the provisions of the Health Services Act 1997 with effect from 1 July 2010.

The Network 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 NSW Newborn and Paediatric Emergency Transport Services (NETS), the Pregnancy and Newborn Service Network (PSN) and the Children's Court Clinic (CCC) under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Network.
- * The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity which was established as a Division of the Health Service on 1 July 2010 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Network 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 Network 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 19 September 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Network'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 Network'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(aa).

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

The Secretary of Health, the Chair of the Network 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 Network'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 Network 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 Network has the capacity to review timing of subsidy cashflows to ensure that debts can be paid when they become due and payable.
- * The Network has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Network 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 Network has assessed the actuarial advice based on the Network'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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

ii) Long Service Leave and Superannuation

The Network'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 Network 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 Network as shown in Note 26.

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 Network 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 Network'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 Network transfers the significant risks and rewards of ownership of the assets.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 Network, recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

Investment Revenue

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

Dividend revenue is recognised in accordance with AASB 118 Revenue, when the Network's right to receive payment is established.

Debt Forgiveness

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

Use of Hospital Facilities

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

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

Use of Outside Facilities

The Network 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

Grants and Contributions

Grants and contributions are recognised as revenues when the Network 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 Network 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.

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 Network 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(x)).

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 Network are deemed to be controlled by the Network and are reflected as such in the financial statements.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 Network. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives. Artworks are not depreciated as it is not possible to estimate their economic useful life.

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%
Furniture, Fittings and Furnishings	5.0%
Leasehold Improvements	3.5%
Intangible Assets	7.5%

"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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 21 and Note 23 for further information regarding fair value.

The Network revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Network was completed in the 30 June 2012 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.

The Network also revalues its Artworks collection at minimum every three years. The last revaluation of the Artwork collection by the Network was completed in the year ended 30 June 2013 and was based on an assessment made by the Network's curator, who was also a sitting member of the Network Board at the time of assessment. Artwork that is valued at over \$10,000 each is capitalised.

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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

n) Intangible Assets

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

Computer software developed or acquired by the Network are recognised as intangible assets and are amortised over five to ten 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 Network determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss - The Network subsequently measures investments classified as 'held for trading' or designated upon initial recognition "at fair value through profit or loss" at fair value.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Network's key management personnel.

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

T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

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

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Network commits to purchase or sell the asset.

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

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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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 Network transfers the financial asset:

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

Where the Network has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Network'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 Network 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 Network.

w) Fair Value Hierarchy

A number of the Network'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 Network 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 Network recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 23 and Note 37 for further disclosures regarding fair value measurements of financial and non-financial assets.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

x) 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 Network recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Network does not recognise that asset.

y) 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 Network'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.

z) Trust Funds

The Network receives monies in a trustee capacity for various trusts as set out in Note 29.

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

aa) 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".

ab) 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 Network take action to identify those components that can be specifically identified and reported by service groups.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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.

ac) 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 23.

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 26.

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 37.

(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 Network 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.

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

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.

AASB 2014-1, Amendments to Australian Accounting Standards is a summary of changes and impacts on wording arising from changes in other standards issued by the Australian Accounting Standards Board which have been already assessed above. This standard has application from 1 July 2014.

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements which should have minimal impact due to exemptions not applying to General Government Sector Entities. This standard has application from 1 July 2014.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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
3. Employee Related				
Employee related expenses comprise the following:				
----	----	Salaries and Wages	304,499	297,190
----	----	Overtime	11,647	11,601
----	----	Penalties	22,203	22,100
----	----	Superannuation - Defined Benefit Plans	5,042	5,201
----	----	Superannuation - Defined Contribution Plans	33,355	30,416
----	----	Long Service Leave	20,300	2,997
----	----	Annual Leave	40,239	35,857
----	----	Sick Leave and Other Leave	22,693	14,035
----	----	Redundancies	1,157	678
----	----	Workers' Compensation Insurance	3,817	2,854
----	----	Fringe Benefits Tax	42	42
=====	=====		464,994	422,971
The following additional information is provided:				
----	----	Employee Related Expenses Capitalised - Intangibles	294	----
4. Personnel Services				
Personnel Services comprise the purchase of the following:				
304,499	297,190	Salaries and Wages	----	----
11,647	11,601	Overtime	----	----
22,203	22,100	Penalties	----	----
33,355	30,416	Superannuation - Defined Contribution Plans	----	----
1,497	(264)	Long Service Leave	----	----
40,239	35,857	Annual Leave	----	----
22,693	14,035	Sick Leave and Other Leave	----	----
1,157	678	Redundancies	----	----
3,817	2,854	Workers' Compensation Insurance	----	----
42	42	Fringe Benefits Tax	----	----
=====	=====		----	----
441,149	414,509		----	----
The following additional information is provided:				
294	----	Personnel Services Expenses Capitalised - Intangibles	----	----
5. Other Operating Expenses				
268	394	Advertising	268	394
158	150	Auditor's Remuneration - Audit of Financial Statements	158	150
9,992	9,349	Blood and Blood Products	9,992	9,349
202	65	Capital Project Expense	202	65
886	938	Consultancies	886	938
4,729	4,284	Domestic Supplies and Services	4,729	4,284
30,771	28,744	Drug Supplies	30,771	28,744
7,214	6,684	Food Supplies	7,214	6,684
4,439	4,266	Fuel, Light and Power	4,439	4,266
9,197	9,008	Other (See (a) below)	9,197	9,008
5,163	4,905	Hospital Ambulance Transport Costs	5,163	4,905
8,908	7,642	Information Management Expenses	8,908	7,642
533	538	Insurance	533	538
12,979	14,713	Maintenance (See (b) below)	12,979	14,713
28,466	27,234	Medical and Surgical Supplies	28,466	27,234
498	376	Motor Vehicle Expenses	498	376
2,277	2,002	Postal and Telephone Costs	2,277	2,002
1,986	2,424	Printing and Stationery	1,986	2,424
453	1,025	Rates and Charges	453	1,025
712	826	Rental	712	826
18,330	18,578	Special Service Departments	18,330	18,578
3,710	4,709	Staff Related Costs	3,710	4,709
6,434	5,992	Travel Related Costs	6,434	5,992
=====	=====		=====	=====
158,305	154,846		158,305	154,846

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		(a) Other Includes:		
67	51	Contract for Patient Services	67	51
1,529	1,486	Corporate Support Services	1,529	1,486
651	554	Courier and Freight	651	554
153	83	Legal Services	153	83
498	355	Membership/Professional Fees	498	355
214	314	Motor Vehicle Operating Lease Expense - Minimum Lease Payments	214	314
172	160	Other Operating Lease Expense - Minimum Lease Payments	172	160
185	124	Quality Assurance/Accreditation	185	124
71	66	Security Services	71	66
5,657	5,815	Other Miscellaneous	5,657	5,815
9,197	9,008		9,197	9,008
		(b) Reconciliation of Total Maintenance		
4,200	4,666	Maintenance Contracts	4,200	4,666
4,306	5,314	New/Replacement Equipment under \$10,000	4,306	5,314
3,357	3,650	Repairs Maintenance/Non Contract	3,357	3,650
1,116	1,083	Other	1,116	1,083
12,979	14,713	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 5)	12,979	14,713
298	415	Employee Related/Personnel Services Maintenance Expense included in Notes 3 and 4	298	415
13,277	15,128	Total Maintenance Expenses	13,277	15,128

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
6. Depreciation and Amortisation				
14,635	13,970	Depreciation - Buildings	14,635	13,970
7,544	7,425	Depreciation - Plant and Equipment	7,544	7,425
1,545	1,542	Depreciation - Infrastructure Systems	1,545	1,542
130	130	Amortisation - Leasehold Improvements	130	130
921	561	Amortisation - Intangible Assets	921	561
24,775	23,628		24,775	23,628
7. Grants and Subsidies				
573	372	Non-Government Organisations	573	372
1,457	517	Grants to Research Organisations	1,457	517
1,040	154	NSW Government Sector Grants	1,040	154
300	-----	Grant Payments to Other NSW Health Entities	300	-----
1,987	1,466	Other Grants	1,987	1,466
5,357	2,509		5,357	2,509

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
8. Sale of Goods and Services				
(a) Sale of Goods comprise the following:-				
1,070	585	Pharmacy Sales	1,070	585
2,727	2,930	Sale of Prosthesis	2,727	2,930
295	228	Other	295	228
(b) Rendering of Services comprise the following:-				
		Patient Fees		
26,264	24,771	- Inpatient Fees	26,264	24,771
166	237	- Non Inpatient Fees	166	237
328	349	Staff-Meals and Accommodation	328	349
13,757	13,539	Infrastructure Fees - Monthly Facility Charge	13,757	13,539
4,957	3,299	- Annual Charge	4,957	3,299
73	98	Cafeteria/Kiosk	73	98
2,772	2,420	Car Parking	2,772	2,420
773	767	Child Care Fees	773	767
348	163	Clinical Services (excluding Clinical Drug Trials)	348	163
1,744	1,605	Commercial Activities	1,744	1,605
37	27	Fees for Medical Records	37	27
4	1	Information Retrieval	4	1
5,460	4,592	High Cost Drugs	5,460	4,592
3,539	2,856	Motor Accident Authority Third Party	3,539	2,856
6,739	5,372	Patient Transport Fees	6,739	5,372
112	103	Private Use of Motor Vehicles	112	103
192	190	Salary Packaging Fee	192	190
600	354	Services Provided to Non NSW Health Organisations	600	354
2,527	2,344	Other	2,527	2,344
74,484	66,830		74,484	66,830
9. Investment Revenue				
3,829	1,318	Interest	3,829	1,318
6,186	11,486	Other	6,186	11,486
10,015	12,804		10,015	12,804

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
10. Grants and Contributions				
1,420	1,579	Clinical Drug Trials	1,420	1,579
5,664	6,601	Commonwealth Government Grants	5,664	6,601
2,561	2,119	Commonwealth Teaching Hospital Grants	2,561	2,119
32,192	35,894	Industry Contributions/Donations	32,192	35,894
458	424	Cancer Institute Grants	458	424
1,868	1,082	NSW Government Grants	1,868	1,082
50	----	Grants from Other NSW Health Entities	50	----
5,241	5,566	Research Grants	5,241	5,566
10,924	23,321	Other Grants	10,924	23,321
60,378	76,586		60,378	76,586
11. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
----	----	Superannuation-defined benefit	5,042	5,201
----	----	Long Service Leave	18,803	3,261
----	----		23,845	8,462
12. Other Revenue				
Other Revenue comprises the following:-				
----	2	Bad Debts Recovered	----	2
184	175	Commissions	184	175
3,790	2,761	Conference and Training Fees	3,790	2,761
50	51	Discounts	50	51
----	4	Insurance Refunds	----	4
647	672	Lease and Rental Income	647	672
475	247	Property not Previously Recognised	475	247
145	148	Sale of Merchandise, Old Wares and Books	145	148
129	195	Sponsorship Income	129	195
----	978	Treasury Managed Fund Hindsight Adjustment	----	978
3,018	1,918	Other	3,018	1,918
8,438	7,151		8,438	7,151

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Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		13. Gain / (Loss) on Disposal		
3,853	8,161	Property, Plant and Equipment	3,853	8,161
3,324	7,564	Less: Accumulated Depreciation	3,324	7,564
529	597	Written Down Value	529	597
116	220	Less: Proceeds from Disposal	116	220
(413)	(377)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(413)	(377)
(413)	(377)	Total Gain/(Loss) on Disposal	(413)	(377)
		14. Other Gains / (Losses)		
(365)	1,260	Impairment of Receivables	(365)	1,260
(365)	1,260		(365)	1,260

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15. 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	4,512	5,324	4,957	14,793
Contributions recognised in previous years which were not expended in the current reporting period	5,818	117,471	5,689	128,978
Total amount of unexpended contributions as at balance date	10,330	122,795	10,646	143,771

Comment on restricted assets appears in Note 24

16. Service Groups of the Network

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services to children attending community health centres or in the home, including health promotion activities, community based 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

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal children, particularly in the areas of health promotion, health education and disease prevention. (Note: This program excludes most services for Aboriginal children 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 children 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 children 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 children in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for children 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 children admitted to hospitals, including elective surgery.

Objective: This service group contributes to creating better experiences for children 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.

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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 the Network for children 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 children 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 children with long-term physical and psycho-physical disabilities. It also includes the coordination of the NSW Ministry of Health's services for 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 children using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of children with disabilities or chronic conditions 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 children 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 children of New South Wales.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
17. Cash and Cash Equivalents				
30,362	17,126	Cash at Bank and On Hand	30,362	17,126
73,000	75,000	Short Term Deposits	73,000	75,000
103,362	92,126		103,362	92,126
<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>				
103,362	92,126	Cash and Cash Equivalents (per Statement of Financial Position)	103,362	92,126
103,362	92,126	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	103,362	92,126

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

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		18. Receivables		
		Current		
9,016	12,108	Sale of Goods and Services	9,016	12,108
6,788	4,153	Intra Health Receivables	6,788	4,153
2,888	1,862	Goods and Services Tax	2,888	1,862
3,779	6,544	Other Debtors	3,779	6,544
<u>22,471</u>	<u>24,667</u>	Sub Total	<u>22,471</u>	<u>24,667</u>
(640)	(666)	Less Allowance for Impairment	(640)	(666)
21,831	24,001	Sub Total	21,831	24,001
926	1,050	Prepayments	926	1,050
<u>22,757</u>	<u>25,051</u>		<u>22,757</u>	<u>25,051</u>
		(a) Movement in the Allowance for Impairment		
		Sale of Goods and Services		
(180)	(1,607)	Balance at Commencement of Reporting Period	(180)	(1,607)
333	280	Amounts written off during the period	333	280
(672)	1,147	(Increase)/decrease in Allowance Recognised in the Income Statement	(672)	1,147
<u>(519)</u>	<u>(180)</u>	Balance at 30 June	<u>(519)</u>	<u>(180)</u>
		(b) Movement in the Allowance for Impairment		
		Other Debtors		
(486)	(604)	Balance at Commencement of Reporting Period	(486)	(604)
58	5	Amounts written off during the period	58	5
307	113	(Increase)/decrease in Allowance Recognised in the Income Statement	307	113
<u>(121)</u>	<u>(486)</u>	Balance at 30 June	<u>(121)</u>	<u>(486)</u>
<u>(640)</u>	<u>(666)</u>		<u>(640)</u>	<u>(666)</u>
		The current and non-current sale of goods and services balances above include the following patient fee receivables:		
		(Current and Non-Current) include:		
494	440	Patient Fees - Compensable	494	440
1,824	2,470	Patient Fees - Ineligible	1,824	2,470
3,552	3,273	Patient Fees - Inpatient & Other	3,552	3,273
<u>5,870</u>	<u>6,183</u>		<u>5,870</u>	<u>6,183</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
19. Inventories - Current - Held for Distribution				
1,906	1,833	Drugs	1,906	1,833
3,369	3,444	Medical and Surgical Supplies	3,369	3,444
133	102	Engineering Supplies	133	102
836	833	Other Including Goods in Transit	836	833
6,244	6,212		6,244	6,212
20. Financial Assets at Fair Value				
Current				
15,076	19,215	Treasury Corporation - Hour-Glass Investment Facilities	15,076	19,215
15,076	19,215		15,076	19,215
Non Current				
39,747	42,002	Treasury Corporation - Hour-Glass Investment Facilities	39,747	42,002
39,747	42,002		39,747	42,002

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

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
21. Property, Plant and Equipment				
Land and Buildings - Fair Value				
615,937	614,429	Gross Carrying Amount	615,937	614,429
<u>220,786</u>	<u>206,151</u>	Less: Accumulated Depreciation and Impairment	<u>220,786</u>	<u>206,151</u>
<u>395,151</u>	<u>408,278</u>	Net Carrying Amount	<u>395,151</u>	<u>408,278</u>
Plant and Equipment - Fair Value				
134,657	131,141	Gross Carrying Amount	134,657	131,141
<u>94,570</u>	<u>90,350</u>	Less: Accumulated Depreciation and Impairment	<u>94,570</u>	<u>90,350</u>
<u>40,087</u>	<u>40,791</u>	Net Carrying Amount	<u>40,087</u>	<u>40,791</u>
Infrastructure Systems - Fair Value				
61,788	61,788	Gross Carrying Amount	61,788	61,788
<u>25,418</u>	<u>23,873</u>	Less: Accumulated Depreciation and Impairment	<u>25,418</u>	<u>23,873</u>
<u>36,370</u>	<u>37,915</u>	Net Carrying Amount	<u>36,370</u>	<u>37,915</u>
Leasehold Improvements - Fair Value				
3,785	3,785	Gross Carrying Amount	3,785	3,785
<u>304</u>	<u>174</u>	Less: Accumulated Depreciation and Impairment	<u>304</u>	<u>174</u>
<u>3,481</u>	<u>3,611</u>	Net Carrying Amount	<u>3,481</u>	<u>3,611</u>
<u>475,089</u>	<u>490,595</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>475,089</u>	<u>490,595</u>

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21. 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	26,150	382,128	40,791	37,915	3,611	490,595
Additions	----	1,508	11,676	----	----	13,184
Reclassifications to Intangibles	----	----	(4,307)	----	----	(4,307)
Disposals	----	----	(529)	----	----	(529)
Depreciation Expense	----	(14,635)	(7,544)	(1,545)	(130)	(23,854)
Net Carrying Amount at End of Year	26,150	369,001	40,087	36,370	3,481	475,089

	Land	Buildings	Plant and Equipment	Infrastructure Systems	Leasehold Improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2013						
Net Carrying Amount at Start of Year	26,150	377,337	37,791	39,198	3,741	484,217
Additions	----	19,013	9,799	22	----	28,834
Disposals	----	----	(597)	----	----	(597)
Administrative Restructures - Transfers In/(Out)	----	----	(172)	----	----	(172)
Net Revaluation Increment Less Revaluation Decrements Recognised in Reserves	----	----	1,380	----	----	1,380
Depreciation Expense	----	(13,970)	(7,425)	(1,542)	(130)	(23,067)
Reclassifications	----	(252)	15	237	----	-----
Net Carrying Amount at End of Year	26,150	382,128	40,791	37,915	3,611	490,595

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 23.

- (i) Land and Buildings include land owned by the Health Administration Corporation but controlled by the Network [see note 2(g)].
- (ii) Indices provided by Land and Property Information, a division of NSW Department of Finance and Services were not applied as immaterial.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
22. Intangible Assets				
Software				
12,478	7,976	Cost (Gross Carrying Amount)	12,478	7,976
<u>7,843</u>	<u>6,922</u>	Less Accumulated Amortisation and Impairment	<u>7,843</u>	<u>6,922</u>
<u>4,635</u>	<u>1,054</u>	Net Carrying Amount	<u>4,635</u>	<u>1,054</u>
<u>4,635</u>	<u>1,054</u>	Total Intangible Assets at Net Carrying Amount	<u>4,635</u>	<u>1,054</u>

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22. Intangibles - Reconciliation

	Software \$000
2014	
Net Carrying Amount at Start of Year	1,054
Additions (From Internal Development or Acquired Separately)	194
Reclassifications from Plant & Equipment	4,307
Amortisation (Recognised in Depreciation and Amortisation)	(920)
Net Carrying Amount at End of Year	4,635

	Software \$000
2013	
Net Carrying Amount at Start of Year	1,615
Amortisation (Recognised in Depreciation and Amortisation)	(561)
Net Carrying Amount at End of Year	1,054

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23. 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 21)*				
- Land and Buildings	----	29,045	366,106	395,151
- Infrastructure Systems	----	----	36,370	36,370
	-----	-----	-----	-----
	-----	29,045	402,476	431,521

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 Network obtains external valuations by independent valuers every three years. The last revaluation was performed by Mr Shane Aniag, Registered Valuer No. 17535, Mr. Therone Russell, Registered Valuer No. 26104 and Mr. Con Vafeas, Registered Valuer No. 23211 and for the Randwick facility by Mr Bradley Humphreys AAPI, Registered Valuer No. 19372, independent valuers and members of a team of valuers from the Land and Property Information, a division of NSW Department of Finance and Services, for the 2011/12 financial year. The Land and Property Information Office is an independent entity and is not an employee of the Network.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices refer, note 21 reconciliation.

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

The following non-current assets categorised in a) above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs although these lands are not identical. The Network did not hold any commercial and non-restricted land at the balance date.

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. However, residential properties are valued on a market approach and included in level 2.

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 a identical correlation with the "shelf product".

Level 3 disclosures:

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 Network 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 Network is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

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23. 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	380,109	37,915	418,024
Depreciation	(14,003)	(1,545)	(15,548)
Fair value as at 30 June 2014	<u>366,106</u>	<u>36,370</u>	<u>402,476</u>

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2014
\$000

2013
\$000

2014
\$000

2013
\$000

24. Restricted Assets

The Network'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

90,165	78,381	Specific Purposes	90,165	78,381
10,123	9,731	Perpetually Invested Funds	10,123	9,731
32,837	37,717	Research Grants	32,837	37,717
10,646	9,598	Private Practice Funds	10,646	9,598
<u>143,771</u>	<u>135,427</u>		<u>143,771</u>	<u>135,427</u>

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
		25. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	8,139	6,563
----	----	Taxation and Payroll Deductions	4,059	3,822
12,198	10,385	Accrued Liability - Purchase of Personnel Services	----	----
16,106	14,080	Creditors	16,106	14,080
11,082	17,757	- Intra Health Liability	11,082	17,757
3,390	3,454	- Other	3,390	3,454
<u>42,776</u>	<u>45,676</u>		<u>42,776</u>	<u>45,676</u>

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
26. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	41,611	37,113
----	----	Annual Leave - Long Term Benefit	22,109	22,634
----	----	Long Service Leave Consequential On-Costs	8,839	7,417
72,559	67,164	Provision for Personnel Services Liability	----	----
72,559	67,164	Total Current Provisions	72,559	67,164
Non-Current				
----	----	Long Service Leave Consequential On-Costs	465	390
465	390	Provision for Personnel Services Liability	----	----
465	390	Total Non-Current Provisions	465	390
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	72,559	67,164
----	----	Provisions - Non-Current	465	390
----	----	Accrued Salaries, Wages and On-Costs (Note 25)	12,198	10,385
85,222	77,939	Liability - Purchase of Personnel Services	----	----
85,222	77,939		85,222	77,939
27. Other Liabilities				
Current				
1,913	1,218	Income in Advance	1,913	1,218
1,913	1,218		1,913	1,218

Income in Advance represents fees received in advance from customers and students for which services are rendered after 30 June 2014.

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PARENT			CONSOLIDATION	
2014 \$000	2013 \$000		2014 \$000	2013 \$000
		28. 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:		
		Not later than one year	2,961	2,438
2,961	2,438		2,961	2,438
2,961	2,438	Total Capital Expenditure Commitments (Including GST)	2,961	2,438
		Of the commitments reported at 30 June 2014 it is expected that \$2.55 million will be met from locally generated moneys.		
		(b) Operating Lease Commitments		
		Future non-cancellable operating lease rentals not provided for and payable:		
		Not later than one year	348	448
		Later than one year and not later than five years	611	142
348	448		348	448
611	142		611	142
959	590	Total Operating Lease Commitments (Including GST)	959	590

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

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

The total of 'Commitments for Expenditure' above, i.e. \$3.92 million as at 30 June 2014 includes input tax credits of \$0.36 million that are expected to be recoverable from the Australian Taxation Office (2013 \$0.28 million).

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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29. Trust Funds

The Network holds trust fund moneys of \$1.0 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 Network cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account.

	Private Practice Trust Funds		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash Balance at the beginning of the financial year	972	693	972	693
Receipts	24,970	25,912	24,970	25,912
Expenditure	(24,917)	(25,633)	(24,917)	(25,633)
Cash Balance at the end of the financial year	1,025	972	1,025	972

PARENT AND CONSOLIDATED

30. 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 Network will be paid in 2014/15. It is not possible for the Network to reliably quantify the benefit to be received or amount payable.

b) Other

The Network estimates the value of contingent assets that the Network may come to possess in the next reporting period depending on the outcome of legal matters awaiting financial settlements at approximately \$4.3 million.

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PARENT			CONSOLIDATION	
2014	2013		2014	2013
\$000	\$000		\$000	\$000
31. Reconciliation of Cash Flows from Operating Activities to Net Result				
16,062	34,535	Net Cash Flows from Operating Activities	16,062	34,535
(24,775)	(23,628)	Depreciation	(24,775)	(23,628)
(364)	1,260	Allowance for Impairment	(364)	1,260
(695)	(404)	(Increase)/ Decrease Income in Advance	(695)	(404)
(5,470)	1,170	(Increase)/ Decrease in Provisions	(5,470)	1,170
(517)	8,676	Increase / (Decrease) in Prepayments and Other Assets	(517)	8,676
1,519	(3,910)	(Increase)/ Decrease in Creditors	1,519	(3,910)
(412)		Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(412)	(377)
2,042	-----	Assets Donated or Brought to Account	2,042	-----
(12,610)	17,322	Net Result	(12,610)	17,322
32. Non-Cash Financing and Investing Activities				
1,567	-----	Assets Received by Donation	1,567	-----
475	-----	Assets brought to account	475	-----
2,042	-----		2,042	-----

33. 2013/14 Voluntary Services

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

- Chaplaincies and Pastoral Care
- Pink Ladies/Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Patient & Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relative
- Counselling, Health Education, Transport, Home Help & Patient Activities

34. 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 Network 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 Network.

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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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35. Budget Review - Parent and Consolidated

Net Result

The actual Net Result was higher than budget by \$12.5 million, primarily due to:

The revenue was higher than budget by \$23.8 million which was partially offset by higher than budget expenditure of \$11.3 million. The major contributors to the higher than budget revenue were Grants and Contributions, Sale of Goods and Services and Investment Revenue of \$15.3 million, \$4.6 million and \$2.6 million respectively. The variance in actual expenditure to budget was mainly due to higher than budgeted expenditure of \$4.4 million on Other Operating Expenses, \$4.1 million on Employee Related expenses and \$2.6 million on Grants and Subsidies.

Assets and Liabilities

The current assets were higher than budget by \$17.3 million. This variance comprised of \$23.8 million on account of cash and cash equivalents which was offset mainly by lower than budget financial assets of \$4.1 million and receivables of \$2.4 million.

The non-current assets were lower than budget by \$8.4 million. This was mainly due to lower than budget values of \$7.3 million in financial assets and \$1.1 million in property, plant and equipment and intangible assets.

Cash Flows

Cashflows were higher than budget by \$23.8 million. This was due to increase of \$9.6 million on account of cash flows from operating activities compared to budget and higher than budgeted inflows of \$14.1 million from investing activities.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 08 July 2013 are as follows:

	\$000
Initial Allocation	454,692
Award Increases	906
Special Projects :	
Keep Them Safe - KTS	1,407
Pain Management	1,250
Aboriginal Health Enhancement - AHE	800
Mental Health Enhancement - IMMS	700
Other Special Projects	442
Managed Fund Insurance - MFI	185
Other :	
National Specialty Centres -Pancreas Transplants	5,819
Nurse/Midwife Strategy	778
High Cost Patient Pool & Blood Products	548
Neonatal Intensive Care Unit (NICU) Funding 2013/14	466
RESUS4KIDS extension of funding	418
State-wide Child Health Network	316
Reclassification of Nursing Positions (NETS)	289
Anaphylaxis Education Training Program	200
Others	2,012
	<hr/>
Balance as per Statement of Comprehensive Income	<u>471,228</u>

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
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36. Increase/(Decrease) in Net Assets from Equity Transfers

Equity transfers effected in the 2012/13 year were:

An increase in net assets of \$0.9 million relating to liability for on-costs on Annual Leave of \$1.13 million transferred to the Crown Entity. Net assets of \$0.21 million transferred to HealthShare. And, net assets of \$1,000 transferred from South Eastern Sydney Local Health District.

Equity transfers effected in the 2013/14 year were:

No equity transfers were effected during 2013/14.

	2014	2013
	\$000	\$000
Equity transfers effected comprised:		
Crown Entity - Transfer of Long Service Leave On-costs	-----	1,125
HealthShare	-----	(206)
South Eastern Sydney Local Health District	-----	1
	-----	920

Assets and Liabilities transferred are as follows:

	2014	2013
	\$000	\$000
Assets		
<i>Current Assets</i>		
Receivables		
Stock on Hand	-----	(33)
<i>Non-Current Assets</i>		
Property, Plant & Equipment	-----	(172)
Liabilities		
<i>Current Liabilities</i>		
Payables		
Provisions - On-costs on annual leave	-----	1,125
Increase/(Decrease) in Net Assets From Equity Transfers	-----	920

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)

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37. Financial Instruments

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

The Network's main risks arising from financial instruments are outlined below, together with the Network'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 Network, 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 17)	N/A	103,362	92,126
Receivables (note 18)*	Loans and receivables (at amortised cost)	18,943	22,139
Financial Assets at Fair Value (note 20)	At fair value through profit or loss (designated as such upon initial recognition)	54,823	61,217
Total Financial Assets		<u>177,128</u>	<u>175,482</u>
Financial Liabilities			
Payables (note 25)**	Financial liabilities measured at amortised cost	38,717	41,854
Total Financial Liabilities		<u>38,717</u>	<u>41,854</u>

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)

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)

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(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 Network. 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 Network, including cash, receivables and authority deposits. No collateral is held by the Network. The Network has not granted any financial guarantees.

Credit risk associated with the Network's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.91% in 2013/14 compared to 3.32% in the previous year.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Network 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 Network 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:\$9.5 million; 2013: \$10.8 million) and not more than 3 months past due (2014: \$1.2 million; 2013:\$1.5 million) are not considered impaired. Together these represent 88.3% 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 Network'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	1,157	1,094	63
3 months - 6 months overdue	667	411	256
> 6 months overdue	673	352	321
2013			
<3 months overdue	1,538	1,530	8
3 months - 6 months overdue	871	778	93
> 6 months overdue	1,564	998	566

Notes

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

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

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Authority Deposits

The Network has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.04% (2013 - 2.55%), while over the year the weighted average interest rate was 2.92% (2013 - 3.68%) on a weighted average balance during the year of \$7,645,949 (2013 - \$21,998,865). None of these assets are past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Network will be unable to meet its payment obligations when they fall due. The Network 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 Network 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 Network 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 Network 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 Network's financial liabilities together with the interest rate exposure.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)

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Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ¹	Non - Interest Bearing	< 1 Yr
	\$000	\$000	\$000
2014			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	8,139	8,139	8,139
- Creditors	30,578	30,578	30,578
	<u>38,717</u>	<u>38,717</u>	<u>38,717</u>
2013			
Payables:			
- Accrued Salaries Wages, On-Costs and Payroll Deductions	6,563	6,563	6,563
- Creditors	35,291	35,291	35,291
	<u>41,854</u>	<u>41,854</u>	<u>41,854</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 Network 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.

Notes to and forming part of the Financial Statements
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(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Network's exposures to market risk are primarily through interest rate risk on the Network's borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. The Network has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Network 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 Network's interest bearing liabilities.

However, the Network 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 Network 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.

The Network'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	103,362	(1,034)	(1,034)	1,034	1,034
Receivables	18,943	----	----	----	----
Financial Assets at Fair Value	54,823	(548)	(548)	548	548
Financial Liabilities					
Payables	38,717	----	----	----	----
2013					
Financial Assets					
Cash and Cash Equivalents	92,126	(921)	(921)	921	921
Receivables	22,139	----	----	----	----
Financial Assets at Fair Value	61,217	(612)	(612)	612	612
Financial Liabilities					
Payables	41,854	----	----	----	----

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Other price risk - TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Network has no direct equity investments. The Network holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2014 \$'000	2013 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	15,076	16,861
Strategic cash facility	Cash and money market instruments	1.5 years to 3 years	-----	2,354
Long-term growth facility	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	39,747	42,002

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass Statement).

	Change in unit price	Impact on profit/loss	
		2014 \$'000	2013 \$'000
Hour-Glass Investment - Cash facility	+/- 1%	151	169
Hour-Glass Investment - Strategic cash facility	+/- 1%	-----	24
Hour-Glass Investment - Long-term growth facility	+/- 15%	5,962	9,412

Notes to and forming part of the Financial Statements
for the year ended 30 June 2014

(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.

(ii) Fair Value recognised in the Statement of Financial Position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Invt.Facility	----	54,823	----	54,823
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2013 Total \$'000
TCorp Hour-Glass Invt.Facility	----	61,217	----	61,217

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

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

As discussed, the value of the Hour-Glass Investments is based on the Network's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

38. Events after the Reporting Period

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS

Annual Financial Statements

of

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal
Alexandra Hospital for Children) Special Purpose Service Entity

for the Year Ended 30 June 2014



**Certification of the Special Purpose Service Entity 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 Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity 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;
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity; and
- 3) I am not aware of any circumstances which would render any particulars in the accounts to be misleading or inaccurate.



Elizabeth Koff
Chief Executive

19 September 2014



Lis Wilson
Director of Finance and Corporate Services

19 September 2014

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra
Hospital for Children) Special Purpose Service Entity
Statement of Comprehensive Income for the year ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
Revenue		
Personnel Services	441,149	414,509
Acceptance by the Crown Entity of Employee Benefits	23,845	8,462
Total Revenue	464,994	422,971
Expenses		
Salaries and Wages	304,499	297,190
Overtime	11,647	11,601
Penalties	22,203	22,100
Defined Benefit Superannuation	5,042	5,201
Defined Contribution Superannuation	33,355	30,416
Long Service Leave	20,300	2,997
Annual Leave	40,239	35,857
Sick Leave and Other Leave	22,693	14,035
Redundancies	1,157	678
Workers Compensation Insurance	3,817	2,854
Fringe Benefits Tax	42	42
Total Expenses	464,994	422,971
Net Result	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-

The accompanying notes form part of these Financial Statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra
Hospital for Children) Special Purpose Service Entity
Statement of Financial Position
as at 30 June 2014

		Actual	Actual
	Notes	2014	2013
		\$000	\$000
ASSETS			
Current Assets			
Receivables	2	84,757	77,549
Total Current Assets		84,757	77,549
Non-Current Assets			
Receivables	2	465	390
Total Non-Current Assets		465	390
Total Assets		85,222	77,939
LIABILITIES			
Current Liabilities			
Payables	3	12,198	10,385
Provisions	4	72,559	67,164
Total Current Liabilities		84,757	77,549
Non-Current Liabilities			
Provisions	4	465	390
Total Non-Current Liabilities		465	390
Total Liabilities		85,222	77,939
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these Financial Statements

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal
Alexandra Hospital for Children) Special Purpose Service Entity
Statement of Changes in Equity
for the year ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
Balance at 1 July	-	-
Result for the Year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June	<u>-</u>	<u>-</u>

The accompanying notes form part of these Financial Statements

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra
Hospital for Children) Special Purpose Service Entity
Statement of Cash Flows
for the year ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
Net Cash Flows from Operating Activities	-	-
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	-	-
Opening Cash and Cash equivalents	-	-
Closing Cash and Cash Equivalents	-	-

The The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these Financial Statements.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity (the Entity) is a Division of the NSW Health Service, established pursuant to section 116(4) of the Health Services Act 1997. It is a not-for-profit Entity as profit is not its principal objective.

The Entity is controlled by The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) and it is also consolidated as part of the financial statements prepared for both the Ministry of Health and the NSW Total State Sector Accounts.

The Entity's objective is to provide personnel services to The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children).

The financial statements were authorised for issue by the Chief Executive on 19 September 2014.

b) Basis of Preparation

The Entity's financial statements are general purpose financial statements and have been prepared on an accrual basis, in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations. The statements have been prepared in accordance with the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and Treasurer's Directions.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See Note (g).

Judgments, key assumptions and estimates are disclosed in the relevant notes to the financial statements.

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

Statement of Compliance

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

c) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

d) Receivables

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

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

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

e) **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 entity transfers the financial asset:

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

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

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

f) **Payables**

Payables include accrued wages, salaries and related on costs (such as payroll deduction liability, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

g) **Employee Benefits**

i) Salaries and 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 Network has assessed the actuarial advice based on the Network'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 Entity'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 Entity 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 entity as shown in Note 4.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 2014

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 financial year is determined by using the formulae specified in the NSW Health Ministry Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Superannuation Guarantee Charge) 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.

h) New Australian Accounting Standards Issued But Not Effective

(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 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 4.

(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 Network 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 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity
Notes to and forming part of the Financial Statements
for the Year Ended 30 June 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.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity

Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
2. RECEIVABLES		
Current		
Accrued Income - Personnel Services Provided	84,757	77,549
Non-Current		
Accrued Income - Personnel Services Provided	465	390
Total Receivables	85,222	77,939

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

3. PAYABLES

Current

Accrued Salaries, Wages and On Costs	8,139	6,563
Taxation and Payroll Deductions	4,059	3,822
Total Payables	12,198	10,385

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 5.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity

Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

	Actual	Actual
	2014	2013
	\$000	\$000
4. PROVISIONS		
Current Employee Benefits and Related On Costs		
Annual Leave - Short Term Benefit	41,611	37,113
Annual Leave - Long Term Benefit	22,109	22,634
Long Service Leave - Consequential On costs	8,839	7,417
	<hr/>	<hr/>
Total Current Provisions	72,559	67,164
Non-Current Employee Benefits and Related On Costs		
Long Service Leave - Consequential On costs	465	390
	<hr/>	<hr/>
Total Non-Current Provisions	465	390
Aggregate Employee Benefits and Related On Costs		
Provisions - Current	72,559	67,164
Provisions - Non-Current	465	390
Accrued Salaries, Wages and On Costs	12,198	10,385
	<hr/>	<hr/>
Total	85,222	77,939

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

5. Financial Instruments

The Entity's principal financial instruments are outlined below. The Entity's financial instruments arise directly from the Entity's operations or are required to finance the entity's operations.

The Entity does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Entity's main risks arising from financial instruments are outlined below, together with the Entity'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. The Entity carries minimal risks within its operation as it carries only the value of employee provisions and accrued salaries and wages offset in full by accounts receivable from the Parent Entity. Risk management policies are established by the Parent Entity to identify and analyse the risk faced by the Entity, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee/ Internal auditors of the Parent Entity on a continuous basis.

a) Financial Instruments Categories

		Actual	Actual
		2014	2013
		\$000	\$000
Financial Assets			
Class:	Category		
Receivables (note 2) ¹	Receivables measured at amortised cost	85,222	77,939
Total Financial Assets		85,222	77,939
Financial Liabilities			
Class:	Category		
Payables (note 3) ²	Financial liabilities measured at amortised cost	8,139	6,563
Total Financial Liabilities		8,139	6,563

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

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

b) Credit Risk

Credit risk arises when there is the possibility of the Entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the Entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the Entity i.e. receivables. No collateral is held by the Entity nor has it granted any financial guarantees.

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children)
Special Purpose Service Entity
Notes to and forming part of the Financial Statements for the
Year Ended 30 June 2014

Receivables - trade debtors

Receivables are restricted to accrued income for personnel services provided and employee leave provisions and are recognised as amounts receivable at balance date. The parent entity of The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity is the sole debtor of the Entity and it is assessed that there is no risk of default. No accounts receivables are classified as past due but not impaired or 'Considered Impaired'.

c) **Liquidity Risk**

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. No such risk exists with the Entity not having any cash flows. All movements that occur in Payables are fully offset by an increase in Receivables from The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children).

d) **Market Risk**

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

Interest rate risk

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

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

e) **Fair Value**

Financial instruments are generally recognised at cost.

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

6. **Related Parties**

The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) is deemed to control The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) Special Purpose Service Entity in accordance with Australian Accounting Standards. The controlling entity is incorporated under the Health Services Act 1997.

Transactions and balances in these financial statements relate only to the Entity's function as provider of personnel services to the controlling entity. The Entity's total income is sourced from The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children).

Cash receipts and payments are effected by The Sydney Children's Hospitals Network (Randwick and Westmead) (incorporating The Royal Alexandra Hospital for Children) on the entity's behalf.

7. **Events after the Reporting Period**

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS