NSW GOVERNMENT
Family & Community Services

Financial Statements

2011–12

Contents

1 | Department of Family and Community Services

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

Department of Family and Community Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Department of Family and Community Services (the Department), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entity 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 Department and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Director- General's Responsibility for the Financial Statements

The Director- General 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 Director- General 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 Department'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 Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's report (continued)

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

Independence

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

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

Peter Boulous
Director, Financial Audit Services

27 September 2012
SYDNEY

Certification of Accounts

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

FINANCIAL STATEMENTS

For the Year Ended 30 June 2012

CERTIFICATION OF ACCOUNTS

Pursuant to Section 45(F) of the *Public Finance and Audit Act 1983* (Act), we state that:

a) the accompanying financial statements of the Department of Family and Community Services (department) being the parent entity, and the consolidated entity comprising the department and its controlled entities' activities for the year ended 30 June 2012 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, and its regulations and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act .

b) the financial statements and notes exhibit a true and fair view of the financial position and transactions of the department and its controlled entities.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Jim Moore
Director General
25th September 2012

Stephen Mudge
Chief Financial Officer
25th September 2012

1 | Department of Family and Community Services

Statement of comprehensive income

For the year ended 30 June 2012

	Notes	Parent			Consolidated		
		Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	**1,448,642**	1,402,217	1,508,449	**1,620,043**	1,572,167	1,674,210
Other operating expenses	2(b)	**388,354**	644,287	358,955	**441,535**	692,698	409,787
Depreciation and amortisation	2(c)	**71,102**	71,653	62,881	**73,951**	73,727	65,158
Grants and subsidies	2(d)	**3,195,287**	2,993,457	2,608,380	**3,005,858**	2,804,028	2,424,136
Finance Costs	2(e)	**423**	–	276	**483**	–	276
Total expenses excluding losses		**5,103,808**	5,111,614	4,538,941	**5,141,870**	5,142,620	4,573,567
Revenue							
Recurrent appropriation	3(a)	**4,778,672**	4,820,902	4,096,808	**4,778,672**	4,820,902	4,096,808
Capital appropriation	3(a)	**106,645**	120,919	107,118	**106,645**	120,919	107,118
(Asset sale proceeds transferred to the Crown Entity)		**(3,174)**	(4,871)	(1,781)	**(3,174)**	(4,871)	(1,781)
Sale of goods and services	3(b)	**40,382**	47,751	42,979	**69,208**	78,014	72,297
Personnel services revenue – NSW Businesslink Pty Ltd		**106,645**	75,843	66,325	**106,645**	75,843	66,325
Personnel services revenue – Land and Housing Corporation		**–**	–	234,436	**–**	–	234,436
Personnel services revenue – Aboriginal Housing Office		**14,226**	10,357	8,653	**14,226**	10,357	8,653
Investment revenue	3(c)	**9,435**	12,607	10,563	**12,676**	16,469	14,836
Grants and contributions	3(d)	**10,664**	15,852	5,380	**16,228**	18,132	10,962
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	**68,328**	37,299	42,152	**68,328**	37,299	42,152
Other revenue	3(f)	**35,814**	10,898	22,879	**29,608**	4,527	21,789
Total Revenue		**5,167,637**	5,147,557	4,635,512	**5,199,062**	5,177,591	4,673,595
Gain / (loss) on disposal	4	**(10,800)**	(1,205)	(1,858)	**(10,616)**	(1,205)	(1,229)
Other gains / (losses)	5	**28,142**	(561)	(9,390)	**28,915**	(742)	(9,619)
Net result		**81,171**	34,177	85,323	**75,491**	33,024	89,180
Other comprehensive income							
Net change in the revaluation surplus arising from a change in the restoration liability		**–**	–	(89)	**–**	–	(89)
Actuarial gains/(losses) on superannuation funds	9 (vii)	**(38,427)**	–	2,375	**(42,507)**	–	2,294
Total other comprehensive income		**(38,427)**	–	2,286	**(42,507)**	–	2,205
TOTAL COMPREHENSIVE INCOME		**42,744**	34,177	87,609	**32,984**	33,024	91,385

The accompanying notes form part of these statements

1 | Department of Family and Community Services

Statement of changes in equity

For the year ended 30 June 2012

Parent	Notes	Accumulated Funds	Total
		$'000	**$'000**
Balance at 1 July 2011		**789,270**	**789,270**
Net result for the year		**81,171**	**81,171**
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	9 (vii)	**(38,427)**	**(38,427)**
Other		**–**	**–**
Total other comprehensive income		**(38,427)**	**(38,427)**
Total comprehensive income for the year		**42,744**	**42,744**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfers	19	**118,662**	**118,662**
Balance at 30 June 2012		**950,676**	**950,676**

Parent	Notes	Accumulated Funds	Total
		$'000	$'000
Balance at 1 July 2010		1,012,837	1,012,837
Net result for the year		85,323	85,323
Other comprehensive income:			
Change in restoration liability		(89)	(89)
Actuarial gains/(losses) on superannuation funds	9 (vii)	2,375	2,375
Total other comprehensive income		2,286	2,286
Total comprehensive income for the year		87,609	87,609
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfers	19	(311,176)	(311,176)
Balance at 30 June 2011		789,270	789,270

The accompanying notes form part of these statements

1 | Department of Family and Community Services

Statement of changes in equity (continued)

For the year ended 30 June 2012

Consolidated	Notes	Accumulated Funds	Total
		$'000	**$'000**
Balance at 1 July 2011		**838,009**	**838,009**
Net result for the year		**75,491**	**75,491**
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	9 (vii)	**(42,507)**	**(42,507)**
Other		**–**	**–**
Total other comprehensive income		**(42,507)**	**(42,507)**
Total comprehensive income for the year		**32,984**	**32,984**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfers	19	**118,662**	**118,662**
Balance at 30 June 2012		**989,655**	**989,655**

Consolidated	Notes	Accumulated Funds	Total
		$'000	$'000
Balance at 1 July 2010		1,057,800	1,057,800
Net result for the year		89,180	89,180
Other comprehensive income:			
Change in restoration liability		(89)	(89)
Actuarial gains/(losses) on superannuation funds	9 (vii)	2,294	2,294
Total other comprehensive income		2,205	2,205
Total comprehensive income for the year		91,385	91,385
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfers	19	(311,176)	(311,176)
Balance at 30 June 2011		838,009	838,009

The accompanying notes form part of these statements

Statement of financial position

As at 30 June 2012

	Notes	Parent			Consolidated		
		Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	8	**175,861**	195,843	140,422	**232,261**	248,806	200,937
Receivables	9	**195,760**	98,241	203,474	**201,231**	103,711	208,464
Inventories	10	**259**	300	286	**259**	300	286
		371,880	294,384	344,182	**433,751**	352,817	409,687
Non-current assets held for sale	12	**1,696**	–	189	**1,696**	–	189
Total Current Assets		**373,576**	294,384	344,371	**435,447**	352,817	409,876
Non-Current Assets							
Receivables	9	**600**	54,853	–	**600**	54,853	–
Financial assets at fair value	11	**–**	3,064	–	**16,679**	21,062	16,457
Property, plant and equipment							
Land and buildings	13	**745,347**	718,728	675,037	**752,591**	719,211	680,652
Plant and equipment	13	**95,816**	101,108	87,003	**101,928**	108,516	94,494
Total property, plant and equipment		**841,163**	819,836	762,040	**854,519**	827,727	775,146
Intangible assets	14	**77,737**	82,976	33,244	**77,737**	82,976	33,244
Total Non-Current Assets		**919,500**	960,729	795,284	**949,535**	986,618	824,847
Total Assets		**1,293,076**	1,255,113	1,139,655	**1,384,982**	1,339,435	1,234,723
LIABILITIES							
Current Liabilities							
Payables	15	**97,761**	85,948	91,297	**108,756**	89,682	100,347
Provisions	16	**161,221**	185,057	204,875	**188,269**	213,360	230,991
Other	17	**3,704**	600	2,516	**3,704**	1,537	2,516
Total Current Liabilities		**262,686**	271,605	298,688	**300,729**	304,579	333,854
Non-Current Liabilities							
Provisions	16	**79,555**	51,351	51,093	**94,439**	63,251	62,256
Other	17	**159**	497	604	**159**	497	604
Total Non-Current Liabilities		**79,714**	51,848	51,697	**94,598**	63,748	62,860
Total Liabilities		**342,400**	323,453	350,385	**395,327**	368,327	396,714
Net Assets		**950,676**	931,660	789,270	**989,655**	971,108	838,009
EQUITY							
Reserves		**–**	18,722	–	**–**	19,278	–
Accumulated funds		**950,676**	912,938	789,270	**989,655**	951,830	838,009
Total Equity		**950,676**	931,660	789,270	**989,655**	971,108	838,009

The accompanying notes form part of these statements

1 | Department of Family and Community Services

Statement of cash flows

For the year ended 30 June 2012

	Notes	Parent			Consolidated		
		Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		**(1,413,839)**	(1,420,396)	(1,461,385)	**(1,582,964)**	(1,616,131)	(1,626,140)
Grants and subsidies		**(3,459,996)**	(3,309,402)	(3,797,676)	**(3,270,567)**	(3,181,672)	(3,613,433)
Other		**(414,003)**	(648,583)	(396,086)	**(487,830)**	(641,497)	(473,272)
Total Payments		**(5,287,838)**	(5,378,381)	(5,655,147)	**(5,341,361)**	(5,439,300)	(5,712,845)
Receipts							
Recurrent appropriation		**4,779,111**	4,926,659	4,096,915	**4,779,111**	4,926,659	4,096,915
Capital appropriation (excluding equity appropriations)		**107,937**	120,919	108,293	**107,937**	120,919	108,293
Asset sale proceeds transferred to the Crown Entity		**(3,174)**	(4,871)	(1,781)	**(3,174)**	(4,871)	(1,781)
Sale of goods and services		**139,713**	182,651	338,941	**169,296**	215,799	355,422
Interest received		**10,850**	14,113	8,828	**13,890**	16,434	11,891
GST Recoveries		**296,383**	219,870	292,603	**296,383**	219,870	306,615
Grants and contributions		**–**	7,753	944,112	**25,064**	36,305	968,678
Cash reimbursements from the Crown Entity		**7,832**	–	–	**7,832**	–	–
Cash transfers to the Consolidated Fund		**(368)**	(1,579)	(159)	**(368)**	(1,579)	(159)
Other		**19,243**	21,371	30,244	**13,016**	(920)	50,314
Total Receipts		**5,357,527**	5,486,886	5,817,996	**5,408,987**	5,528,616	5,896,188
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	**69,689**	108,505	162,849	**67,626**	89,316	183,343
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of land and buildings and plant and equipment		**8,712**	9,742	3,555	**9,424**	10,742	5,431
Purchases of land and buildings and plant and equipment		**(104,555)**	(121,726)	(108,854)	**(107,319)**	(108,022)	(113,142)
Other		**–**	(15,897)	–	**–**	(15,897)	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(95,843)**	(127,881)	(105,299)	**(97,895)**	(113,177)	(107,711)
NET INCREASE/(DECREASE) IN CASH		**(26,154)**	(19,376)	57,550	**(30,269)**	(23,861)	75,632
Opening cash and cash equivalents		**140,422**	153,626	105,183	**200,937**	211,074	147,616
Cash transferred in (out) as a result of administrative restructuring	19	**61,593**	61,593	(22,311)	**61,593**	61,593	(22,311)
CLOSING CASH AND CASH EQUIVALENTS	8	**175,861**	195,843	140,422	**232,261**	248,806	200,937

The accompanying notes form part of these statements

1 | Department of Family and Community Services

Consolidated service group statements

For the year ended 30 June 2012 Supplementary Financial Statements

Entity's Expenses and Income	Community Services		Ageing, Disability and Home Care		Juvenile Justice##		Aboriginal Affairs##		Aboriginal Housing Office Group of Staff*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses										
Operating expenses										
Employee related	**446,644**	421,393	**709,174**	670,532	**–**	101,607	**–**	10,338	**10,338**	8,379
Other operating expenses	**153,107**	150,516	**190,867**	183,241	**–**	23,294	**–**	4,146	**4**	2
Depreciation and amortisation	**25,871**	26,667	**30,654**	27,840	**–**	8,244	**–**	130	**–**	–
Grants and subsidies	**957,005**	1,027,129	**1,883,028**	1,577,337	**–**	4,988	**–**	1,667	**–**	–
Finance Costs	**100**	136	**323**	140	**–**	–	**–**	–	**–**	–
TOTAL EXPENSES EXCLUDING LOSSES	**1,582,727**	1,625,841	**2,814,046**	2,459,090	**–**	138,133	**–**	16,281	**10,342**	8,381
Revenue										
Recurrent appropriation	**1,482,542**	1,565,496	**2,697,679**	2,385,080	**–**	129,392	**–**	13,289	**–**	–
Capital appropriation	**19,468**	14,149	**72,543**	84,720	**–**	8,249	**–**	–	**–**	–
(Asset sale proceeds transferred to the Crown Entity)	**–**	–	**(3,174)**	(1,781)	**–**	–	**–**	–	**–**	–
Sales of goods and services	**558**	3,546	**39,824**	39,433	**–**	–	**–**	–	**–**	–
Personnel services revenue	**–**	–	**–**	–	**–**	–	**–**	–	**14,226**	8,653
Investment revenue	**2,942**	2,489	**5,638**	7,315	**–**	594	**–**	98	**–**	–
Grants and contributions	**3,857**	1,614	**2,386**	540	**–**	3,087	**–**	15	**–**	–
Acceptance by the Crown Entity of employee benefits and other liabilities	**22,207**	14,145	**36,862**	22,217	**–**	3,758	**–**	112	**–**	–
Other revenue	**6,562**	8,553	**13,926**	10,978	**–**	420	**–**	3	**–**	–
Total revenue	**1,538,136**	1,609,992	**2,865,684**	2,548,502	**–**	145,500	**–**	13,517	**14,226**	8,653
Gain/(loss) on disposal	**(9,972)**	(578)	**(695)**	(1,187)	**–**	(93)	**–**	–	**–**	–
Other gains/(losses)	**(1,642)**	–	**336**	(209)	**–**	–	**–**	–	**–**	–
Net result	**(56,205)**	(16,427)	**51,279**	88,016	**–**	7,274	**–**	(2,764)	**3,884**	272
Other Comprehensive Income										
Increase/(decrease) in asset revaluation surplus	**682**	223	**28,766**	(55,204)	**–**	45,801	**–**	–	**–**	–
Change in restoration liability	**–**	–	**–**	–	**–**	(89)	**–**	–	**–**	–
Actuarial gains/(losses) on superannuation funds	**–**	–	**–**	–	**–**	–	**–**	–	**(3,884)**	(272)
Total Other Comprehensive Income	**682**	223	**28,766**	(55,204)	**–**	45,712	**–**	–	**(3,884)**	(272)
TOTAL COMPREHENSIVE INCOME	**(55,523)**	(16,204)	**80,045**	32,812	**–**	52,986	**–**	(2,764)	**–**	–

* These agencies do not have individual service group statements.
\# These agencies only have one service group. The service group is outlined in Note 7.
\## Juvenile Justice and Aboriginal Affairs have been transferred out of DFaCS effective 1 April 2011, therefore Expenses and Income in the Service Group Statements are only up to 31 March 2011.
\### Due to roundings the elimination column does not balance to zero.

1 | Department of Family and Community Services

Consolidated service group statements (continued)

For the year ended 30 June 2012 Supplementary Financial Statements

	Housing NSW#		NSWbusinesslink#		DFaCS*		Home Care Service of NSW*		John Williams Memorial Charitable Trust*		Eliminations###		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
	187,364	217,389	**80,090**	69,496	**15,028**	9,299	**171,401**	165,760	**–**	–	**4**	17	**1,620,043**	1,674,210
	42,896	17	**48**	43	**14,331**	5,369	**60,154**	55,717	**74**	80	**(19,946)**	(12,638)	**441,535**	409,787
	14,578	–	**–**	–	**–**	2	**2,741**	2,173	**109**	104	**(2)**	(2)	**73,951**	65,158
	365,952	–	**–**	–	**5,698**	414	**–**	–	**–**	–	**(205,825)**	(187,399)	**3,005,858**	2,424,136
	–	–	**–**	–	**–**	–	**60**	–	**–**	–	**–**	–	**483**	276
	610,790	217,406	**80,138**	69,539	**35,057**	15,084	**234,356**	223,650	**183**	184	**(225,769)**	(200,022)	**5,141,870**	4,573,567
	578,635	–	**2,716**	–	**17,100**	3,551	**–**	–	**–**	–	**–**	–	**4,778,672**	4,096,808
	14,634	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**106,645**	107,118
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(3,174)**	(1,781)
	–	–	**–**	–	**–**	–	**28,826**	29,318	**–**	–	**–**	–	**69,208**	72,297
	–	234,436	**106,645**	66,325	**–**	–	**–**	–	**–**	–	**–**	–	**120,871**	309,414
	609	–	**90**	31	**157**	35	**3,096**	4,138	**144**	135	**–**	1	**12,676**	14,836
	4,407	–	**3,155**	3,155	**14**	124	**194,993**	189,825	**–**	–	**(192,584)**	(187,398)	**16,228**	10,962
	7,832	–	**–**	–	**1,429**	1,920	**–**	–	**–**	–	**(2)**	–	**68,328**	42,152
	10,657	–	**2,075**	32	**28,727**	10,553	**819**	3,868	**21**	10	**(33,179)**	(12,628)	**29,608**	21,789
	616,774	234,436	**114,681**	69,543	**47,427**	16,183	**227,734**	227,149	**165**	145	**(225,765)**	(200,025)	**5,199,062**	4,673,595
	(133)	–	**–**	–	**–**	–	**189**	630	**(4)**	–	**(1)**	(1)	**(10,616)**	(1,229)
	–	–	**–**	–	**–**	–	**(93)**	(249)	**845**	(58)	**29,469**	(9,103)	**28,915**	(9,619)
	5,851	17,030	**34,543**	4	**12,370**	1,099	**(6,526)**	3,880	**823**	(97)	**29,472**	(9,107)	**75,491**	89,180
	–	–	**–**	–	**–**	–	**19**	77	**–**	–	**(29,467)**	9,103	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(89)
	–	4,929	**(34,543)**	(4)	**–**	(2,278)	**(4,080)**	(81)	**–**	–	**–**	–	**(42,507)**	2,294
	–	4,929	**(34,543)**	(4)	**–**	(2,278)	**(4,061)**	(4)	**–**	–	**(29,467)**	9,103	**(42,507)**	2,205
	5,851	21,959	**–**	–	**12,370**	(1,179)	**(10,587)**	3,876	**823**	(97)	**5**	(4)	**32,984**	91,385

* These agencies do not have individual service group statements.

\# These agencies only have one service group. The service group is outlined in Note 7.

\## Juvenile Justice and Aboriginal Affairs have been transferred out of DFaCS effective 1 April 2011, therefore Expenses and Income in the Service Group Statements are only up to 31 March 2011.

\### Due to roundings the elimination column does not balance to zero.

Consolidated service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Assets and Liabilities	Community Services		Ageing, Disability and Home Care		Juvenile Justice##		Aboriginal Affairs##		Aboriginal Housing Office Group of Staff*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Current Assets										
Cash and cash equivalents	**20,076**	22,951	**116,563**	116,853	**–**	–	**–**	–	**–**	–
Receivables	**8,115**	12,522	**49,726**	24,031	**–**	–	**–**	–	**11,149**	6,293
Inventories	**–**	–	**259**	286	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Non-current assets held for sale	**1,696**	–	**–**	189	**–**	–	**–**	–	**–**	–
Total Current Assets	**29,887**	35,473	**166,548**	141,359	**–**	–	**–**	–	**11,149**	6,293
Non-Current Assets										
Receivables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Property, plant and equipment										
Land and buildings	**14,295**	17,016	**731,052**	658,021	**–**	–	**–**	–	**–**	–
Plant and equipment	**45,116**	49,579	**31,079**	37,414	**–**	–	**–**	–	**–**	–
Total property, plant and equipment	**59,411**	66,595	**762,131**	695,435	**–**	–	**–**	–	**–**	–
Intangible assets	**13,640**	18,085	**11,138**	15,158	**–**	–	**–**	–	**–**	–
Total Non-Current Assets	**73,051**	84,680	**773,269**	710,593	**–**	–	**–**	–	**–**	–
Total Assets	**102,938**	120,153	**939,817**	851,952	**–**	–	**–**	–	**11,149**	6,293
Current Liabilities										
Payables	**61,879**	33,255	**34,681**	30,047	**–**	–	**–**	–	**239**	192
Borrowings	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Provisions	**50,624**	44,772	**64,540**	61,367	**–**	–	**–**	–	**2,582**	1,754
Other	**676**	1,543	**958**	973	**–**	–	**–**	–	**–**	–
Total Current Liabilities	**113,179**	79,570	**100,179**	92,387	**–**	–	**–**	–	**2,821**	1,946
Non-Current Liabilities										
Payables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Provisions	**8,620**	3,920	**5,585**	5,112	**–**	–	**–**	–	**8,328**	4,347
Other	**–**	–	**159**	604	**–**	–	**–**	–	**–**	–
Total Non-Current Liabilities	**8,620**	3,920	**5,744**	5,716	**–**	–	**–**	–	**8,328**	4,347
Total Liabilities	**121,799**	83,490	**105,923**	98,103	**–**	–	**–**	–	**11,149**	6,293
Net Assets	**(18,861)**	36,663	**833,894**	753,849	**–**	–	**–**	–	**–**	–

* These agencies do not have individual service group statements.

\# These agencies only have one service group. The service group is outlined in Note 7.

\## Juvenile Justice and Aboriginal Affairs have been transferred out of DFACS effective 1 April 2011, therefore assets and liabilities in the service group statements are nil.

\### Due to roundings the elimination column does not balance to zero.

1 | Department of Family and Community Services

Consolidated service group statements (continued)

For the year ended 30 June 2012 — Supplementary Financial Statements

Housing NSW#		NSWbusinesslink#		DFaCS*		Home Care Service of NSW*		John Williams Memorial Charitable Trust*		Eliminations###		Total	
2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
36,811	–	**524**	67	**1,886**	550	**53,945**	57,450	**2,455**	3,066	**1**	–	**232,261**	200,937
54,633	106,648	**81,157**	50,295	**15,980**	3,685	**5,471**	4,990	**–**	–	**(25,000)**	–	**201,231**	208,464
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**259**	286
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,696**	189
91,444	106,648	**81,681**	50,362	**17,866**	4,235	**59,416**	62,440	**2,455**	3,066	**(24,999)**	–	**435,447**	409,876
600	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**600**	–
–	–	**–**	–	**–**	–	**16,679**	16,457	**–**	–	**–**	–	**16,679**	16,457
												–	–
–	–	**–**	–	**–**	–	**698**	534	**6,547**	5,081	**(1)**	–	**752,591**	680,652
19,620	–	**–**	–	**–**	9	**6,095**	7,429	**18**	63	**–**	–	**101,928**	94,494
19,620	–	**–**	–	**–**	9	**6,793**	7,963	**6,565**	5,144	**(1)**	–	**854,519**	775,146
52,959	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1	**77,737**	33,244
73,179	–	**–**	–	**–**	9	**23,472**	24,420	**6,565**	5,144	**(1)**	1	**949,535**	824,847
164,623	106,648	**81,681**	50,362	**17,866**	4,244	**82,888**	86,860	**9,020**	8,210	**(25,000)**	1	**1,384,982**	1,234,723
20,394	24,085	**2,569**	1,749	**2,993**	1,963	**10,945**	8,979	**63**	76	**(25,007)**	1	**108,756**	100,347
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
19,241	70,599	**22,712**	25,347	**1,523**	1,035	**27,047**	26,117	**–**	–	**–**	–	**188,269**	230,991
2,070	**–**	–	**–**	–	–	**–**	–	**–**	–	**–**	–	**3,704**	2,516
41,705	94,684	**25,281**	27,096	**4,516**	2,998	**37,992**	35,096	**63**	76	**(25,007)**	1	**300,729**	333,854
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
612	11,964	**56,400**	23,266	**14**	2,486	**14,882**	11,163	**–**	–	**(2)**	(2)	**94,439**	62,256
–		**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**159**	604
612	11,964	**56,400**	23,266	**14**	2,486	**14,882**	11,163	**–**	–	**(2)**	(2)	**94,598**	62,860
42,317	106,648	**81,681**	50,362	**4,530**	5,484	**52,874**	46,259	**63**	76	**(25,009)**	(1)	**395,327**	396,714
122,306	–	**–**	–	**13,336**	(1,240)	**30,014**	40,601	**8,957**	8,134	**9**	2	**989,655**	838,009

* These agencies do not have individual service group statements.
# These agencies only have one service group. The service group is outlined in Note 7.
Juvenile Justice and Aboriginal Affairs have been transferred out of DFACS effective 1 April 2011, therefore assets and liabilities in the service group statements are nil.
Due to roundings the elimination column does not balance to zero.

1 | Department of Family and Community Services

Community Services
Service group statements

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Expenses and Income	Service Group 1*		Service Group 2*		Service Group 3*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses						
Operating expenses						
Employee related	**22,830**	13,971	**61,753**	66,734	**228,710**	221,075
Other operating expenses	**8,165**	4,982	**19,643**	23,768	**76,185**	79,079
Depreciation and amortisation	**838**	885	**3,878**	4,224	**14,176**	13,987
Grants and subsidies	**242,586**	229,407	**117,348**	186,068	**37,335**	78,406
Finance Costs	**5**	5	**14**	21	**51**	71
TOTAL EXPENSES EXCLUDING LOSSES	**274,424**	249,250	**202,636**	280,815	**356,457**	392,618
Revenue						
Recurrent appropriation	**–**	–	**–**	–	**–**	–
Capital appropriation	**–**	–	**–**	–	**–**	–
(Asset sale proceeds transferred to the Crown Entity)	**–**	–	**–**	–	**–**	–
Sales of goods and services	**116**	1,285	**69**	2,261	**249**	-
Investment revenue	**95**	83	**441**	394	**1,612**	1,306
Grants and contributions	**157**	949	**533**	246	**1,947**	175
Acceptance by the Crown Entity of employee benefits and other liabilities	**–**	–	**–**	–	**–**	–
Other revenue	**1,368**	218	**807**	1,043	**2,938**	4,952
Total revenue	**1,736**	2,535	**1,850**	3,944	**6,746**	6,433
Gain/(loss) on disposal	**(510)**	(19)	**(1,379)**	(92)	**(5,106)**	(303)
Other gains/(losses)	**(84)**	–	**(227)**	–	**(841)**	–
Net result	**(273,282)**	(246,734)	**(202,392)**	(276,963)	**(355,658)**	(386,488)
Other Comprehensive Income						
Increase/(decrease) in revaluation surplus	**35**	7	**94**	35	**349**	117
Change in restoration liability	**–**	–	**–**	–	**–**	–
Actuarial gains/(losses) on superannuation funds	**–**	–	**–**	–	**–**	–
Total Other Comprehensive Income	**35**	7	**94**	35	**349**	117
TOTAL COMPREHENSIVE INCOME	**(273,247)**	(246,727)	**(202,298)**	(276,928)	**(355,309)**	(386,371)

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups.

Community Services
Service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Service Group 4*		Not Attributable		Total	
2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
133,351	119,613	**–**		**446,644**	421,393
49,114	42,687	**–**		**153,107**	150,516
6,979	7,571	**–**		**25,871**	26,667
559,736	533,248	**–**		**957,005**	1,027,129
30	39			**100**	136
749,210	703,158	**–**	–	**1,582,727**	1,625,841
–	–	**1,482,542**	1,565,496	**1,482,542**	1,565,496
–	–	**19,468**	14,149	**19,468**	14,149
–	–	**–**	–	**–**	–
124	–	**–**	–	**558**	3,546
794	706	**–**		**2,942**	2,489
1,220	244	**–**	–	**3,857**	1,614
–	–	**22,207**	14,145	**22,207**	14,145
1,449	2,340	**–**	–	**6,562**	8,553
3,587	3,290	**1,524,217**	1,593,790	**1,538,136**	1,609,992
(2,977)	(164)	**–**	–	**(9,972)**	(578)
(490)	–	**–**	–	**(1,642)**	–
(749,090)	(700,032)	**1,524,217**	1,593,790	**(56,205)**	(16,427)
204	64	**–**	–	**682**	223
–	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–
204	64	**–**	–	**682**	223
(748,886)	(699,968)	**1,524,217**	1,593,790	**(55,523)**	(16,204)

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions are included in the "Not Attributable" column.

Community Services
Service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Assets and Liabilities	Service Group 1*		Service Group 2*		Service Group 3*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Current Assets						
Cash and cash equivalents	**–**	–	**–**	–	**–**	–
Receivables	**1,445**	2,685	**1,155**	2,784	**2,696**	2,923
Inventories	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Non-current assets held for sale	**87**	–	**234**	–	**868**	–
Total Current Assets	**1,532**	2,685	**1,389**	2,784	**3,564**	2,923
Non-Current Assets						
Receivables	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Property, plant and equipment						
Land and buildings	**731**	565	**1,976**	2,695	**7,320**	8,927
Plant and equipment	**2,306**	1,646	**6,238**	7,853	**23,102**	26,009
Total property, plant and equipment	**3,037**	2,211	**8,214**	10,548	**30,422**	34,936
Intangible assets	**697**	600	**1,886**	2,865	**6,985**	9,487
Total Non-Current Assets	**3,734**	2,811	**10,100**	13,413	**37,407**	44,423
Total Assets	**5,266**	5,496	**11,489**	16,197	**40,971**	47,346
Current Liabilities						
Payables	**2,877**	720	**7,038**	3,433	**27,117**	11,406
Borrowings	**–**	–	**–**	–	**–**	–
Provisions	**2,588**	1,486	**6,999**	7,092	**25,923**	23,487
Other	**35**	51	**93**	244	**347**	809
Total Current Liabilities	**5,500**	2,257	**14,130**	10,769	**53,387**	35,702
Non-Current Liabilities						
Payables	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**–**	–	**–**	–
Provisions	**441**	130	**1,192**	621	**4,413**	2,056
Other	**–**	–	**–**	–	**–**	–
Total Non-Current Liabilities	**441**	130	**1,192**	621	**4,413**	2,056
Total Liabilities	**5,941**	2,387	**15,322**	11,390	**57,800**	37,758
Net Assets	**(675)**	3,109	**(3,833)**	4,807	**(16,829)**	9,588

* The names and purpose of each service group are summarised in Note 7.

Community Services
Service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Service Group 4*		Not Attributable		Total	
2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
–	–	**20,076**	22,951	**20,076**	22,951
2,819	4,130	**–**	–	**8,115**	12,522
–	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–
507	–	**–**	–	**1,696**	–
3,326	4,130	**20,076**	22,951	**29,887**	35,473
–	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–
4,268	4,829	**–**	–	**14,295**	17,016
13,470	14,071	**–**	–	**45,116**	49,579
17,738	18,900	**–**	–	**59,411**	66,595
4,072	5,133	**–**	–	**13,640**	18,085
21,810	24,033	**–**	–	**73,051**	84,680
25,136	28,163	**20,076**	22,951	**102,938**	120,153
24,847	17,696	**–**	–	**61,879**	33,255
–	–	**–**	–	**-**	-
15,114	12,707	**–**	–	**50,624**	44,772
201	439	**–**	–	**676**	1,543
40,162	30,842	**–**	–	**113,179**	79,570
–	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–
2,574	1,113	**–**	–	**8,620**	3,920
–	–	**–**	–	**–**	–
2,574	1,113	**–**	–	**8,620**	3,920
42,736	31,955	**–**	–	**121,799**	83,490
(17,600)	(3,792)	**20,076**	22,951	**(18,861)**	36,663

* The names and purpose of each service group are summarised in Note 7.

Ageing, Disability and Home Care Service group statements

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Expenses and Income	Service Group 1*		Service Group 2*		Service Group 3*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses						
Operating expenses						
Employee related	**69,388**	66,079	**130,804**	122,587	**508,982**	481,866
Other operating expenses	**46,701**	43,573	**22,561**	22,847	**121,605**	116,821
Depreciation and amortisation	**2,540**	2,307	**3,590**	3,261	**24,524**	22,272
Grants and subsidies	**1,090,831**	866,659	**282,804**	241,655	**509,393**	469,023
Finance Costs	**101**	–	**17**	–	**205**	140
TOTAL EXPENSES EXCLUDING LOSSES	**1,209,561**	978,618	**439,776**	390,350	**1,164,709**	1,090,122
Revenue						
Recurrent appropriation	**–**	–	**–**	–	**–**	–
Capital appropriation	**–**	–	**–**	–	**–**	–
(Asset sale proceeds transferred to the Crown Entity)	**–**	–	**–**	–	**–**	–
Sales of goods and services	**23**	86	**104**	397	**39,697**	38,950
Investment revenue	**2,395**	3,108	**–**	–	**3,243**	4,207
Grants and contributions	**2,386**	540	**–**	–	**–**	–
Acceptance by the Crown Entity of employee benefits and other liabilities	**–**	–	**–**	–	**–**	–
Other revenue	**7,238**	5,401	**6,057**	2,623	**631**	2,954
Total revenue	**12,042**	9,135	**6,161**	3,020	**43,571**	46,111
Gain/(loss) on disposal	**–**	–	**–**	–	**(695)**	(1,187)
Other gains/(losses)	**–**	–	**–**	–	**336**	(209)
Net result	**(1,197,519)**	(969,483)	**(433,615)**	(387,330)	**(1,121,497)**	(1,045,407)
Other Comprehensive Income						
Increase/(decrease) in revaluation surplus	**2,384**	(4,575)	**3,370**	(6,466)	**23,012**	(44,163)
Change in restoration liability	**–**	–	**–**	–	**–**	–
Actuarial gains/(losses) on superannuation funds	**–**	–	**–**	–	**–**	–
Total Other Comprehensive Income	**2,384**	(4,575)	**3,370**	(6,466)	**23,012**	(44,163)
TOTAL COMPREHENSIVE INCOME	**(1,195,135)**	(974,058)	**(430,245)**	(393,796)	**(1,098,485)**	(1,089,570)

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions are included in the "Not Attributable" column.

Ageing, Disability and Home Care Service group statements (continued)

For the year ended 30 June 2012 Supplementary Financial Statements

Not Attributable		Total	
2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
-	-	**709,174**	670,532
-	-	**190,867**	183,241
-	-	**30,654**	27,840
-	-	**1,883,028**	1,577,337
-	-	**323**	140
-	-	**2,814,046**	2,459,090
2,697,679	2,385,080	**2,697,679**	2,385,080
72,543	84,720	**72,543**	84,720
(3,174)	(1,781)	**(3,174)**	(1,781)
-	-	**39,824**	39,433
-	-	**5,638**	7,315
-	-	**2,386**	540
36,862	22,217	**36,862**	22,217
–	–	**13,926**	10,978
2,803,910	2,490,236	**2,865,684**	2,548,502
–	–	**(695)**	(1,187)
–	–	**336**	(209)
2,803,910	2,490,236	**51,279**	88,016
–	–	**28,766**	(55,204)
–	–	**–**	–
–	–	**–**	–
–	–	**28,766**	(55,204)
2,803,910	2,490,236	**80,045**	32,812

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions are included in the "Not Attributable" column.

Ageing, Disability and Home Care Service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Assets and Liabilities	Service Group 1*		Service Group 2*		Service Group 3*	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Current Assets						
Cash and cash equivalents	**50,710**	47,144	**18,361**	18,841	**47,492**	50,868
Receivables	**6,630**	9,195	**1,908**	5,567	**16,188**	9,269
Inventories	**–**	–	**–**	–	**259**	286
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Non-current assets held for sale	**–**	–	**–**	–	**–**	189
Total Current Assets	**57,340**	56,339	**20,269**	24,408	**63,939**	60,612
Non-Current Assets						
Receivables	**–**	–	**–**	–	**–**	–
Financial assets at fair value	**–**	–	**–**	–	**–**	–
Property, plant and equipment						
Land and buildings	**60,578**	54,527	**85,632**	77,077	**584,842**	526,417
Plant and equipment	**2,575**	3,100	**3,640**	4,383	**24,864**	29,931
Total property, plant and equipment	**63,153**	57,627	**89,272**	81,460	**609,706**	556,348
Intangible assets	**923**	1,256	**1,305**	1,776	**8,910**	12,126
Total Non-Current Assets	**64,076**	58,883	**90,577**	83,236	**618,616**	568,474
Total Assets	**121,416**	115,222	**110,846**	107,644	**682,555**	629,086
Current Liabilities						
Payables	**6,547**	6,293	**4,975**	3,595	**23,159**	20,159
Borrowings	**–**	–	**–**	–	**–**	–
Provisions	**6,287**	5,973	**11,872**	11,228	**46,381**	44,166
Other	**32**	155	**127**	420	**272**	398
Total Current Liabilities	**12,866**	12,421	**16,974**	15,243	**69,812**	64,723
Non-Current Liabilities						
Payables	**–**	–	**–**	–	**–**	–
Borrowings	**–**	–	**–**	–	**–**	–
Provisions	**481**	470	**714**	815	**4,390**	3,827
Other	**12**	55	**47**	97	**100**	452
Total Non-Current Liabilities	**493**	525	**761**	912	**4,490**	4,279
Total Liabilities	**13,359**	12,946	**17,735**	16,155	**74,302**	69,002
Net Assets	**108,057**	102,276	**93,111**	91,489	**608,253**	560,084

* The names and purpose of each service group are summarised in Note 7.

Ageing, Disability and Home Care Service group statements (continued)

For the year ended 30 June 2012

Not Attributable		Total	
2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
–	–	**116,563**	116,853
25,000	–	**49,726**	24,031
–	–	**259**	286
–	–	**–**	–
–	–	**–**	189
25,000	–	**166,548**	141,359
–	–	**–**	–
–	–	**–**	–
–	–	**731,052**	658,021
–	–	**31,079**	37,414
–	–	**762,131**	695,435
–	–	**11,138**	15,158
–	–	**773,269**	710,593
25,000	–	**939,817**	851,952
–	–	**34,681**	30,047
–	–	**–**	–
–	–	**64,540**	61,367
527	–	**958**	973
527	–	**100,179**	92,387
–	–	**–**	–
–	–	**–**	–
–	–	**5,585**	5,112
–	–	**159**	604
–	–	**5,744**	5,716
527	–	**105,923**	98,103
24,473	–	**833,894**	753,849

* The names and purpose of each service group are summarised in Note 7.

1 | Department of Family and Community Services

Juvenile Justice
Service group statements

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Expenses and Income#	Service Group 1*		Service Group 2*		Service Group 3*		Not Attributable		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses										
Operating expenses										
Employee related	–	35,564	–	66,043	–	–	–	–	–	101,607
Other operating expenses	–	9,083	–	14,211	–	–	–	–	–	23,294
Depreciation and amortisation	–	2,721	–	5,523	–	–	–	–	–	8,244
Grants and subsidies	–	4,290	–	698	–	–	–	–	–	4,988
Finance Costs	–	–	–	–	–	–	–	–	–	–
TOTAL EXPENSES EXCLUDING LOSSES	–	51,658	–	86,475	–	–	–	–	–	138,133
Revenue										
Recurrent appropriation	–	–	–	–	–	–	–	129,392	–	129,392
Capital appropriation	–	–	–	–	–	–	–	8,249	–	8,249
(Asset sale proceeds transferred to the Crown Entity)	–	–	–	–	–	–	–	–	–	–
Sales of goods and services	–	–	–	–	–	–	–	–	–	–
Investment revenue	–	–	–	–	–	–	–	594	–	594
Grants and contributions	–	1,019	–	2,068	–	–	–	–	–	3,087
Acceptance by the Crown Entity of employee benefits and other liabilities	–	–	–	–	–	–	–	3,758	–	3,758
Other revenue	–	139	–	281	–	–	–	–	–	420
Total revenue	–	1,158	–	2,349	–	–	–	141,993	–	145,500
Gain/(loss) on disposal	–	(31)	–	(62)	–	–	–	–	–	(93)
Other gains/(losses)	–	–	–	–	–	–	–	–	–	–
Net result	–	(50,531)	–	(84,188)	–	–	–	141,993	–	7,274
Other Comprehensive Income										
Increase/(decrease) in revaluation surplus	–	45,801	–	–	–	–	–	–	–	45,801
Change in restoration liability	–	(89)	–	–	–	–	–	–	–	(89)
Actuarial gains/(losses) on superannuation funds	–	–	–	–	–	–	–	–	–	–
Total Other Comprehensive Income	–	45,712	–	–	–	–	–	–	–	45,712
TOTAL COMPREHENSIVE INCOME	–	(4,819)	–	(84,188)	–	–	–	141,993	–	52,986

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions are included in the "Not Attributable" column.

Juvenile Justice has been transferred out of DFaCS effective 1 April 2011, therefore Expenses and Income in the Service Group Statements are only up to 31 March 2011.

Aboriginal Affairs
Service group statements

For the year ended 30 June 2012 — Supplementary Financial Statements

Entity's Expenses and Income#	Service Group 1*		Service Group 2*		Service Group 3*		Not Attributable		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses										
Operating expenses										
Employee related	–	5,777	–	4,561	–	–	–	–	–	10,338
Other operating expenses	–	2,317	–	1,829	–	–	–	–	–	4,146
Depreciation and amortisation	–	73	–	57	–	–	–	–	–	130
Grants and subsidies	–	861	–	806	–	–	–	–	–	1,667
Finance Costs	–	–	–	–	–	–	–	–	–	–
TOTAL EXPENSES EXCLUDING LOSSES	–	9,028	–	7,253	–	–	–	–	–	16,281
Revenue										
Recurrent appropriation	–	–	–	–	–	–	–	13,289	–	13,289
Capital appropriation	–	–	–	–	–	–	–	–	–	–
(Asset sale proceeds transferred to the Crown Entity)	–	–	–	–	–	–	–	–	–	–
Sales of goods and services	–	–	–	–	–	–	–	–	–	–
Investment revenue	–	55	–	43	–	–	–	–	–	98
Grants and contributions	–	8	–	7	–	–	–	–	–	15
Acceptance by the Crown Entity of employee benefits and other liabilities	–	–	–	–	–	–	–	112	–	112
Other revenue	–	2	–	1	–	–	–	–	–	3
Total revenue	–	65	–	51	–	–	–	13,401	–	13,517
Gain / (loss) on disposal	–	–	–	–	–	–	–	–	–	–
Other gains / (losses)	–	–	–	–	–	–	–	–	–	–
Net result	–	(8,963)	–	(7,202)	–	–	–	13,401	–	(2,764)
Other Comprehensive Income										
Increase/(decrease) in revaluation surplus	–	–	–	–	–	–	–	–	–	–
Change in restoration liability	–	–	–	–	–	–	–	–	–	–
Actuarial gains/(losses) on superannuation funds	–	–	–	–	–	–	–	–	–	–
Total Other Comprehensive Income	–	–	–	–	–	–	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	(8,963)	–	(7,202)	–	–	–	13,401	–	(2,764)

* The names and purpose of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently government contributions are included in the "Not Attributable" column.

\# Aboriginal Affairs has been transferred out of DFaCS effective 1 April 2011, therefore Expenses and Income in the Service Group Statements are only up to 31 March 2011.

1 | Department of Family and Community Services

Summary of Compliance with Financial Directives

Supplementary Financial Statements

2012	Parent				Consolidated			
	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	**Capital Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000	**Recurrent Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000	**Capital Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	**4,792,042**	4,755,864	**120,919**	92,011	**4,792,042**	4,755,864	**120,919**	92,011
Additional Appropriations	**–**	–	**–**	–	**–**	–	**–**	–
S21A PF&AA – special appropriation	**–**	–	**–**	–	**–**	–	**–**	–
S24 PF&AA – transfer of functions between entities	**134,617**	117,913	**–**	–	**134,617**	117,913	**–**	–
S26 PF&AA – Commonwealth Specific Purpose Payments	**12,054**	12,054	**–**	–	**12,054**	12,054	**–**	–
	4,938,713	4,885,831	**120,919**	92,011	**4,938,713**	4,885,831	**120,919**	92,011
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's Advance	**–**	–	**16,704**	14,634	**–**	–	**16,704**	14,634
Section 22 – expenditure for certain works and services	**–**	–	**–**	–	**–**	–	**–**	–
Transfers to/from another Agency (s33 of the Appropriation Act)	**10,725**	10,725	**–**	–	**10,725**	10,725	**–**	–
Other adjustments	**(51,103)**	(34,199)	**(26,085)**	–	**(51,103)**	(34,199)	**(26,085)**	–
	(40,378)	(23,474)	**(9,381)**	14,634	**(40,378)**	(23,474)	**(9,381)**	14,634
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	**4,898,335**	4,862,357	**111,538**	106,645	**4,898,335**	4,862,357	**111,538**	106,645
Amount drawn down against Appropriation	**–**	4,863,033	**–**	109,242	**–**	4,863,033	**–**	109,242
Liability to Consolidated Fund*	**–**	676	**–**	2,597	**–**	676	**–**	2,597

* The liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net claim on Consolidated Fund".
The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

1 | Department of Family and Community Services

Summary of Compliance with Financial Directives (continued)

Supplementary Financial Statements

2011	Parent				Consolidated			
	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	**Capital Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000	**Recurrent Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000	**Capital Appropriation $'000**	Expenditure/ Net Claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	**4,186,225**	4,134,393	**155,313**	106,239	**4,186,225**	4,134,393	**155,313**	106,239
Additional Appropriations	**3,742**	1,506	**–**	–	**3,742**	1,506	**–**	–
S21A PF&AA – special appropriation	**–**	–	**–**	–	**–**	–	**–**	–
S24 PF&AA – transfer of functions between entities	**896,598**	938,696	**(23,904)**	–	**896,598**	938,696	**(23,904)**	-
S26 PF&AA – Commonwealth Specific Purpose Payments	**6,656**	6,656	**–**	–	**6,656**	6,656	**–**	–
	5,093,221	5,081,251	**131,409**	106,239	**5,093,221**	5,081,251	**131,409**	106,239
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's Advance	**18,370**	12,066	**879**	879	**18,370**	12,066	**879**	879
Transfers to/from another Agency	**–**	–	**–**	–	**–**	–	**–**	–
Section 45 Appropriation Act	**6,669**	6,669	**–**	–	**6,669**	6,669	**–**	–
Other adjustments	**(1,203)**	(1,203)	**–**	–	**(1,203)**	(1,203)	**–**	–
	23,836	17,532	**879**	879	**23,836**	17,532	**879**	879
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	**5,117,057**	5,098,783	**132,288**	107,118	**5,117,057**	5,098,783	**132,288**	107,118
Amount drawn down against Appropriation	**–**	5,099,389	**–**	108,423	**–**	5,099,389	**–**	108,423
Liability to Consolidated Fund*	**–**	606	**–**	1,305	**–**	606	**–**	1,305

* The liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net claim on Consolidated Fund".
The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies

(a) Administrative restructure

On 1 July 2009, the Department of Human Services (DHS) was created as a result of the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009* from the following former departments:

- Department of Aboriginal Affairs
- Aboriginal Housing Office Group of Staff
- Department of Ageing, Disability and Home Care
- Department of Community Services
- Housing NSW
- Department of Juvenile Justice.

In addition, Department of Service, Technology and Administration employees who provided employee related services to NSWbusinesslink were transferred to DHS.

On 1 April 2011, DHS changed its name to Department of Family and Community Services (DFaCS) as a result of the *Public Sector Employment and Management (Departments) Order 2011*.

Also as a result of this Order The Office for Women's Policy was removed from the Department of Premier and Cabinet (DPC) and added to DFaCS.

The group of staff comprising Juvenile Justice Branch as well as the group of staff employed to enable the Guardianship Tribunal to exercise its functions are removed from DFaCS and added to the Department of Attorney General and Justice.

The Office of Aboriginal Affairs was removed from DFaCS and has been added to the Department of Education and Communities.

The group of staff principally involved in the provision of disaster welfare assistance are removed from DFaCS and added to the Ministry for Police and Emergency Services.

The group of staff in Housing NSW principally involved in public private partnership or in projects funded by the National Building Economic Stimulus Plan are removed from DFaCS and added to the Department of Finance and Services.

The group of staff who are principally involved in the administration of Chapter 12 and 12A of the *Children and Young Persons (Care and Protection) Act 1998* are removed from DFaCS and added to the Department of Education and Communities.

On 1 July 2011, the group of staff previously employed by DFaCS who provided personnel services to Land and Housing Corporation, specifically in respect of managing the NSW Government's housing portfolio, were transferred to Department of Financial Services. Employees who remained with DFaCS continue to undertake functions on behalf of DFaCS to implement a range of programs to support social and affordable housing and home ownership programs.

The comparative statements of comprehensive income and details of assets and liabilities transferred from these former departments are provided in Note 19.

This administrative restructure was considered to be a contribution by owners and therefore brought to account as an adjustment to Accumulated Funds. The transfers are recognised at the amount at which the assets and liabilities were recognised by the former departments prior to the restructure. The transferred amounts approximate fair value.

(b) Reporting entity

DFaCS, as a reporting entity, comprises all entities under its control, namely the Home Care Service of NSW (HCS), which administers and comes under the *Home Care Service Act (1988)* and the John Williams Memorial Charitable Trust.

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

DFaCS is a NSW government department. DFaCS is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The consolidated financial statements for the year ended 30 June 2012 have been authorised for issue by the Director-General, on 25 September, 2012.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(c) Basis of preparation

DFaCS' financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of *Public Finance and Audit Act 1983 (PFAA)* and Regulation; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, assets held for sale and financial assets at "fair value through profit and loss" are measured at fair value. Other financial statement items are prepared under 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 dollars.

(d) Principles of Consolidation

The parent entity's financial statements have been prepared by aggregating the transactions and balances of all the divisions that comprise DFaCS. Where applicable, inter-entity transactions have been eliminated at the parent entity level.

The consolidated entity's financial statements have been prepared by consolidating the parent entity's results plus the results of each controlled entity from the date DFaCS obtains control and until such time as it ceases to control the entity

All inter-entity balances and transactions are eliminated.

The Parent Entity contains the following divisions (former departments):

- Aboriginal Affairs, NSW (until 31 March 2011)
- Aboriginal Housing Office Group of Staff
- Ageing, Disability and Home Care NSW
- Community Services, NSW
- Office of Women (from 1 April 2011)
- Department of Family and Community Services
- Housing NSW
- Juvenile Justice NSW (until 31 March 2011)
- NSWbusinesslink NSW.

The Consolidated Entity contains the following entities:

- Parent entity
- Home Care Services of NSW (Consolidated)
- John Williams Memorial Charitable Trust.

(e) Statement of Compliance

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

(f) Insurance

DFaCS' insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The premium, which is expensed, is determined by the Fund Manager based on past claim experience.

(g) Accounting for the Goods and Services Tax (GST)

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

i) the GST incurred by DFaCS as a purchaser, which is not recoverable from the Australian Taxation Office (ATO), is recognised as part of the asset acquisition cost or as additional cost of an expense item;

ii) receivables and payables are reported at the GST inclusive amounts.

Cash flows are reported in the Statement of Cash Flows on a GST inclusive basis under the appropriate cash flow category. However, GST receivable from or payable to the ATO relating to cash flows arising from investing and financing activities is classified as operating cash flows.

(h) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies on recognition of specific types of income are discussed below:

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when DFaCS obtains control over the assets comprising the appropriations or contributions. Control is normally obtained when cash is received.

- Unspent Consolidated Fund appropriations are recognised as liabilities rather than income. The authority to spend the appropriation received lapses and any unspent amount must be repaid to Consolidated Fund.

  This liability to Consolidated Fund is disclosed in Note 18 "Current liabilities – other" and will be extinguished during the next financial year by repaying the amount to Consolidated Fund.

ii) Sale of goods

Proceeds from the sale of goods are recognised as revenue when DFaCS transfers significant risks and rewards of ownership of the goods sold to the purchaser.

iii) Rendering of services

Revenue is recognised when DFaCS completes the rendering of services. When services are rendered in stages, revenue equivalent to the value of the services rendered based on labour hours spent, is recognised progressively as each stage is completed.

Income arising from the provision of personnel services is recognised when the services are provided and only to the extent that the associated recoverable expenses is recognised.

iv) Investment revenue

- Interest

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

- Rent

Rent is recognised as revenue on a straight line basis over the term of the lease and in accordance with *AASB 117 Leases*.

(i) Assets

i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by DFaCS. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the assets at the time they are acquired or constructed, or where applicable, the amount attributed to the assets 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. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

As a result of the Public Sector Employment and Management (Departments) Order 2011 No 184 effective 1 April 2011 (see Note 1 (a)), various functions were transferred both into and out of DFaCS. These transfers are considered equity transfers and are brought to account in accordance with the accounting policy on "Equity Transfers" (see Note 1(l)).

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

ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing $5,000 or more individually are capitalised.

When property, plant and equipment and intangible assets form part of a network, the cost of individual assets comprising the network are aggregated when applying the capitalisation threshold of $5,000 or more. Once the $5,000 capitalisation threshold is reached, further asset acquisitions that form part of the network are capitalised regardless of the amount.

iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with NSW Treasury's Policy Paper TPP 07 – 1 *Valuation of Physical Non-Current Assets at Fair Value*. This policy adopts fair value in accordance with *AASB 116 Property, Plant and Equipment*.

1 | Department of Family and Community Services

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

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

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

Each agency with DFaCS revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of every asset in each asset class does not materially differ from its fair value at reporting date.

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

When revaluing property, plant and equipment by reference to the current price for an asset newer than that being revalued (adjusted to reflect present condition of the asset); the gross amount and the related accumulated depreciation of the asset are separately restated. Otherwise, the accumulated depreciation balance at the date of revaluation is credited to the related asset account. The resulting net balance in the asset account is increased or decreased by recognising a revaluation increment or decrement.

As DFaCS is a not-for-profit entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another within that asset class, but not against assets in a different asset class.

The revaluation decrement relating to an asset class is first offset against the existing credit balance in the Revaluation Surplus account for that asset class. The remaining balance is recognised as an expense in the net result reported in the Statement of Comprehensive Income.

The revaluation increment relating to an asset class where a revaluation decrement has been recognised as an expense in prior years, is first used to reverse the previously recognised expense by recognising a revenue in the net result reported in the Statement of Comprehensive Income. The remaining balance is directly credited to the Revaluation Surplus account.

When a previously revalued asset is disposed of, any remaining balance in the revaluation surplus pertaining to that asset is transferred to Accumulated Funds.

iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, DFaCS is effectively exempted from *AASB 136 Impairment of Assets* and impairment testing. This is because *AASB 136* modifies the recoverable amount test to the higher of fair value less cost to sell and depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

v) Depreciation

Property, plant and equipment, other than land and certain heritage assets are depreciated on a straight line basis, so as to write off the depreciable amount of each asset over its useful life.

Land is not a depreciable asset. The policy not to depreciate heritage assets is reviewed annually on the basis that heritage assets may not have limited useful lives because appropriate curatorial and preservation policies are adopted by DFaCS.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

The estimated useful lives of DFaCS' depreciable assets are:

Asset Class	Estimated Useful Life
Buildings and infrastructure	40 years
Motor vehicles	4 to 7 years
Plant, furniture and equipment – general and commercial	4 to 7 years
Plant, furniture and equipment – industrial	20 years
Leasehold improvements	Shorter of estimated useful life of improvements and term of the lease

vi) Major inspection costs

The labour cost of performing major inspection for faults is recognised in the carrying amount of an asset as a replacement of a part, when the recognition criteria are satisfied.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of the asset, to the extent that it is recognised as a liability by DFaCS. A liability is recognised when DFaCS has a legal or constructive obligation to restore the asset.

1. Summary of Significant Accounting Policies (continued)

viii) Maintenance

Day-to-day servicing and maintenance costs 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.

ix) 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.

DFaCS has not entered into any finance lease arrangements.

Operating lease payments are recognised in the net result reported in the Statement of Comprehensive Income in the periods in which they are incurred.

x) Intangible assets

DFaCS recognises intangible assets only if it is probable that future economic benefits will flow to DFaCS 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 acquisition date.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

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

The useful lives of intangible assets are assessed to be finite. DFaCS' intangible assets are amortised using the straight line method over a period of four to seven years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the intangible asset's carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in value is recognised as an impairment loss.

xi) Receivables

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

Short term receivables with no stated interest rate are measured at the original amount charged as the effect of discounting is considered to be immaterial.

An allowance for impairment of receivables is established when there is objective evidence that DFaCS will not be able to collect all amounts due. Changes in the value of receivables are recognised in the net result reported in the Statement of Comprehensive Income, during the period in which the impairment is recognised or derecognised.

xii) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential arises when existing current replacement costs are lower than the carrying amount of the inventories.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average or "first-in first-out" method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost at the date of acquisition.

Current replacement cost is the cost the agency would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

xiii) Investments

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

The TCorp Hour-Glass Investment Facilities are designated "at fair value through profit or loss" using the second leg of the fair value option. These financial assets are managed and their performance is evaluated on a fair value basis by DFaCS' Budget and Finance Committee on a continual basis. Information about the performance of these assets, including performance against industry benchmarks for each class of investment is provided internally on a monthly basis to the DFaCS key management personnel including the Budget and Finance Committee for their endorsement of the investment strategy. Gains or losses on these assets are recognised in the Statement of Comprehensive Income.

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 recognised in the net result reported in the Statement of Comprehensive Income as "Investment Revenue".

xiv) 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 DFaCS 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 the estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the net result reported in the Statement of Comprehensive Income. Where there is objective evidence, reversals of previously recognised impairment losses are reversed in the net result for the year. Reversals of impairment losses on 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.

xv) De-recognition of financial assets and financial liabilities

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or if DFaCS transfers the financial assets:

- where substantially all the risks and rewards have been transferred or
- where DFaCS has not transferred substantially all the risks and rewards, but control has not been retained

Where DFaCS has neither transferred or retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of DFaCS' involvement in the financial assets.

Financial liabilities are de-recognised when the obligations specified in the contract are discharged, cancelled or expire.

xvi) Non-current assets held for sale

DFaCS has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

These assets are not depreciated while they are classified as held for sale.

xvii) Trust funds

DFaCS receives monies in a trustee capacity for various Trusts as set out in Note 25. As DFaCS performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of DFaCS' own objectives, these funds are not recognised in the financial statements.

xviii) Other assets

Other assets are recognised on a cost basis.

(j) Liabilities

i) Payables

Payables represent liabilities for goods and services provided to DFaCS and are recognised initially at fair value, usually based on the cost or face value of the underlying transaction. 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

ii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The agency has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2012 and at 30 June 2011. However, refer Note 21 regarding disclosures on contingent liabilities.

iii) Employee benefits and other provisions

a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave that are due within 12 months after the end of the period in which the employees render the service, are recognised and measured in respect of employees' services up to the reporting date, at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be paid within 12 months from reporting date is measured at present value in accordance with *AASB 119 Employee Benefits*. Market yield on government bonds of 2.475% is used to discount long-term 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.

Outstanding payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

b) Long service leave and superannuation

Except for HCS Division, NSWbusinesslink and Aboriginal Housing Office Group of Staff, the Department's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished, resulting in the amount assumed being accounted for as non-monetary revenue line item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

During the current year HNSW and DFACS liabilities for defined benefit superannuation were transferred to the Crown Entity (refer Note 19).

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors 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 applying 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 employees' salaries. 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.

Includes HCS Division, NSWbusinesslink, DFaCS and Aboriginal Housing Office Group of Staff.

- *Long service leave*

  Long service leave entitlements are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by the employees.

  Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. In accordance with guidance provided by the actuarial review, the factors applied in 2010 have been used in valuing long service leave entitlements as at 30 June 2012. This is because the long service leave rules have not changed since the actuarial review, the government bond rate has changed by 2.15% and the composition of employees is relatively consistent with previous reviews.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

- *Superannuation*

i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

ii) Defined benefit plan

A defined plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the net result for superannuation is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains and losses are charged directly to Equity in the year they occur.

c) Other provisions

Other provisions exist when:

(i) DFaCS has a present legal or constructive obligation as a result of a past event;

(ii) it is probable that an outflow of resources will be required to settle the obligation; and

(iii) the amount of the obligation can be reliably estimated.

Any provision for restructuring is recognised only when DFaCS has a detailed formal plan and has raised a valid expectation in those affected by the restructuring that a restructure will be carried out because DFaCS is starting to implement the plan or has announced the main features to those affected.

Provisions include restoration costs on leased office premises. In the majority of cases the provision is calculated by using the make good rate per square metre implicit in each lease agreement, which is then discounted to present value using the government bond rate. The provisions are established by individual lease and amortised over the term of the lease. The unamortised value of the obligation is recorded as an asset.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(k) Equity and reserves

i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with DFaCS' revaluation of property, plant and equipment as discussed in note 1(i)(iii).

ii) Accumulated funds

Accumulated funds include all current and prior period retained funds.

(l) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs, functions or parts thereof between NSW public sector agencies and equity appropriations are designated as contributions by owners and recognised as adjustments 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 involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. In most instances, this will approximate fair value.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

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

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(n) New Australian Accounting Standards Issued but not effective

In the current year DFaCS has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC 12/04), DFaCS did not early adopt any of these accounting standards and interpretations that are not yet effective.

DFaCS' assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the entity.

(o) Change in accounting policies

There has been no change in the DFaCS' accounting policies.

(p) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(q) 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.

2. Expenses Excluding Losses

(a) Employee related expenses

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Salaries and wages (including recreation leave) (i)	**1,159,451**	1,247,957	**1,303,226**	1,388,941
Superannuation – defined contribution plans	**89,703**	81,205	**101,585**	92,704
Superannuation – defined benefit plans	**15,802**	17,845	**16,697**	18,830
Long service leave	**59,898**	37,049	**63,111**	39,065
Workers' compensation insurance	**38,919**	37,515	**50,509**	47,757
Payroll tax and fringe benefit tax	**74,959**	76,217	**75,005**	76,252
Redundancy payments	**9,700**	10,274	**9,700**	10,274
Other	**210**	387	**210**	387
	1,448,642	1,508,449	**1,620,043**	1,674,210

(i) Employee related costs capitalised in fixed asset accounts are excluded from the above totalled $1.140m (2011: $1.065m).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(b) Other operating expenses

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Auditor's remuneration – audit of the financial statements	**558**	547	**721**	703
Internal Auditor's remuneration – other services	**5,203**	3,965	**5,353**	4,115
Advertising	**1,393**	1,743	**1,744**	2,044
Bad and doubtful debts	**534**	328	**534**	328
Cleaning	**6,595**	6,780	**6,825**	7,000
Computer maintenance, software licences and other related expenditure	**7,289**	9,428	**7,292**	9,462
Consultants	**1,583**	2,693	**1,791**	2,778
Contract services	**8,709**	5,566	**8,709**	5,566
Contractors and short term staff	**632**	1,008	**632**	1,008
Corporate shared services fees	**92,013**	92,229	**102,481**	102,751
Equipment	**2,561**	2,667	**2,668**	2,813
Fee for services rendered	**23,107**	15,898	**23,107**	15,898
Groceries	**13,636**	13,587	**13,636**	13,587
Insurance	**2,114**	2,470	**2,447**	2,856
Legal costs	**12,870**	9,797	**13,001**	9,906
Maintenance (i)	**14,743**	16,703	**14,880**	16,863
Management and other fees	**15,546**	7,614	**32,523**	23,104
Medical support services	**2,089**	2,333	**2,089**	2,333
Motor vehicle running costs	**29,209**	29,666	**30,056**	30,655
Operating lease rental expense-minimum lease payments	**65,720**	55,852	**69,732**	59,737
Telecommunications	**6,215**	5,505	**6,830**	6,107
Printing, postage and stationery	**9,807**	8,895	**10,895**	10,099
Property and residential expenses	**5,529**	–	**5,529**	–
Staff development	**20,045**	21,299	**23,757**	23,831
Travelling, removal and subsistence	**9,528**	10,049	**20,971**	21,321
Utilities	**11,318**	10,933	**11,606**	11,194
Catering Juveniles	**–**	1,827	**–**	1,827
Other	**19,808**	19,573	**21,726**	21,901
	388,354	358,955	**441,535**	409,787

(i) Reconciliation – Total Maintenance

Maintenance expense – contractor labour and other (non employee related) as above	**14,743**	16,703	**14,880**	16,863
Employee related maintenance expense included in Note 2 (a)	**2,799**	3,190	**2,799**	3,190
Total maintenance expenses included in Note 2 (a) and 2 (b)	**17,542**	19,893	**17,679**	20,053

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(c) Depreciation and amortisation expense

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Depreciation				
Buildings	**11,933**	14,064	**12,020**	14,140
Computer equipment	**5,333**	6,416	**5,433**	6,583
Infrastructure systems	**–**	882	**–**	882
Motor vehicles	**1,274**	38	**2,613**	1,497
Furniture and equipment	**4,886**	6,255	**5,059**	6,387
Plant and equipment	**2,213**	3,835	**2,217**	3,846
	25,639	31,490	**27,342**	33,335
Amortisation				
Intangibles	**17,581**	7,394	**17,581**	7,394
Leasehold improvements	**27,882**	23,997	**29,028**	24,429
	45,463	31,391	**46,609**	31,823
	71,102	62,881	**73,951**	65,158

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(d) Grants and subsidies

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Aboriginal communities development program	**–**	549	**–**	549
Ageing program	**5,145**	5,305	**5,145**	5,305
Community services program	**91,705**	89,383	**91,705**	89,383
Disability services program	**1,062,919**	979,015	**1,052,896**	805,512
Disaster welfare	**–**	1,285	**–**	1,285
Grant to NSWbusinesslink	**7,924**	11,463	**7,924**	11,463
Home and community care program	**676,169**	585,875	**503,145**	575,134
Other grants and subsidies	**160,153**	13,153	**153,771**	13,153
Out of home care	**552,606**	529,244	**552,606**	529,244
Prevention and early Intervention	**114,047**	183,833	**114,047**	183,833
Refuges for men and women	**142,137**	138,271	**142,137**	138,271
Statutory child protection service	**25,108**	71,004	**25,108**	71,004
Rental Assistance	**35,867**	–	**35,867**	–
Rental subsidies to disadvantaged groups	**30,602**	–	**30,602**	–
Grants to Other Government Departments	**195**	–	**195**	–
Grant to NSW Businesslink Pty Ltd	**35,531**	–	**35,531**	–
Home Purchase Assistance Fund	**1,220**	–	**1,220**	–
Housing Community Assistance Program	**725**	–	**725**	–
Housing Initiatives Leasing	**61,125**	–	**61,125**	–
Housing Grants to Community Groups	**9,448**	–	**9,448**	–
Grants to Land and Housing Corporation	**143,820**	–	**143,820**	–
Other Grants to Individuals and Other Organisations	**25,738**	–	**25,738**	–
Social Housing Growth Fund	**4,823**	–	**4,823**	–
Grants to DFS	**8,280**	–	**8,280**	–
	3,195,287	2,608,380	**3,005,858**	2,424,136

ADHC received $4.84m from service providers in 2011–12 (2010-11 $6.9m) representing a return of unspent grants under the following programs: $0.04m (2010-11 $0.5m) for the Disability Services program and $4.80m (2010-11 $6.4m) for the Home and Community Care program. As cash recoveries relating to grants are considered Consolidated Fund monies, receipts are remitted to the Crown Entity on a regular basis.

In May 1998 the Minister announced a seven year $200.0m Aboriginal Communities Development Program (ACDP). The ACDP is a capital construction and upgrade program to raise the health and living standards of Aboriginal Communities with urgent environmental health needs. The Program included many of the functions of the former Aboriginal Environmental Health Infrastructure Forum. The ACDP developed into a twelve year $240.0m program and funding for this program has ceased, with some further minor work being undertaken in 2011/12 to complete the overall program. Funding for this was sourced from cash at bank.

(e) Finance costs

Other	**423**	276	**483**	276
	423	276	**483**	276

Notes to and forming part of the financial statements

For the year ended 30 June 2012

3. Revenues

a) Appropriations

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Recurrent appropriations				
Total recurrent drawdowns from NSW Treasury (per Summary of Compliance)	**4,863,033**	5,099,389	**4,863,033**	5,099,389
Less: Liability to Consolidated Fund (per Summary of Compliance)	**676**	606	**676**	606
	4,862,357	5,098,783	**4,862,357**	5,098,783
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	**4,778,672**	4,096,808	**4,778,672**	4,096,808
Transfer payments	**83,684**	1,001,976	**83,684**	1,001,976
	4,862,356	5,098,784	**4,862,356**	5,098,784
Capital appropriations				
Total capital drawdowns from NSW Treasury (per Summary of Compliance)	**109,242**	108,423	**109,242**	108,423
Less: Liability to Consolidated Fund (per Summary of Compliance)	**2,597**	1,305	**2,597**	1,305
	106,645	107,118	**106,645**	107,118
Comprising:				
Capital appropriations (per Statement of comprehensive income)	**106,645**	107,118	**106,645**	107,118
	106,645	107,118	**106,645**	107,118

b) Sale of goods and services

Community Options program fees	**–**	–	**41**	48
Corporate client fees	**–**	–	**3,822**	3,565
Home and Community Care	**–**	–	**16,357**	15,800
Rendering of services	**39,824**	41,694	**39,824**	41,694
Rendering of services – Disaster Welfare	**558**	1,285	**558**	1,285
Veterans' Home Care fees	**–**	–	**7,025**	8,538
Other fees	**–**	–	**1,581**	1,367
	40,382	42,979	**69,208**	72,297

c) Investment revenue

Interest received	**9,390**	10,447	**12,631**	14,720
Rents	**45**	116	**45**	116
	9,435	10,563	**12,676**	14,836

Notes to and forming part of the financial statements

For the year ended 30 June 2012

3. Revenues (continued)

d) Grants and contributions

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Commonwealth				
Other Commonwealth Government grants	**963**	735	**963**	735
	963	735	**963**	735
State				
Community options projects	**–**	–	**3,610**	3,227
Illicit Drug Strategy	**–**	1,886	**–**	1,886
Other State Government grants	**9,701**	2,759	**11,655**	5,114
	9,701	4,645	**15,265**	10,227
Total Grants and Contributions	**10,664**	5,380	**16,228**	10,962

e) Acceptance by the Crown Entity of Employee

Benefits and Other Liabilities				
The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:				
Superannuation – defined benefit	**15,124**	13,804	**15,124**	13,804
Long service leave	**34,581**	17,130	**34,581**	17,130
Payroll tax	**18,623**	11,218	**18,623**	11,218
	68,328	42,152	**68,328**	42,152

f) Other revenue

Assets recognised for the first time	**64**	398	**64**	531
TMF Hindsight adjustment	**2,915**	6,119	**2,915**	9,277
Joint Investigation Response Team revenue	**1,786**	1,502	**1,786**	1,502
Overseas adoptions	**412**	474	**412**	474
Home Care administration fee	**7,046**	4,967	**–**	–
Rental Assistance Scheme subsidies	**5,683**	–	**5,683**	–
VR Funding	**4,000**	–	**4,000**	–
Other revenue	**13,908**	9,419	**14,748**	10,005
	35,814	22,879	**29,608**	21,789

Notes to and forming part of the financial statements

For the year ended 30 June 2012

4. Gain/(loss) on disposal

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
(i) Gain/(loss) on disposal				
Gain/(loss) on disposal of non-current assets held for sale:				
Proceeds from disposal (net of selling expenses)	**(7,534)**	(3,555)	**(7,534)**	(3,555)
Written down value of assets disposed	**(8,112)**	(4,586)	**(8,117)**	(4,586)
Net gain/(loss) on disposal of non-current assets held for sale	**(578)**	(1,031)	**(583)**	(1,031)
Gain/(loss) on disposal of land and buildings:				
Written down value of assets disposed	**–**	(426)	**–**	(426)
Net gain/(loss) on disposal of land and buildings	**–**	(426)	**–**	(426)
Gain/(loss) on disposal of plant and equipment:				
Proceeds from disposal (net of selling expenses)	**(1,177)**	–	**(1,889)**	(1,806)
Written down value of assets disposed	**(1,431)**	(401)	**(1,954)**	(1,578)
Net gain/(loss) on disposal of plant and equipment	**(254)**	(401)	**(65)**	228
(ii) Assets written off				
Intangibles	**(9,968)**	–	**(9,968)**	–
	(9,968)	–	**(9,968)**	–
Total net gain/(loss) on disposal	**(10,800)**	(1,858)	**(10,616)**	(1,229)

5. Other Gains/(Losses)

Revaluation gain/(loss) on carrying value of land and buildings	**27,806**	(9,181)	**28,670**	(9,161)
Gain/(loss) on impairment of receivables	**336**	(209)	**245**	(458)
	28,142	(9,390)	**28,915**	(9,619)

6. Conditions on contributions

As at 30 June 2012 the entity held $1.263m (2011: $1.247m) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. The unspent contributions with conditions were: $Nil (2011: $0.500m) Rekindling the Spirit, $Nil (2011: $0.202m) Adolescents with complex needs, $0.390m (2011: $Nil) from NSW Office of Environment & Heritage, $0.312m (2011: $Nil) from Commonwealth Department of Families, Housing, Community Services & Indigenous Affairs, $0.216m (2011: $Nil) from Aboriginal Diagnosis Support, $Nil (2011: $0.150m) Carer register, $Nil (2011: $0.004m) Stay Home Leave Violence, $0.109m (2011: $0.109m) for the Office of Protective Commissioner's Resident Amenities Fund, $0.141m (2011: $0.125m) from NSW Department of Health for Carers Awards, $Nil (2011: $0.078m) from NSW Department of Premier and Cabinet for family case management and keep them safe initiatives, $Nil (2011: $0.022m) from the Department of Education and Training for Graduate work experience under the Elsa Dixon Aboriginal Employment Program, $0.012m (2011: $0.012m) from the Disability Services Commision of WA for the Western Australian contribution to the Disability Policy and Research Working Group facilitated by ADHC, $0.045m (2011: $0.045m) Forgotten Australians, $0.026m (2011: $Nil) from NSW Trustee & Guardian and $0.012m (2011: $Nil) from the Department of Communities (Queensland).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

7. Service Groups

The service groups under the control of the Department of Family and Community Services include:

Community Services

1. Community Development and Support

This service group covers whole-of-government initiatives in community development and support services (especially for families and young children). It includes transitional support and accommodation services to children, young people and adults who are homeless or at risk of homelessness.

2. Child, Youth and Family Prevention and Early Intervention Services

This service group covers the provision of support, including case management, referrals and parenting information, for young children and their families identified as at-risk.

3. Statutory Child Protection

This service group covers responding to reports of harm or risk to children, and assessing and investigating reports of child abuse and neglect. It also covers developing case plans with clients and helping them to meet case plan goals, initiating and supporting court action where appropriate, and working with other agencies to ensure the safety, welfare and wellbeing of children.

4. Out-of-Home Care

This service group covers a range of out-of-home care (OOHC) services, such as foster and kinship care for children separated from their parents, monitoring and reviewing placements, recruiting and supporting carers, and supporting young people who have left care. Restoration of children to their usual carers is facilitated where appropriate. This service group includes planning and monitoring funding to non-government organisations to deliver services to children and young people in care, and regulating and providing adoption services.

Ageing Disability and Home Care

1. Community Support for People with a Disability, their Family and Carers

This service group covers services that assist older people and people with a disability to live in their own home environment and to participate in the community with some ongoing support.

2. Short-Term Interventions for People with a Disability, their Family and Carers

This service group covers assistance to older people and people with a disability to develop skills and abilities to live in the community with minimal support.

3. Supported Accommodation for People with a Disability

This service group covers adequate alternate support arrangements for people with a disability to help them to live in suitable accommodation and to participate in the community.

Housing NSW

1. Housing Policy and Assistance

This service group covers housing assistance for people who are on low incomes or otherwise unable to access or maintain appropriate housing. The Housing Policy and Assistance program helps to deliver government-subsidised housing through public, community and Aboriginal housing agencies.

NSWbusinesslink

1. Shared Services – Busineslink

This service group covers the provision of personnel services to Businesslink Pty Ltd. Businesslink is a wholly owned shared services company providing a broad range of corporate, governance, operational and organisational infrastructure and facilities to its clients in the Family and Community Services cluster.

Juvenile Justice

1. Youth Justice Conferencing

This service group contributes to a reduction in juvenile re-offending and provides an effective community-based alternative to formal court orders by working towards a range of intermediate results that include the following:

- eligible youth offenders are referred to conferences and
- young offenders complete their conference outcome plans

Notes to and forming part of the financial statements

For the year ended 30 June 2012

7. Service Groups (continued)

2. Community Based Services

This service group contributes to a reduction in juvenile re-offending and effective management of young offenders to complete their sentences by working towards a range of intermediate results that include the following:

- young offenders in the community and those sentenced to custody have a reduced risk of re-offending
- young offenders in the community are effectively supervised and complete their orders and
- detainees and community-based young offenders are assessed and receive the most appropriate interventions and programs

3. Custodial Services

This service group contributes to a reduction in juvenile re-offending and effective management of young offenders to complete their sentences by working towards a range of intermediate results that include the following:

- detainees are supervised in a safe, humane and secure environment and
- detainees and community-based young offenders are assessed and receive the most appropriate interventions and programs

Aboriginal Affairs

1. Support and Promote Culture and Community Resilience

This service group covers strategies to build communities and strengthen Aboriginal culture and heritage. This comprises regional support programs, administration of the Aboriginal Land Rights Act 1983, community engagement strategies and language services.

2. Support and Build Prosperous and Safe Communities and Lead Government Policy

This service group covers coordinating and monitoring the government's indigenous policy objectives through Two Ways Together and delivering the Aboriginal Communities Development program (ACDP)

8. Current Assets – Cash and Cash Equivalents

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Cash at bank and on hand	**141,794**	140,422	**154,241**	155,796
TCorp Short-term deposits	**–**	–	**41,624**	45,141
Deposits at call				
Treasury Corporation – money market	**–**	–	**2,329**	–
Treasury Corporation – Hour Glass cash facilities	**34,067**	–	**34,067**	–
Total cash and cash equivalents	**175,861**	140,422	**232,261**	200,937

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	**175,861**	140,422	**232,261**	200,937
Closing cash and cash equivalents (per statement of cash flows)	**175,861**	140,422	**232,261**	200,937

Cash at bank includes $1.486 million (2011 $1.911m) owed to Consolidated Fund that is a restricted asset.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current Assets – Cash and Cash Equivalents (continued)

NSW Treasury Corporation's Hour Glass cash facilities includes $20.477m (2011: $Nil) that have been restricted in terms of their use as follows:

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Affordable Housing Innovation Fund (AHIF)	**5,772**	–	**5,772**	–
Australian Defence Industries (ADI) project	**10,982**	–	**10,982**	–
National Rental Affordability Scheme	**3,723**	–	**3,723**	–

Refer Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

9. Current Assets – Receivable

Current				
Client Fees	**1,104**	1,115	**1,104**	1,115
Less: Allowance for impairment	**(406)**	(491)	**(406)**	(491)
	698	624	**698**	624
Sundry receivables	**29,764**	11,916	**36,267**	18,225
Less: Allowance for impairment	**(2,266)**	(2,186)	**(3,298)**	(3,509)
	27,498	9,730	**32,969**	14,716
Amounts due from other government agencies	**143,533**	137,153	**143,533**	137,153
Prepayments – Superannuation	**–**	27,267	**–**	27,267
Prepayments – Other	**2,917**	1,059	**2,917**	1,063
Interest receivable	**110**	4,756	**110**	4,756
GST receivable (net)	**21,004**	22,885	**21,004**	22,885
	195,760	203,474	**201,231**	208,464
Non-current				
Sundry receivables	**600**	–	**600**	–
	600	–	**600**	–
Total Receivables	**196,360**	203,474	**201,831**	208,464
Movement in the allowance for impairment				
Balance at 1 July	**(2,677)**	(2,419)	**(4,000)**	(3,829)
Transfer on reorganisation	**(112)**	86	**(112)**	86
Amounts written off during the year	**211**	151	**406**	458
Amounts recovered during the year	**672**	884	**1,153**	1,370
Increase/(decrease) in allowance recognised in profit or loss	**(766)**	(1,379)	**(1,151)**	(2,085)
Balance at 30 June	**(2,672)**	(2,677)	**(3,704)**	(4,000)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 25.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation

Parent Entity	Note	SASS	SANCS	SSS	TOTAL
2012		30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
Member Numbers					
Contributors		84	140	56	280
Deferred benefits		–	–	5	5
Pensioners		1	–	36	37
Pensions fully commuted		–	–	–	–
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability		28,102	7,738	106,063	141,903
Estimated reserve account balance		(23,215)	(6,127)	(49,231)	(78,573)
		4,887	1,611	56,832	63,330
Future Service Liability (Note 1)		(4,690)	(2,114)	(4,960)	(11,764)
Surplus in excess of recovery available from schemes		–	–	–	–
Net (asset)/liability to be recognised in Statement of financial position		4,887	1,611	56,832	63,330
Add					
DFaCS SASS fund balance	9	–	–	–	–
Housing NSW SSS fund balance	9	–	–	–	–
Revised Net (asset)/liability to be recognised in Statement of financial position	16	4,887	1,611	56,832	63,330

Parent Entity	Note	SASS	SANCS	SSS	TOTAL
2011		30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
Member Numbers					
Contributors		313	540	227	1,080
Deferred benefits		–	–	34	34
Pensioners		3	–	546	549
Pensions fully commuted		–	–	246	246
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability		89,963	26,046	436,943	552,952
Estimated reserve account balance		(81,640)	(23,336)	(437,257)	(542,233)
		8,323	2,710	(314)	10,719
Future Service Liability (Note 1)		(18,288)	(8,671)	(18,327)	(45,286)
Surplus in excess of recovery available from schemes		–	–	–	–
Net (asset)/liability to be recognised in Statement of financial position		8,323	2,710	(314)	10,719
Add					
DFaCS SASS fund balance	9	80	–	–	80
Housing NSW SSS fund balance	9	–	–	27,187	27,187
Revised Net (asset)/liability to be recognised in Statement of financial position	17	8,403	2,710	26,873	37,986

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Consolidated Entity	Note	SASS	SANCS	SSS	TOTAL
2012		**30-Jun-12**	**30-Jun-12**	**30-Jun-12**	**30-Jun-12**
Member Numbers					
Contributors		**344**	**401**	**57**	**802**
Deferred benefits		**–**	**–**	**5**	**5**
Pensioners		**1**	**–**	**38**	**39**
Pensions fully commuted		**–**	**–**	**1**	**1**
Superannuation Position for AASB 119 purposes		**$'000**	**$'000**	**$'000**	**$'000**
Accrued liability		**71,117**	**13,949**	**108,388**	**193,454**
Estimated reserve account balance		**(57,416)**	**(10,636)**	**(50,507)**	**(118,559)**
		13,701	**3,313**	**57,881**	**74,895**
Future Service Liability (Note 1)		**(9,874)**	**(3,251)**	**(5,019)**	**(18,144)**
Surplus in excess of recovery available from schemes		**–**	**–**	**–**	**–**
Net (asset)/liability to be recognised in Statement of financial position		**13,701**	**3,313**	**57,881**	**74,895**

Consolidated Entity	Note	SASS	SANCS	SSS	TOTAL
2011		30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
Member Numbers					
Contributors		613	841	228	1,682
Deferred benefits		–	–	34	34
Pensioners		3	–	549	552
Pensions fully commuted		–	–	246	246
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability		134,581	32,303	439,044	605,928
Estimated reserve account balance		(119,417)	(28,501)	(438,819)	(586,737)
		15,164	3,802	225	19,191
Future Service Liability (Note 1)		(24,532)	(10,123)	(18,376)	(53,031)
Surplus in excess of recovery available from schemes		–	–	–	–
Net (asset)/liability to be recognised in Statement of financial position		15,164	3,802	225	19,191
Add					
DFaCS SASS fund balance	9	80	–	–	80
Housing NSW SSS fund balance	9	–	–	27,187	27,187
Revised Net (asset)/liability to be recognised in Statement of financial position	17	15,244	3,802	27,412	46,458

(i) The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Disclosures required under paragraph 120A of AASB 119 *Employee Benefits* are provided below.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

(ii) Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

(iii) Reconciliation of the present value of the defined benefit obligation

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	2012 $'000	2012 $'000	2012 $'000	2012 $'000
Present value of partly funded defined benefit obligation at beginning of the year – recognised on administrative restructure	25,401	7,033	72,350	104,784
Current service cost	981	317	702	2,000
Interest cost	1,296	355	3,794	5,445
Contributions by Fund participants	466	–	794	1,260
Actuarial (gains)/losses	2,291	834	29,393	32,518
Benefits paid	(2,333)	(801)	(970)	(4,104)
Past service cost	–	–	–	–
Curtailments	–	–	–	–
Settlements	–	–	–	–
Business Combinations	–	–	–	–
Exchange rate changes	–	–	–	–
Present value of partly funded defined benefit obligation at end of the year	28,102	7,738	106,063	141,903

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of partly funded defined benefit obligation at beginning of the year – recognised on administrative restructure	84,634	24,596	424,896	534,126
Current service cost	3,348	1,102	2,866	7,316
Interest cost	4,220	1,220	21,580	27,020
Contributions by Fund participants	1,656	–	2,800	4,456
Actuarial (gains)/losses	1,017	70	(2,791)	(1,704)
Benefits paid	(4,912)	(942)	(12,408)	(18,262)
Past service cost	–	–	–	–
Curtailments	–	–	–	–
Settlements	–	–	–	–
Business Combinations	–	–	–	–
Exchange rate changes	–	–	–	–
Present value of partly funded defined benefit obligation at end of the year	89,963	26,046	436,943	552,952

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012** **$'000**	**2012** **$'000**	**2012** **$'000**	**2012** **$'000**
Present value of partly funded defined benefit obligation at beginning of the year – recognised on administrative restructure	**70,019**	**13,290**	**74,452**	**157,761**
Current service cost	**2,538**	**604**	**713**	**3,855**
Interest cost	**3,443**	**656**	**3,903**	**8,002**
Contributions by Fund participants	**1,270**	**1**	**800**	**2,071**
Actuarial (gains)/losses	**3,012**	**1,149**	**29,793**	**33,954**
Benefits paid	**(9,165)**	**(1,751)**	**(1,273)**	**(12,189)**
Past service cost	**–**	**–**	**–**	**–**
Curtailments	**–**	**–**	**–**	**–**
Settlements	**–**	**–**	**–**	**–**
Business Combinations	**–**	**–**	**–**	**–**
Exchange rate changes	**–**	**–**	**–**	**–**
Present value of partly funded defined benefit obligation at end of the year	**71,117**	**13,949**	**108,388**	**193,454**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of partly funded defined benefit obligation at beginning of the year – recognised on administrative restructure	130,821	31,368	426,994	589,183
Current service cost	5,054	1,391	2,877	9,322
Interest cost	6,424	1,541	21,686	29,651
Contributions by Fund participants	2,517	–	2,805	5,322
Actuarial (gains)/losses	1,594	(298)	(2,834)	(1,538)
Benefits paid	(11,829)	(1,699)	(12,484)	(26,012)
Past service cost	–	–	–	–
Curtailments	–	–	–	–
Settlements	–	–	–	–
Business Combinations	–	–	–	–
Exchange rate changes	–	–	–	–
Present value of partly funded defined benefit obligation at end of the year	134,581	32,303	439,044	605,928

(iv) Reconciliation of fair value of Fund Assets

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Fair value of Fund assets at beginning of the year – recognised on administrative restructure	**23,860**	**6,591**	**47,747**	**78,198**
Expected return on Fund assets	**2,019**	**555**	**4,114**	**6,688**
Actuarial gains/(losses)	**(1,751)**	**(546)**	**(3,615)**	**(5,912)**
Employer contributions	**954**	**328**	**1,161**	**2,443**
Contributions by Fund participants	**466**	**–**	**794**	**1,260**
Benefits paid	**(2,333)**	**(801)**	**(970)**	**(4,104)**
Settlements	**–**	**–**	**–**	**–**
Business combinations	**–**	**–**	**–**	**–**
Exchange rate changes	**–**	**–**	**–**	**–**
Fair value of fund assets at end of the year	**23,215**	**6,127**	**49,231**	**78,573**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Fair value of Fund assets at beginning of the year – recognised on administrative restructure	77,154	22,149	410,905	510,208
Expected return on Fund assets	6,412	1,832	34,741	42,985
Actuarial gains/(losses)	327	22	321	670
Employer contributions	1,003	275	898	2,176
Contributions by Fund participants	1,656	–	2,800	4,456
Benefits paid	(4,912)	(942)	(12,408)	(18,262)
Settlements	–	–	–	–
Business combinations	–	–	–	–
Exchange rate changes	–	–	–	–
Fair value of fund assets at end of the year	81,640	23,336	437,257	542,233

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Fair value of Fund assets at beginning of the year – recognised on administrative restructure	**61,637**	**11,757**	**49,309**	**122,703**
Expected return on Fund assets	**4,996**	**963**	**4,245**	**10,204**
Actuarial gains/(losses)	**(3,861)**	**(950)**	**(3,743)**	**(8,554)**
Employer contributions	**2,539**	**616**	**1,169**	**4,324**
Contributions by Fund participants	**1,270**	**1**	**800**	**2,071**
Benefits paid	**(9,165)**	**(1,751)**	**(1,273)**	**(12,189)**
Settlements	**–**	**–**	**–**	**–**
Business combinations	**–**	**–**	**–**	**–**
Exchange rate changes	**–**	**–**	**–**	**–**
Fair value of fund assets at end of the year	**57,416**	**10,636**	**50,507**	**118,559**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Fair value of Fund assets at beginning of the year – recognised on administrative restructure	116,111	27,335	412,406	555,852
Expected return on Fund assets	9,527	2,243	34,867	46,637
Actuarial gains/(losses)	399	35	320	754
Employer contributions	2,692	587	905	4,184
Contributions by Fund participants	2,517	–	2,805	5,322
Benefits paid	(11,829)	(1,699)	(12,484)	(26,012)
Settlements	–	–	–	–
Business combinations	–	–	–	–
Exchange rate changes	–	–	–	–
Fair value of fund assets at end of the year	119,417	28,501	438,819	586,737

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

(v) Reconciliation of assets and liabilities recognised in the Statement of Financial Position

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Present value of partly funded defined benefit obligation at end of year	**28,102**	**7,738**	**106,063**	**141,903**
Fair value of Fund assets at end of year	**(23,215)**	**(6,127)**	**(49,231)**	**(78,573)**
Sub-total	**4,887**	**1,611**	**56,832**	**63,330**
Unrecognised past service cost	**–**	**–**	**–**	**–**
Unrecognised gain/(loss)	**–**	**–**	**–**	**–**
Adjustment for limitation on net asset	**–**	**–**	**–**	**–**
Net Liability/(Asset) recognised in statement of financial position at end of year	**4,887**	**1,611**	**56,832**	**63,330**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of partly funded defined benefit obligation at end of year	89,963	26,046	436,943	552,952
Fair value of Fund assets at end of year	(81,640)	(23,336)	(437,257)	(542,233)
Sub-total	8,323	2,710	(314)	10,719
Unrecognised past service cost	–	–	–	–
Unrecognised gain/(loss)	–	–	–	–
Adjustment for limitation on net asset	–	–	–	–
Net Liability/(Asset) recognised in statement of financial position at end of year	8,323	2,710	(314)	10,719

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Present value of partly funded defined benefit obligation at end of year	**71,117**	**13,949**	**108,388**	**193,454**
Fair value of Fund assets at end of year	**(57,416)**	**(10,636)**	**(50,507)**	**(118,559)**
Sub-total	**13,701**	**3,313**	**57,881**	**74,895**
Unrecognised past service cost	**–**	**–**	**–**	**–**
Unrecognised gain/(loss)	**–**	**–**	**–**	**–**
Adjustment for limitation on net asset	**–**	**–**	**–**	**–**
Net Liability/(Asset) recognised in statement of financial position at end of year	**13,701**	**3,313**	**57,881**	**74,895**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of partly funded defined benefit obligation at end of year	134,581	32,303	439,044	605,928
Fair value of Fund assets at end of year	(119,417)	(28,501)	(438,819)	(586,737)
Sub-total	15,164	3,802	225	19,191
Unrecognised past service cost	–	–	–	–
Unrecognised gain/(loss)	–	–	–	–
Adjustment for limitation on net asset	–	–	–	–
Net Liability/(Asset) recognised in statement of financial position at end of year	15,164	3,802	225	19,191

(vi) Expense recognised in Statement of Comprehensive Income

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Current service cost	**981**	**317**	**702**	**2,000**
Interest cost	**1,296**	**355**	**3,794**	**5,445**
Expected return on Fund assets (net of expenses)	**(2,019)**	**(555)**	**(4,114)**	**(6,688)**
Actuarial losses/(gains) recognised in year	**–**	**–**	**–**	**–**
Past service cost	**–**	**–**	**–**	**–**
Movement in adjustment for limitation on net asset	**–**	**–**	**–**	**–**
Curtailment or settlement (gain)/loss	**–**	**–**	**–**	**–**
Expense/(income) recognised	**258**	**117**	**382**	**757**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Current service cost	3,348	1,102	2,866	7,316
Interest cost	4,220	1,220	21,580	27,020
Expected return on Fund assets (net of expenses)	(6,412)	(1,832)	(34,741)	(42,985)
Actuarial losses/(gains) recognised in year	–	–	–	–
Past service cost	–	–	–	–
Movement in adjustment for limitation on net asset	–	–	–	–
Curtailment or settlement (gain)/loss	–	–	–	–
Expense/(income) recognised	1,156	490	(10,295)	(8,649)

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

(vi) Expense recognised in Statement of Comprehensive Income

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Current service cost	**2,538**	**604**	**713**	**3,855**
Interest cost	**3,443**	**656**	**3,903**	**8,002**
Expected return on Fund assets (net of expenses)	**(4,996)**	**(963)**	**(4,245)**	**(10,204)**
Actuarial losses/(gains) recognised in year	**–**	**–**	**–**	**–**
Past service cost	**–**	**–**	**–**	**–**
Movement in adjustment for limitation on net asset	**–**	**–**	**–**	**–**
Curtailment or settlement (gain)/loss	**–**	**–**	**–**	**–**
Expense/(income) recognised	**985**	**297**	**371**	**1,653**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Current service cost	5,054	1,391	2,877	9,322
Interest cost	6,424	1,541	21,686	29,651
Expected return on Fund assets (net of expenses)	(9,527)	(2,243)	(34,867)	(46,637)
Actuarial losses/(gains) recognised in year	–	–	–	–
Past service cost	–	–	–	–
Movement in adjustment for limitation on net asset	–	–	–	–
Curtailment or settlement (gain)/loss	–	–	–	–
Expense/(income) recognised	1,951	689	(10,304)	(7,664)

(vii) Amounts recognised in the Statement of Changes in Equity

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Actuarial (gains)/losses	**4,041**	**1,378**	**33,008**	**38,427**
Adjustment for limit on net asset	**–**	**–**	**–**	**–**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Actuarial (gains)/losses	690	46	(3,111)	(2,375)
Adjustment for limit on net asset	–	–	–	–

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Actuarial (gains)/losses	**6,873**	**2,097**	**33,537**	**42,507**
Adjustment for limit on net asset	**–**	**–**	**–**	**–**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Actuarial (gains)/losses	1,195	(335)	(3,154)	(2,294)
Adjustment for limit on net asset	–	–	–	–

(viii) Cumulative amounts recognised in the Statement of Changes in Equity

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Cumulative amount of actuarial (gains)/losses	**8,868**	**3,322**	**53,185**	**65,375**
Cumulative adjustment for limitation on net asset	**–**	**–**	**–**	**–**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Cumulative amount of actuarial (gains)/losses	4,827	1,944	20,177	26,948
Cumulative adjustment for limitation on net asset	–	–	–	–

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Cumulative amount of actuarial (gains)/losses	**14,881**	**4,153**	**53,750**	**72,784**
Cumulative adjustment for limitation on net asset	**–**	**–**	**–**	**–**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Cumulative amount of actuarial (gains)/losses	8,008	2,056	20,213	30,277
Cumulative adjustment for limitation on net asset	–	–	–	–

(ix) Fund Assets

The percentage invested in each asset class at the balance date:

	30-Jun-12	30-Jun-11
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

(x) Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

(xi) Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

(xii) Actual Return on Fund Assets

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Actual return on Fund assets	**11**	**9**	**25**	**45**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Actual return on Fund assets	6,529	1,855	34,493	42,877

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Actual return on Fund assets	**18,393**	**4,127**	**(4,807)**	**17,713**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Actual return on Fund assets	9,719	2,279	34,618	46,616

(xiii) Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30-Jun-12	30-Jun-11
Salary increase rate (excluding promotional increases)	2.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on asset	8.6%	8.6%
Discount rate	3.06%	5.28%

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that will be used in the 2009 triennial actuarial valuation plus an additional allowance for staff reductions consistent with the Labour Expense Cap advised in the 2012–13 Budget. The triennial review report is available from the NSW Treasury website.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

(xiv) Historical information

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Present value of defined benefit obligation	**28,102**	**7,738**	**106,063**	**141,903**
Fair value of Fund assets	**(23,215)**	**(6,127)**	**(49,231)**	**(78,573)**
(Surplus)/Deficit in Fund	**4,887**	**1,611**	**56,832**	**63,330**
Experience adjustments – Fund liabilities	**2,291**	**834**	**29,393**	**32,518**
Experience adjustments – Fund assets	**1,751**	**546**	**3,615**	**5,912**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of defined benefit obligation	89,963	26,046	436,943	552,952
Fair value of Fund assets	(81,640)	(23,336)	(437,257)	(542,233)
(Surplus)/Deficit in Fund	8,323	2,710	(314)	10,719
Experience adjustments – Fund liabilities	1,017	69	(2,791)	(1,705)
Experience adjustments – Fund assets	(327)	(22)	(321)	(670)

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Present value of defined benefit obligation	**71,117**	**13,949**	**108,388**	**193,454**
Fair value of Fund assets	**(57,416)**	**(10,636)**	**(50,507)**	**(118,559)**
(Surplus)/Deficit in Fund	**13,701**	**3,313**	**57,881**	**74,895**
Experience adjustments – Fund liabilities	**3,012**	**1,149**	**29,793**	**33,954**
Experience adjustments – Fund assets	**3,861**	**950**	**3,743**	**8,554**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Present value of defined benefit obligation	134,581	32,303	439,044	605,928
Fair value of Fund assets	(119,417)	(28,501)	(438,819)	(586,737)
(Surplus)/Deficit in Fund	15,164	3,802	225	19,191
Experience adjustments – Fund liabilities	1,594	(299)	(2,835)	(1,540)
Experience adjustments – Fund assets	(399)	(35)	(320)	(754)

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Superannuation (continued)

(xv) Expected contributions

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Expected employer contributions to be paid in the next reporting period	**885**	**326**	**1,205**	**2,416**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Expected employer contributions to be paid in the next reporting period	828	306	1,089	2,223

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Expected employer contributions to be paid in the next reporting period	**2,412**	**614**	**1,214**	**4,240**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Expected employer contributions to be paid in the next reporting period	2,464	618	1,097	4,179

(xvi) Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

Parent Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Accrued benefits	**23,971**	**6,423**	**53,249**	**83,643**
Net market value of Fund assets	**(23,215)**	**(6,127)**	**(49,231)**	**(78,573)**
Net (surplus)/deficit	**756**	**296**	**4,018**	**5,070**

Parent Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Accrued benefits	83,546	23,660	310,200	417,406
Net market value of Fund assets	(81,640)	(23,336)	(437,257)	(542,233)
Net (surplus)/deficit	1,906	324	(127,057)	(124,827)

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Current Assets – Receivable (continued)

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2012	**2012 $'000**	**2012 $'000**	**2012 $'000**	**2012 $'000**
Accrued benefits	**63,852**	**11,960**	**54,448**	**130,260**
Net market value of Fund assets	**(57,416)**	**(10,636)**	**(50,507)**	**(118,559)**
Net (surplus)/deficit	**6,436**	**1,324**	**3,941**	**11,701**

Consolidated Entity	SASS	SANCS	SSS	TOTAL
2011	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Accrued benefits	126,565	29,536	311,675	467,776
Net market value of Fund assets	(119,416)	(28,501)	(438,819)	(586,736)
Net (surplus)/deficit	7,149	1,035	(127,144)	(118,960)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	Rate 2012	Rate 2011
SASS – Mulitple of member contributions	1.90	1.90
SANCS – Percentage of members' salary	2.50	2.50
SSS – Mulitple of member contributions	1.60	0.0–1.6

For the year ending 30 June 2011 Housing NSW were not required to make contributions to these funds. For the year ending 30 June 2012 all superannuation liabilities for Housing NSW have been transferred to the Crown.

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

(xvii) Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

10. Current Assets – Inventories

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Held for distribution				
Residence supplies – at cost	**259**	286	**259**	286
	259	286	**259**	286

11. Current/non-current – Financial Assets at Fair Value

Non-current				
TCorp – Hour-Glass Investment Facilities				
– Medium-term Growth Facility Trust	**–**	–	**7,128**	6,835
– Long-term Growth Facility Trust	**–**	–	**9,551**	9,622
Total Non-current financial assets at fair value	**–**	–	**16,679**	16,457

Refer to Note 25 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

12. Non-Current Assets Held for Sale

Land and buildings	**1,696**	189	**1,696**	189
	1,696	189	**1,696**	189

Properties classified under this category are expected to be sold in the following financial year through a number of disposal options, including auctioning the properties.

13. Non-current Assets – Property, Plant and Equipment

Parent	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2011 – fair value								
Gross carrying amount	**790,406**	**21,065**	**310**	**–**	**37,283**	**36,609**	**149,725**	**1,035,398**
Accumulated depreciation and impairment	**(115,369)**	**(12,733)**	**(250)**	**–**	**(28,714)**	**(28,993)**	**(87,299)**	**(273,358)**
Net Carrying Amount	**675,037**	**8,332**	**60**	**–**	**8,569**	**7,616**	**62,426**	**762,040**
At 30 June 2012 – fair value								
Gross carrying amount	**872,407**	**21,104**	**7,297**	**–**	**36,576**	**38,721**	**189,571**	**1,165,676**
Accumulated depreciation and impairment	**(127,060)**	**(14,383)**	**(1,277)**	**–**	**(30,911)**	**(33,373)**	**(117,509)**	**(324,513)**
Net Carrying Amount	**745,347**	**6,721**	**6,020**	**–**	**5,665**	**5,348**	**72,062**	**841,163**

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the DFaCS cluster.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

Works in Progress totalling $108.1m are included in property plant and equipment.

This is comprised of:

- Land and Buildings $86.0m, Plant and Equipment $1.3m, Computer Equipment $Nil and Leasehold Improvements $20.8m.

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:

Parent	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2012	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2012								
Net Carrying Amount at beginning of year	675,037	8,332	60	–	8,569	7,616	62,426	762,040
Additions	63,963	1,027	2,009	–	345	1,092	20,373	88,809
Assets recognised for the first time	–	64	–	–	–	–	–	64
Make good	–	–	–	–	–	–	6,809	6,809
Assets held for resale	(8,566)	–	–	–	–	–	–	(8,566)
Transfer between classes	94	(706)	–	–	(261)	826	68	21
Transfers to other government agencies	–	–	(440)	–	–	–	–	(440)
Disposals	–	(65)	(1,313)	–	(42)	(21)	–	(1,441)
Impairment losses	(2,696)	–	–	–	–	–	–	(2,696)
Increase/(decrease) in net assets from administrative restructuring	–	282	6,978	–	2,387	721	10,268	20,636
Net revaluation increment less revaluation decrements	29,448	–	–	–	–	–	–	29,448
Depreciation expense	(11,933)	(2,213)	(1,274)	–	(5,333)	(4,886)	(27,882)	(53,521)
Net Carrying Amount at end of year	745,347	6,721	6,020	–	5,665	5,348	72,062	841,163

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

Parent	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2010 – fair value								
Gross carrying amount	1,028,972	37,714	345	58,741	41,616	44,066	163,535	1,374,989
Accumulated depreciation and impairment	(171,882)	(21,231)	(247)	(19,267)	(27,686)	(29,443)	(69,892)	(339,648)
Net Carrying Amount	857,090	16,483	98	39,474	13,930	14,623	93,643	1,035,341
At 30 June 2011 – fair value								
Gross carrying amount	790,406	21,065	310	–	37,283	36,609	149,725	1,035,398
Accumulated depreciation and impairment	(115,369)	(12,733)	(250)	–	(28,714)	(28,993)	(87,299)	(273,358)
Net Carrying Amount	675,037	8,332	60	–	8,569	7,616	62,426	762,040

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the DFaCS cluster.

Works in Progress totalling $114.3m are included in property plant and equipment.

This is comprised of:

- Land and Buildings $99.1m, Plant and Equipment $2.5m, Computer Equipment $0.2m and Leasehold Improvements $12.5m.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

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:

Parent	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2011								
Net Carrying Amount at beginning of year	857,090	16,483	98	39,474	13,930	14,623	93,643	1,035,341
Additions	81,689	2,062	–	–	1,180	2,480	11,189	98,600
Assets recognised for the first time	–	35	–	–	–	–	363	398
Make good	–	–	–	–	–	–	1,325	1,325
Assets held for resale	(1,960)	–	–	–	–	–	–	(1,960)
Transfer between classes	19,766	–	–	–	–	–	(19,766)	–
Transfers to other government agencies	(8,700)	–	–	–	–	–	–	(8,700)
Disposals	(426)	(124)	–	–	(7)	(202)	(66)	(825)
Impairment losses	(1,304)	–	–	–	–	–	–	(1,304)
Increase/(decrease) in net assets from administrative restructuring	(246,597)	(6,289)	–	(39,868)	(118)	(3,030)	(265)	(296,167)
Net revaluation increment less revaluation decrements	(10,457)	–	–	1,276	–	–	–	(9,181)
Depreciation expense	(14,064)	(3,835)	(38)	(882)	(6,416)	(6,255)	(23,997)	(55,487)
Net carrying amount at end of year	675,037	8,332	60	–	8,569	7,616	62,426	762,040

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

Consolidated	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2012	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2011 – fair value								
Gross carrying amount	796,021	21,424	6,034	–	38,157	37,205	153,873	1,052,714
Accumulated depreciation and impairment	(115,369)	(13,036)	(1,865)	–	(29,402)	(29,261)	(88,635)	(277,568)
Net Carrying Amount	680,652	8,388	4,169	–	8,755	7,944	65,238	775,146
At 30 June 2012 – fair value								
Gross carrying amount	879,859	21,336	12,910	–	37,374	39,457	195,536	1,186,472
Accumulated depreciation and impairment	(127,268)	(14,575)	(3,694)	–	(31,649)	(33,801)	(120,966)	(331,953)
Net Carrying Amount	752,591	6,761	9,216	–	5,725	5,656	74,570	854,519

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the DFaCS cluster.

Works in Progress totalling $108.3m are included in property plant and equipment.

This is comprised of:

- Land and Buildings $86.0m, Plant and Equipment $1.3m, Computer Equipment $Nil and Leasehold Improvements $21.0m.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

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:

Consolidated	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2012	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2012								
Net Carrying Amount at beginning of year	680,652	8,388	4,169	–	8,755	7,944	65,238	775,146
Additions	64,816	1,058	2,941	–	345	1,214	21,198	91,572
Assets recognised for the first time	–	64	–	–	–	–	–	64
Make good	–	–	–	–	–	–	6,809	6,809
Assets held for resale	(8,566)	–	–	–	–	–	–	(8,566)
Transfer between classes	94	(741)	–	–	(278)	861	85	21
Transfers to other government agencies	–	–	(440)	–	–	–	–	(440)
Disposals	–	(72)	(1,818)	–	(53)	(25)	(1)	(1,969)
Impairment losses	(2,696)	–	–	–	–	–	–	(2,696)
Increase/(decrease) in net assets from administrative restructuring	–	282	6,978	–	2,387	721	10,268	20,636
Net revaluation increment less revaluation decrements	30,312	–	–	–	–	–	–	30,312
Depreciation expense	(12,020)	(2,217)	(2,613)	–	(5,433)	(5,059)	(29,028)	(56,370)
Net Carrying Amount at end of year	752,592	6,762	9,217	–	5,723	5,656	74,569	854,519

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

Consolidated	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2010 – fair value								
Gross carrying amount	1,034,487	38,530	5,928	58,741	43,054	44,261	167,452	1,392,453
Accumulated depreciation and impairment	(171,931)	(21,713)	(1,842)	(19,267)	(28,805)	(29,514)	(71,923)	(344,995)
Net Carrying Amount	862,556	16,817	4,086	39,474	14,249	14,747	95,529	1,047,458
At 30 June 2011 – fair value								
Gross carrying amount	796,021	21,424	6,034	–	38,157	37,205	153,873	1,052,714
Accumulated depreciation and impairment	(115,369)	(13,036)	(1,865)	–	(29,402)	(29,261)	(88,635)	(277,568)
Net Carrying Amount	680,652	8,388	4,169	–	8,755	7,944	65,238	775,146

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the DFaCS cluster.

Works in Progress totalling $116.4m are included in property plant and equipment.

This is comprised of:

- Land and Buildings $99.1m, Plant and Equipment $2.5m, Computer Equipment $0.2m and Leasehold Improvements $14.6m.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

13. Non-current Assets – Property, Plant and Equipment (continued)

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:

Consolidated	Land and Buildings	Plant and Equipment	Motor Vehicles	Infrastructure Systems	Computer Equipment	Furniture and Equipment	Leasehold Improvements	Total
2011	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2011								
Net Carrying Amount at beginning of year	862,556	16,817	4,086	39,474	14,249	14,747	95,529	1,047,458
Additions	81,704	2,085	2,744	–	1,208	2,713	12,393	102,847
Assets recognised for the first time	–	48	–	–	–	–	483	531
Make good	–	–	–	–	–	–	1,371	1,371
Assets held for resale	(1,960)	–	–	–	–	–	–	(1,960)
Transfer between classes	19,957	(296)	–	–	–	105	(19,766)	–
Transfers to other government agencies	(8,700)	–	–	–	–	–	–	(8,700)
Disposals	(426)	(131)	(1,164)	–	(1)	(204)	(78)	(2,004)
Impairment losses	(1,362)	–	–	–	–	–	–	(1,362)
Increase/(decrease) in net assets from administrative restructuring	(246,597)	(6,289)	–	(39,868)	(118)	(3,030)	(265)	(296,167)
Net revaluation increment less revaluation decrements	(10,380)	–	–	1,276	–	–	–	(9,104)
Depreciation expense	(14,140)	(3,846)	(1,497)	(882)	(6,583)	(6,387)	(24,429)	(57,764)
Net Carrying Amount at end of year	680,652	8,388	4,169	–	8,755	7,944	65,238	775,146

14. Intangible Assets

			Parent
	Software $'000	Software under construction $'000	**Total $'000**
At 1 July 2011			
Cost (gross carrying amount)	69,948	11,366	81,314
Accumulated amortisation and impairment	(48,070)	–	(48,070)
Net Carrying Amount	21,878	11,366	33,244
At 30 June 2012			
Cost (gross carrying amount)	**141,140**	**2,165**	**143,305**
Accumulated amortisation and impairment	**(65,568)**	**–**	**(65,568)**
Net Carrying Amount	**75,572**	**2,165**	**77,737**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

14. Intangible Assets (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles are set out below.

	Parent		
	$'000	$'000	$'000
Year ended 30 June 2012			
Net carrying amount at beginning of year	**21,878**	**11,366**	**33,244**
Additions	**16,025**	**767**	**16,792**
Transfer between classes	**(21)**	**–**	**(21)**
Disposals	**–**	**(9,968)**	**(9,968)**
Increase/(decrease) in net assets from administrative restructuring	**55,271**	**–**	**55,271**
Amortisation expense	**(17,581)**	**–**	**(17,581)**
Net carrying amount at end of year	**75,572**	**2,165**	**77,737**

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

At 1 July 2010			
Cost (gross carrying amount)	79,379	6,651	86,030
Accumulated amortisation and impairment	(48,822)	–	(48,822)
Net Carrying Amount	30,557	6,651	37,208
At 30 June 2011			
Cost (gross carrying amount)	69,948	11,366	81,314
Accumulated amortisation and impairment	(48,070)	–	(48,070)
Net Carrying Amount	21,878	11,366	33,244

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles are set out below.

Year ended 30 June 2011			
Net carrying amount at beginning of year	30,557	6,651	37,208
Additions	2,206	8,563	10,769
Transfer between classes	1,518	(1,518)	–
Disposals	–	(326)	(326)
Increase/(decrease) in net assets from administrative restructuring	(5,009)	(2,004)	(7,013)
Amortisation expense	(7,394)	–	(7,394)
Net carrying amount at end of year	21,878	11,366	33,244

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

14. Intangible Assets (continued)

	Consolidated		
	Software $'000	Software under construction $'000	**Total $'000**
At 1 July 2011			
Cost (gross carrying amount)	69,948	11,366	81,314
Accumulated amortisation and impairment	(48,070)	–	(48,070)
Net Carrying Amount	21,878	11,366	33,244
At 30 June 2012			
Cost (gross carrying amount)	**143,305**	**–**	**143,305**
Accumulated amortisation and impairment	**(65,568)**	**–**	**(65,568)**
Net Carrying Amount	**77,737**	**–**	**77,737**

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles are set out below.

	$'000	**$'000**	**$'000**
Year ended 30 June 2012			
Net carrying amount at beginning of year	**21,878**	**11,366**	**33,244**
Additions	**16,025**	**767**	**16,792**
Transfer between classes	**(21)**	**–**	**(21)**
Disposals	**–**	**(9,968)**	**(9,968)**
Increase/(decrease) in net assets from administrative restructuring	**55,271**	**–**	**55,271**
Amortisation expense	**(17,581)**	**–**	**(17,581)**
Net carrying amount at end of year	**75,572**	**2,165**	**77,737**

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

At 1 July 2010			
Cost (gross carrying amount)	79,379	6,651	86,030
Accumulated amortisation and impairment	(48,822)	–	(48,822)
Net Carrying Amount	30,557	6,651	37,208
At 30 June 2011			
Cost (gross carrying amount)	69,948	11,366	81,314
Accumulated amortisation and impairment	(48,070)	–	(48,070)
Net Carrying Amount	21,878	11,366	33,244

Notes to and forming part of the financial statements

For the year ended 30 June 2012

14. Intangible Assets (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles are set out below.

	Consolidated		
	$'000	$'000	$'000
Year ended 30 June 2011			
Net carrying amount at beginning of year	30,557	6,651	37,208
Additions	2,206	8,563	10,769
Transfer between classes	1,518	(1,518)	–
Disposals	–	(326)	(326)
Increase/(decrease) in net assets from administrative restructuring	(5,009)	(2,004)	(7,013)
Amortisation expense	(7,394)	–	(7,394)
Net carrying amount at end of year	21,878	11,366	33,244

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

15. Current/Non-Current Liabilities – Payables

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Current Liabilities				
Accrued salaries, wages and on-costs	**26,692**	23,157	**32,499**	27,171
Creditors	**14,757**	9,243	**15,484**	9,565
Accrued operating expenditure	**47,934**	40,057	**49,986**	42,484
Accrued capital expenditure	**26**	570	**26**	570
Unearned Revenue	**–**	1	**–**	1
GST payable	**1,138**	13	**3,424**	2,166
Amounts owing to other government agencies	**7,150**	18,256	**7,150**	18,256
Other creditors	**64**	–	**187**	134
	97,761	91,297	**108,756**	100,347

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are included in Note 25.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

16. Current/Non-Current Liabilities – Provisions

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Current				
Employee benefits and related on-costs				
Recreation leave	**100,024**	111,557	**112,536**	123,981
Payroll tax	**13,577**	11,896	**13,577**	11,896
Long service leave on-costs	**35,671**	72,654	**49,866**	85,982
Workers' compensation	**6,388**	3,089	**6,388**	3,089
Redundancy	**–**	3,293	**–**	3,293
Total employee benefits and related on-costs	**155,660**	202,489	**182,367**	228,241
Other Provisions				
Restoration costs	**5,561**	2,386	**5,902**	2,750
Total current provisions	**161,221**	204,875	**188,269**	230,991
Non-current				
Employee benefits and related on-costs				
Payroll tax	**616**	531	**616**	531
Long service leave on-costs	**2,314**	4,399	**4,848**	6,329
Workers' compensation	**122**	103	**122**	103
Superannuation	**63,330**	37,986	**74,895**	46,458
Total employee benefits and related on-costs	**66,382**	43,019	**80,481**	53,421
Other Provisions				
Third party claims	**–**	–		–
Restoration costs	**13,173**	8,074	**13,958**	8,835
Total non-current provisions	**79,555**	51,093	**94,439**	62,256
Total Provisions	**240,776**	255,968	**282,708**	293,247
Aggregate employee benefits and related on-costs				
Provisions – current	**155,660**	202,489	**182,367**	228,241
Provisions – non-current	**66,382**	43,019	**80,481**	53,421
Accrued salaries, wages and on-costs (Note 15)	**26,692**	23,157	**32,499**	27,171
	248,734	268,665	**295,347**	308,833

The current provision includes $23.507m (2011: $40.079m) of recreation leave entitlements accrued but not expected to be taken within 12 months.

The current provision includes $3.226m of long services leave entitlements accrued that are expected to be settled in the next 12 months and $13.282m of entitlements that are not expected to be settled within 12 months.

Restoration costs provision is the present value of the department's obligation to make-good leased premises at the reporting date. The assumed settlement is based on contractual lease term. The amount and timing of each estimate is reassessed annually.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

16. Current/Non-Current Liabilities – Provisions (continued)

Movement in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Parent	Total	
	2012 $'000	2011 $'000
Restoration costs		
Carrying amount at the beginning of the financial year	**10,460**	11,371
Amounts transferred in as part of administrative restructure	**2,172**	(1,539)
Additional provision recognised	**6,809**	1,325
Amounts used	**(516)**	(946)
Unused amounts reversed	**(614)**	(27)
Change in discount rate	**423**	276
Carrying amount at the end of the financial year	**18,734**	10,460

Consolidated	Total	
	2012 $'000	2011 $'000
Restoration costs		
Carrying amount at the beginning of the financial year	**11,585**	12,701
Amounts transferred in as part of administrative restructure	**2,172**	(1,539)
Additional provision recognised	**6,809**	1,371
Amounts used	**(515)**	(1,169)
Unused amounts reversed	**(674)**	(27)
Change in discount rate	**483**	248
Carrying amount at the end of the financial year	**19,860**	11,585

17. Current/Non Current Liabilities – Other

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Current				
Liability to Consolidated Fund				
– Recurrent	**676**	606	**676**	606
– Capital	**2,597**	1,305	**2,597**	1,305
Lease incentives	**431**	605	**431**	605
	3,704	2,516	**3,704**	2,516
Non-current				
Lease incentives	**159**	604	**159**	604
	159	604	**159**	604

Notes to and forming part of the financial statements

For the year ended 30 June 2012

18. Increase/Decrease in Net Assets from Equity Transfers

This note discloses the Income and Expense statement of entity transferred into DFaCS effective 1 April 2011

Office for Women transferred into DFaCS effective 1 April 2011. In accordance with TC 11/09, income and expenditure statement for the full twelve months as well as expenses and revenue recognised by DFaCS and prior year comparatives are shown below:

Entity's Expenses & Income	Office for Women		
	1/7/2010– 30/06/2011 $'000	01/04/2011– 30/06/2011 $'000	01/07/2009– 30/06/2010 $'000
Expenses excluding losses			
Operating expenses			
Employee related	1,760	376	1,668
Other operating expenses	187	94	286
Depreciation and amortisation	14	2	2
Grants and subsidies	2,753	541	3,044
Finance Costs	–	–	–
Total Expenses excluding losses	4,714	1,013	5,000
Revenue			
Government contributions	4,596	907	4,998
Sales of goods and services	–	–	–
Investment revenue	–	–	–
Grants and contributions	105	104	2
Other revenue	–	–	–
Total Revenue	4,701	1,011	5,000
(Gain)/loss on disposal of non-current assets	–	–	–
Other (Gains)/Losses	–	–	–
NET RESULT	(13)	(2)	-
Other Comprehensive Income			
Increase/(decrease) in asset revaluation reserve	–	–	–
Change in restoration liability	–	–	–
Actuarial gains/(losses) on superannuation funds	–	–	–
Total Other Comprehensive Income	–	–	–
TOTAL COMPREHENSIVE INCOME	(13)	(2)	–

19. Increase/(Decrease) in Net Assets from Equity Transfers

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

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

19. Increase/(Decrease) in Net Assets from Equity Transfers (continued)

During the year DFaCS and HNSW were reclassified as budget dependent agencies and as such their defined benefit superannuation liabilities are now assumed by the Crown (refer Note 1 j) iii) b)).

	Transfer of HNSW Superannuation to Treasury	Transfer of DFACS Superannuation to Treasury	Transfer of HNSW to DFACS	Total Net Assets transferred to DFaCS
2012	$'000	$'000	$'000	$'000
ASSETS				
Current Assets				
Cash and cash equivalents	–	–	61,593	61,593
Receivables	(27,187)	(80)	1,484	(25,783)
Inventories	–	–	–	–
Financial assets at fair value	–	–	–	–
Other financial assets	–	–	–	–
	(27,187)	(80)	63,077	35,810
Non-current assets held for sale	–	–	–	–
Total Current Assets	(27,187)	(80)	63,077	35,810
Non-Current Assets				
Receivables	–	–	–	–
Financial assets at fair value	–	–	–	–
Other financial assets	–	–	–	–
Property, plant and equipment				
Land and buildings	–	–	–	–
Plant and equipment	–	–	20,636	20,636
Total property, plant and equipment	–	–	20,636	20,636
Intangible assets	–		55,271	55,271
Total Non-Current Assets	–	–	75,907	75,907
Total Assets	(27,187)	(80)	138,984	111,717
LIABILITIES				
Current Liabilities				
Payables	–	–	721	721
Borrowings	–	–	–	–
Provisions	–	–	–	–
Other	–	–	3,734	3,734
	–	–	4,455	4,455
Liabilities associated with assets held for sale	–	–	–	–
Total Current Liabilities	–	–	4,455	4,455
Non-Current Liabilities				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	(9,112)	(2,288)	–	(11,400)
Other	–	–	–	–
Total Non-Current Liabilities	(9,112)	(2,288)	–	(11,400)
Total Liabilities	(9,112)	(2,288)	4,455	(6,945)
Net Assets	(18,075)	2,208	134,529	118,662
Increase in net assets from equity transfers				118,662

Notes to and forming part of the financial statements

For the year ended 30 June 2012

19. Increase/(Decrease) in Net Assets from Equity Transfers (continued)

2011	Transfer of CS Disaster Welfare to MPES $'000	Transfer of CS Children's Services to DEC $'000	Transfer to State Property Authority from ADHC $'000	Transfer of Juvenile Justice to DAGJ $'000	Transfer of The Office of Women's Policy to DFaCS $'000	Transfer of Guardianship Tribunal to DAGJ $'000	Transfer of Aboriginal Affairs to DEC $'000	Total Net Assets transferred from DFaCS $'000
ASSETS								
Current Assets								
Cash and cash equivalents	–	–	–	19,455	–	–	2,856	22,311
Receivables	–	–	–	3,923	(223)	47	1,376	5,123
Inventories	–	–	–	–	–	–	–	–
Financial assets at fair value	–	–	–	–	–	–	–	–
Other financial assets	–	–	–	–	–	–	–	–
	–	–	–	23,378	(223)	47	4,232	27,434
Non-current assets held for sale	–	–	–	–	–	–	–	–
Total Current Assets	–	–	–	23,378	(223)	47	4,232	27,434
Non-Current Assets								
Receivables	–	–	–	–	–	–	–	–
Financial assets at fair value	–	–	–	–	–	–	–	–
Other financial assets	–	–	–	–	–	–	–	–
Property, plant and equipment								
Land and buildings	–	7,782	8,700	278,684	(14)	–	–	295,152
Plant and equipment	6	–	–	9,107		319	284	9,716
Total property, plant and equipment	6	7,782	8,700	287,791	(14)	319	284	304,868
Intangible assets	–	392	–	6,553	–	30	38	7,013
Total Non-Current Assets	6	8,174	8,700	294,344	(14)	349	322	311,881
Total Assets	6	8,174	8,700	317,722	(237)	396	4,554	339,315
LIABILITIES								
Current Liabilities								
Payables	–	–	–	7,508	(2)	310	3,785	11,601
Borrowings	–	–	–	–	–	–	–	–
Provisions	155	1,143	–	12,162	(295)	289	1,936	15,390
Other	–	–	–	–		–	38	38
	155	1,143	–	19,670	(297)	599	5,759	27,029
Liabilities associated with assets held for sale	–	–	–	–	–	–	–	–
Total Current Liabilities	155	1,143	–	19,670	(297)	599	5,759	27,029
Non-Current Liabilities								
Payables	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Provisions	2	9	–	929	–	164	6	1,110
Other	–	–	–	–	–	–	–	–
Total Non-Current Liabilities	2	9	–	929	–	164	6	1,110
Total Liabilities	157	1,152	–	20,599	(297)	763	5,765	28,139
Net Assets	(151)	7,022	8,700	297,123	60	(367)	(1,211)	311,176
Decrease in net assets from equity transfers								311,176

Notes to and forming part of the financial statements

For the year ended 30 June 2012

20. Commitments for Expenditure

(a) Capital Commitments

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Aggregate capital expenditure contracted for at balance date and not provided for:				
Not later than one year	**19,725**	1,191	**19,725**	1,191
Total (including GST)	**19,725**	1,191	**19,725**	1,191

(b) Operating Lease Commitments

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	**75,980**	68,095	**77,981**	69,856
Later than one year but not later than five years	**125,079**	119,633	**128,273**	123,067
Later than five years	**48,750**	37,255	**48,802**	37,262
Total (including GST)	**249,809**	224,983	**255,056**	230,185

Operating leases relate to office accommodation, community service centres and motor vehicles. The entity does not have an option to purchase the leased asset at the expiry of the lease period. These commitments will be met from future appropriations.

The commitments in (a) and (b) above are not recognised in the financial statements as liabilities. The total commitments above include input tax credits of $24.980m (2011: $21.034m) that are expected to be recovered from the Australian Taxation Office.

21. Contingent Liabilities and Contingent Assets

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Contingent Liabilities				
Claims relating to children and persons in care	**2,433**	2,499	**2,433**	2,499
Other	**594**	-	**594**	–
	3,027	2,499	**3,027**	2,499

Various other claims have been made against the entity, which if the claimant is successful, the settlements will be met by NSW Treasury Managed Fund.

Various other claims totalling $37.915m (2011: $45.140m) have also been made against the entity, which, if successful, would be met by the Crown from the solvency fund. These claims are excluded from contingent liabilities above as they are pre NSW Treasury Managed Fund claims.

Contingent Assets

No claims have been made by the entity which, if successful, would result in financial benefits to the entity.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

22. Budget Review

Net Result

The consolidated actual net result was higher than budget by $42.5 million, primarily due to total revenue being above budget by $21.5 million due to higher acceptance by the Crown entity for increase employee benefits mainly Long Service Leave ($31.0 million) and increase Personnel services revenue ($34.7 million) offset by reduced Recurrent ($42.2 million) and Capital appropriation ($14.3 million) for specific funded programs not expended in 2011/12.

Assets and Liabilities

Consolidated Total assets actual was above budget by $45.5 million. The overall increase in Total assets is primarily due to increase Land and Buildings ($33.3 million) associated with revaluation increments, increase in overall receivables of $43.3 million offset by a decrease in cash and cash equivalents ($16.5 million) and decrease in plant, equipment and intangibles ($11.8 million). Total liabilities was above budget by $27.0 million primarily due to increase in payables ($19.1 million) and increase in provisions ($6.1 million).

Due to the timing of budget preparation, impact associated with 30 June 2011 closing balances and administrative adjustments associated with the Housing NSW transfer finalisation there has been variances between current and non current budgets for both Assets and Liabilities at line item level.

Cash Flows

Consolidated Net Cash flow from operating activities was $21.7 million below budget primarily due to lower recurrent ($147.6 million) and Capital appropriations ($12.9 million) offset by higher GST recoveries of $76.5 million. Net cash flow from Investing activities was $15.3 million below budget primarily due to lower purchase of plant and equipment ($0.7 million) due to timing of acquisition and capital works and incorrect budget classification of $15.9 million as Other.

23. Reconciliation of net cash flows from operating activities to net result

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Net cash used on operating activities	**69,689**	162,849	**67,626**	183,343
Net gain/(loss) on disposal of assets	**(10,800)**	(1,858)	**(10,616)**	(1,229)
Net gain/(loss) on revaluation of land and buildings	**27,806**	(9,181)	**28,670**	(9,161)
Net gain/(loss) on investments	**–**	–	**222**	1,210
Assets recognised for the first time	**64**	398	**64**	531
Allowance for impairment	**381**	(68)	**673**	18
Depreciation and amortisation	**(71,102)**	(62,881)	**(73,951)**	(65,158)
Superannuation actuarial (gains)/losses	**38,427**	(2,375)	**42,507**	(2,294)
Finance costs	**(423)**	–	**(483)**	28
Decrease/(increase) in creditors	**(10,420)**	3,705	**(12,369)**	3,987
Decrease/(increase) in provisions	**22,885**	(11,271)	**18,295**	(11,709)
Increase/(decrease) in prepayments and other assets	**14,664**	6,005	**14,853**	(10,386)
Net result	**81,171**	85,323	**75,491**	89,180

Notes to and forming part of the financial statements

For the year ended 30 June 2012

24. Trust Funds

Community Services holds money in Miscellaneous Trust Funds which are used for Wards and other persons in care and for natural disasters. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust accounts:

a) Natural Disaster Trust Fund

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Cash balance at the beginning of the financial year	**–**	1,781	**–**	1,781
Transfer in/(out) as part of administrative restructure	**–**	(1,663)	**–**	(1,663)
Add: Receipts	**–**	58	**–**	58
Less: Expenditure	**–**	(176)	**–**	(176)
Cash balance at the end of the financial year	**–**	–	**–**	–

b) Wards Trust Fund

Cash balance at the beginning of the financial year	**48**	46	**48**	46
Add: Receipts	**2**	2	**2**	2
Cash balance at the end of the financial year	**50**	48	**50**	48

c) Client Funds

DFaCS holds monies in bank trust accounts which are used for persons in residential care. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives

Cash balance at the beginning of the financial year	**65**	150	**65**	150
Add: Receipts	**6,277**	5,987	**6,277**	5,987
Less: Expenditure	**(6,249)**	(6,072)	**(6,249)**	(6,072)
Cash balance at the end of the financial year	**93**	65	**93**	65

d) Juvenile Funds

Cash balance at the beginning of the financial year	**–**	7	**–**	7
Transfer in/(out) as part of administrative restructure	**–**	(15)	**–**	(15)
Add: Receipts	**–**	56	**–**	56
Less: Expenditure	**–**	(48)	**–**	(48)
Cash balance at the end of the financial year	**–**	–	**–**	–

25. Financial Instruments

The entity's principal financial instruments are outlined below. These 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 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 this financial statement. Management 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 risks faced by the entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

(a) Financial Instrument Categories

2012			Parent	Consolidated
Financial Assets	Note	Category	Carrying Amount $'000	Carrying Amount $'000
Class:				
Cash and cash equivalents	8	N/A	**175,861**	**232,261**
Receivables (1)	9	Receivables (at amortised cost)	**172,439**	**177,910**
Financial assets at fair value	11	At fair value through profit or loss	**–**	**16,679**

Financial Liabilities	Note	Category	Carrying Amount $'000	Carrying Amount $'000
Class:				
Payables (2)	15	Financial liabilities measured at amortised cost	**21,907**	**22,634**
Other liabilities	15	Financial liabilities measured at amortised cost	**68,642**	**76,613**

2011			Parent	Consolidated
Financial Assets	Note	Category	Carrying Amount $'000	Carrying Amount $'000
Class:				
Cash and cash equivalents	8	N/A	140,422	200,937
Receivables (1)	9	Receivables (at amortised cost)	152,263	157,249
Financial assets at fair value	11	At fair value through profit or loss	–	16,457

Financial Liabilities	Note	Category	Carrying Amount $'000	Carrying Amount $'000
Class:				
Payables (2)	15	Financial liabilities measured at amortised cost	27,499	27,821
Other liabilities	15	Financial liabilities measured at amortised cost	63,784	70,359

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

(b) Credit Risk

Credit risk arises when there is the possibility 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 the financial assets of the entity, including cash, receivables and authority deposits. No collateral is held by the entity. The entity has not granted any financial guarantees. Credit risk associated with the entity'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 within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

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 Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity 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. Sales are made on 30 day terms.

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: $25.717m; 2011: $5.585m) and not less than 6 months past due (2012: $2.440; 2011: $2.674m) are not considered impaired and together these represent 84% of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

Parent	Total	Past due but not impaired	Considered Impaired
2012	**$'000**	**$'000**	**$'000**
< 3 months overdue	**4,301**	**4,184**	**117**
3 months – 6 months overdue	**798**	**726**	**72**
> 6 months overdue	**4,303**	**2,784**	**1,519**
2011	$'000	$'000	$'000
< 3 months overdue	587	555	32
3 months – 6 months overdue	431	227	204
> 6 months overdue	3,003	1,924	1,079

Consolidated	Total	Past due but not impaired	Considered Impaired
2012	**$'000**	**$'000**	**$'000**
< 3 months overdue	**5,153**	**4,876**	**277**
3 months – 6 months overdue	**1,003**	**805**	**198**
> 6 months overdue	**5,002**	**2,965**	**2,037**
2011	$'000	$'000	$'000
< 3 months overdue	1,483	1,242	241
3 months – 6 months overdue	665	227	438
> 6 months overdue	3,658	1,932	1,726

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 receivable total recognised in the statement of financial position.

Each column in the table reports gross receivables.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

Authority Deposits

The entity has placed its Wards Trust funds on deposit with TCorp, which has been rated “AAA” by Standard and Poors. These deposits are similar to money market or bank deposits and are placed for a fixed term. The interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit.

The deposits at balance date were earning an average interest rate of (2012: 4.27%; 2011: 4.90%) while over the year the weighted average interest rate was (2012: 4.58%; 2011: 4.81%) on a weighted average balance during the year of (2012: $49,167; 2011: $46,868). None of these assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity 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 the use of overdrafts, loans and other advances.

No assets have been pledged as collateral. The entity’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk. 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 out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no 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 payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was N/A: 2011: N/A

The table below summarises the maturity profile of the entity’s financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

		$’000	$’000	$’000	$’000
		Interest Rate exposure		Maturity Dates	
2012	Weighted Average Effective Interest rate	Nominal Amount (1)	Non Interest Bearing	< 1 year	1-5 years
PARENT					
Payables:					
Payables	–	**21,907**	**21,907**	**21,907**	–
Other	–	**68,642**	**68,642**	**68,642**	–
Total Financial Liabilities		**90,549**	**90,549**	**90,549**	–
CONSOLIDATED					
Payables:					
Payables	–	**22,634**	**22,634**	**22,634**	–
Other	–	**76,613**	**76,613**	**76,613**	–
Total Financial Liabilities		**99,247**	**99,247**	**99,247**	–

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

Maturity Analysis and interest rate exposure of financial liabilities

		$'000	$'000	$'000	$'000
		Interest Rate exposure		Maturity Dates	
2011	Weighted Average Effective Interest rate	Nominal Amount (1)	Non Interest Bearing	< 1 year	1-5 years
PARENT					
Payables:					
Payables	–	27,499	27,499	27,499	–
Other	–	63,784	63,784	63,784	–
Total Financial Liabilities		91,283	91,283	91,283	–
CONSOLIDATED					
Payables:					
Payables	–	27,821	27,821	27,821	–
Other	–	70,359	70,359	70,359	–
Total Financial Liabilities		98,180	98,180	98,180	–

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. Therefore the amounts disclosed will not reconcile to the statement of financial position.

(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 exposure to market risk is primarily through interest rate risk on the entity's cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The entity 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 entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analysis is performed on the same basis as for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set out below.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

	$'000				
	Carrying Amount	Profit	Equity	Profit	Equity
2012		-1%		+1%	
PARENT					
Financial Assets					
Cash on hand	**414**	**–**	**–**	**–**	**–**
Cash at bank	**175,447**	**(1,754)**	**(1,754)**	**1,754**	**1,754**
Receivables	**172,439**	**–**	**–**	**–**	**–**
Financial assets at fair value	**–**	**–**	**–**	**–**	**–**
Financial Liabilities					
Payables	**21,907**	**–**	**–**	**–**	**–**
Other	**68,642**	**–**	**–**	**–**	**–**
CONSOLIDATED					
Financial Assets					
Cash on hand	**427**	**–**	**–**	**–**	**–**
Cash at bank	**231,834**	**(2,318)**	**(2,318)**	**2,318**	**2,318**
Receivables	**177,910**	**–**	**–**	**–**	**–**
Financial assets at fair value	**16,679**	**(167)**	**(167)**	**167**	**167**
Financial Liabilities					
Payables	**22,634**	**–**	**–**	**–**	**–**
Other	**76,613**	**–**	**–**	**–**	**–**

	$'000				
	Carrying Amount	Profit	Equity	Profit	Equity
2011		-1%		+1%	
PARENT					
Financial Assets					
Cash on hand	381	–	–	–	–
Cash at bank	140,041	(1,400)	(1,400)	1,400	1,400
Receivables		–	–	–	–
Financial assets at fair value	–	–	–	–	–
Financial Liabilities					
Payables	27,499	–	–	–	–
Other	63,784	–	–	–	–
CONSOLIDATED					
Financial Assets					
Cash on hand	394	–	–	–	–
Cash at bank	200,543	(2,005)	(2,005)	2,005	2,005
Receivables		–	–	–	–
Financial assets at fair value	16,457	(165)	(165)	165	165
Financial Liabilities					
Payables	27,821	–	–	–	–
Other	70,359	–	–	–	–

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

Other Price Risk – Tcorp Hour-Glass facilities

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

			Consolidated
Facility	Investment Sectors	Investment Horizon	**2012 $'000**
Cash facility	Cash, money market instruments	Up to 1.5 years	**43,953**
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	**7,128**
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	**9,551**

Facility	Investment Sectors	Investment Horizon	2011 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	45,141
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	6,835
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	9,622

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp act as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the entity'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 (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in the unit price impact directly on the profit/(loss) 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).

Consolidated		
	Change in unit price	**2012 $'000**
Hour-Glass Investment – Cash facility	+/- 1%	**+/-416**
Hour-Glass Investment – Medium-term growth facility	+/- 7%	**+/-428**
Hour-Glass Investment – Long-term growth facility	+/- 15%	**+/-1,433**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

25. Financial Instruments (continued)

Consolidated	Change in unit price	2011 $'000
Hour-Glass Investment – Cash facility	+/- 1%	+/-451
Hour-Glass Investment – Medium-term growth facility	+/- 7%	+/-478
Hour-Glass Investment – Long-term growth facility	+/- 15%	+/-1,443

(e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities which are measured at fair value. The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on market value. All of the Hour Glass facilities are valued using 'redemption' pricing. 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.

(f) Fair Value recognised in the statement of financial position

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

* Level 1 – Derived from quoted prices in active markets for identical assets/liabilities

* Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.

* Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

Consolidated	Level 1	Level 2	Level 3	2012 Total
	$'000	$'000	$'000	$'000
Financial assets at fair value				
TCorp Hour Glass Investment Facility	**–**	**60,632**	**–**	**60,632**
	–	**60,632**	**–**	**60,632**

Consolidated	Level 1	Level 2	Level 3	2011 Total
	$'000	$'000	$'000	$'000
Financial assets at fair value				
TCorp Hour Glass Investment Facility	–	61,598	–	61,598
	–	61,598	–	61,598

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 periods ended 30 June 2012 and 30 June 2011.

26. Events after the Reporting Period

At the date of this report DFaCS is not aware of any events since balance date that would materially affect the disclosures outlined in this report.

End of Audited Financial Statements

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Home Care Service of NSW

Independent Auditor's report

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Home Care Service of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Home Care Service of New South Wales (the Service), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Service and the entity 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 Service and the consolidated entity as at 30 June 2012, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Director-General's Responsibility for the Financial Statements

The Director-General of the Department of Family and Community Services 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 Director-General determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 Director-General, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's report (continued)

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 Service or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, 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 other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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

Peter Boulous CA
Director, Financial Audit Services

27 September 2012
SYDNEY

Certification of Accounts

HOME CARE SERVICE OF NSW

FINANCIAL STATEMENTS

For the Year Ended 30 June 2012

CERTIFICATION OF ACCOUNTS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* (Act), we state that:

a) the accompanying financial statements of Home Care Service of NSW (HCS) being the parent entity and the consolidated entity, comprising HCS and its controlled entity, Home Care Service Division's activities for the year ended 30 June 2012 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Public Finance and Audit Act 1983, and its regulations and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) the financial statements and notes exhibit a true and fair view of the financial position and transactions of HCS and its controlled entity.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Jim Moore
Director General
25 September 2012

Stephen Mudge
Chief Finance Officer
25 September 2012

Consolidated statement of comprehensive income

For the year ended 30 June 2012

	Notes	Parent		Consolidated		
		Actual 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	**–**	–	**171,401**	169,950	165,760
Personnel services	2(a)	**175,493**	162,733	**–**	–	–
Other operating expenses	2(b)	**60,214**	55,718	**60,214**	55,457	55,718
Depreciation and amortisation	2(c)	**2,741**	2,173	**2,741**	2,074	2,173
Total Expenses excluding losses		**238,448**	220,624	**234,356**	227,481	223,651
Revenue						
Sale of goods and services	3(a)	**28,826**	29,318	**28,826**	30,263	29,318
Investment revenue	3(b)	**3,096**	4,138	**3,096**	3,862	4,138
Grants and contributions	3(c)	**194,993**	189,825	**194,993**	191,709	189,825
Other revenue	3(d)	**819**	709	**819**	675	709
Workers Compensation Premium Hindsight adjustment	3(e)	**–**	–	**–**	–	3,159
Total Revenue		**227,734**	223,990	**227,734**	226,509	227,149
Gain/(loss) on disposal	4	**189**	630	**189**	–	630
Other gains/(losses)	5	**(81)**	(198)	**(93)**	(181)	(249)
Net result		**(10,606)**	3,798	**(6,526)**	(1,153)	3,879
Other comprehensive income						
Net increase/(decrease) in property, plant and equipment revaluation surplus		**19**	77	**19**	–	77
Superannuation actuarial losses	12	**–**	–	**(4,080)**	–	(81)
Total other comprehensive income		**19**	77	**(4,061)**	–	(4)
TOTAL COMPREHENSIVE INCOME		**(10,587)**	3,875	**(10,587)**	(1,153)	3,875

The accompanying notes form part of these statements

Consolidated statement of financial position

As at 30 June 2012

	Notes	Parent		Consolidated		
		Actual 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
ASSETS						
Current Assets	7	**53,945**	57,450	**53,945**	52,963	57,450
Cash and cash equivalents	8	**4,957**	4,540	**5,471**	5,470	4,990
Receivables		**58,902**	61,990	**59,416**	58,433	62,440
Total Current Assets						
Non-Current Assets						
Financial assets at fair value	9	**16,679**	16,457	**16,679**	17,998	16,457
Property, plant and equipment	10					
Land and buildings		**698**	534	**698**	483	534
Plant and equipment		**6,095**	7,429	**6,095**	7,408	7,429
Total Property, plant and equipment		**6,793**	7,963	**6,793**	7,891	7,963
Total Non-Current Assets		**23,472**	24,420	**23,472**	25,889	24,420
TOTAL ASSETS		**82,374**	86,410	**82,888**	84,322	86,860
LIABILITIES						
Current Liabilities						
Payables	11	**5,154**	4,965	**10,933**	3,734	8,968
Provisions	12	**32,324**	29,681	**27,059**	28,303	26,128
Other		**–**	–	**–**	937	–
Total Current Liabilities		**37,478**	34,646	**37,992**	32,974	35,096
Non-Current Liabilities						
Provisions	12	**14,882**	11,163	**14,882**	11,900	11,163
Total Non-Current Liabilities		**14,882**	11,163	**14,882**	11,900	11,163
TOTAL LIABILITIES		**52,360**	45,809	**52,874**	44,874	46,259
NET ASSETS		**30,014**	40,601	**30,014**	39,448	40,601
EQUITY						
Reserves		**575**	556	**575**	556	556
Accumulated funds		**29,439**	40,045	**29,439**	38,892	40,045
TOTAL EQUITY		**30,014**	40,601	**30,014**	39,448	40,601

The accompanying notes form part of these statements

2 | Home Care Service of NSW

Consolidated statement of changes in equity

For the year ended 30 June 2012

Notes		Parent			Consolidated		
		Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2011		**40,045**	**556**	**40,601**	**40,045**	**556**	**40,601**
Net result for the year		**(10,606)**	**–**	**(10,606)**	**(6,526)**		**(6,526)**
Other comprehensive income:							
Net increase/(decrease) in property, plant and equipment		**–**	**19**	**19**	**–**	**19**	**19**
Superannuation actuarial losses		**–**	**–**	**–**	**(4,080)**	**–**	**(4,080)**
Total other comprehensive income		**–**	**19**	**19**	**(4,080)**	**19**	**(4,061)**
Total comprehensive income for the year		**(10,606)**	**19**	**(10,587)**	**(10,606)**	**19**	**(10,587)**
Balance at 30 June 2012		**29,439**	**575**	**30,014**	**29,439**	**575**	**30,014**
Balance at 1 July 2010		36,247	479	36,726	36,247	479	36,726
Net result for the year		3,798	–	3,798	3,879	–	3,879
Other comprehensive income:							
Net increase/(decrease) in property, plant and equipment		–	77	77	–	77	77
Superannuation actuarial losses		–	–	–	(81)	–	(81)
Total other comprehensive income		–	77	77	(81)	77	(4)
Total comprehensive income for the year		3,798	77	3,875	3,798	77	3,875
Balance at 30 June 2011		40,045	556	40,601	40,045	556	40,601

The accompanying notes form part of these statements

Consolidated statement of cash flows

For the year ended 30 June 2012

	Notes	Parent		Consolidated		
		Actual 2012 $'000	Actual 2011 $'000	**Actual 2012 $'000**	Budget 2012 $'000	Actual 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel Services		**(169,131)**	(161,597)	**–**	–	–
Employee related		**–**	–	**(169,126)**	(183,456)	(164,755)
Other		**(80,803)**	(77,183)	**(80,807)**	(61,699)	(77,184)
Total Payments		**(249,934)**	(238,780)	**(249,933)**	(245,155)	(241,939)
Receipts						
Sale of goods and services		**29,584**	30,492	**29,583**	30,121	30,492
Interest received		**2,896**	2,928	**2,896**	2,321	2,928
Grants and contributions		**214,493**	208,808	**214,493**	209,030	208,808
Other		**819**	16,911	**819**	1,198	20,070
Total Receipts		**247,792**	259,139	**247,791**	242,670	262,298
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	**(2,142)**	20,359	**(2,142)**	(2,485)	20,359
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of plant and equipment		**712**	1,806	**712**	1,000	1,806
Purchases of plant and equipment		**(2,075)**	(4,288)	**(2,075)**	(3,000)	(4,288)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,363)**	(2,482)	**(1,363)**	(2,000)	(2,482)
NET INCREASE/(DECREASE) IN CASH						
Opening cash and cash equivalents		**57,450**	39,573	**57,450**	57,448	39,573
Net increase/(decrease) in cash		**(3,505)**	17,877	**(3,505)**	(4,485)	17,877
CLOSING CASH AND CASH EQUIVALENTS	7	**53,945**	57,450	**53,945**	52,963	57,450

The accompanying notes form part of these statements

2 | Home Care Service of NSW

Consolidated service group statements

For the year ended 30 June 2012 — Supplementary Financial Statements

Entity's Expenses and Income	Service Group 1*		Not Attributable		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Expenses excluding losses						
Operating expenses						
Employee related	171,401	165,760	–	–	171,401	165,760
Personnel services	–	–	–	–	–	–
Other operating expenses	60,214	55,718	–	–	60,214	55,718
Depreciation and amortisation	2,741	2,173	–	–	2,741	2,173
Total Expenses excluding losses	234,356	223,651	–	–	234,356	223,651
Revenue						
Sale of goods and services	28,826	29,318	–	–	28,826	29,318
Investment revenue	3,096	4,138	–	–	3,096	4,138
Grants and contributions	194,993	189,825	–	–	194,993	189,825
Other revenue	819	709	–	–	819	709
Workers Compensation Premium Hindsight adjustment	–	3,159	–	–	–	3,159
Total Revenue	227,734	227,149	–	–	227,734	227,149
Gain/(loss) on disposal	189	630	–	–	189	630
Other gains/(losses)	(93)	(249)	–	–	(93)	(249)
Net result	(6,526)	3,879	–	–	(6,526)	3,879
Other comprehensive income						
Increase/(decrease) in revaluation surplus	19	77	–	–	19	77
Superannuation actuarial losses	(4,080)	(81)	–	–	(4,080)	(81)
Total other comprehensive income	(4,061)	(4)	–	–	(4,061)	(4)
TOTAL COMPREHENSIVE INCOME	(10,587)	3,875	–	–	(10,587)	3,875

* The names and purpose of each service group are summarised in Note 6

Consolidated service group statements (continued)

For the year ended 30 June 2012

Supplementary Financial Statements

Entity's Assets and Liabilities	Service Group 1*		Not Attributable		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Current Assets						
Cash and cash equivalents	**53,945**	57,450	**–**	–	**53,945**	57,450
Receivables	**5,471**	4,990	**–**	–	**5,471**	4,990
Total current assets	**59,416**	62,440	**–**	–	**59,416**	62,440
Non-current Assets						
Financial assets at fair value	**16,679**	16,457	**–**	–	**16,679**	16,457
Property, plant and equipment						
Land and buildings	**698**	534	**–**	–	**698**	534
Plant and equipment	**6,095**	7,429	**–**	–	**6,095**	7,429
Total non-current assets	**23,472**	24,420	**–**	–	**23,472**	24,420
TOTAL ASSETS	**82,888**	86,860	**–**	–	**82,888**	86,860
Current liabilities						
Payables	**10,933**	8,968	**–**	–	**10,933**	8,968
Provisions	**27,059**	26,128	**–**	–	**27,059**	26,128
Total current liabilities	**37,992**	35,096	**–**	–	**37,992**	35,096
Non-current liabilities						
Provisions	**14,882**	11,163	**–**	–	**14,882**	11,163
Total non-current liabilities	**14,882**	11,163	**–**	–	**14,882**	11,163
TOTAL LIABILITIES	**52,874**	46,259	**–**	–	**52,874**	46,259
NET ASSETS	**30,014**	40,601	**–**	–	**30,014**	40,601

* The names and purpose of each service group are summarised in Note 6

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies

(a) Administrative restructure

Effective 1 July 2009, the transferred the management of the Home Care Service of New South Wales (HCS) to the Department of Human Services (DHS). HCS was not abolished by the Order and therefore continues to be a separate reporting entity.

On 3 April 2011, DHS changed its name to the Department of Family and Community Services (DFaCS) as a result of the .

HCS is a controlled entity of DFaCS.

(b) Reporting Entity

HCS is a NSW statutory authority. HCS is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

HCS as a reporting entity, comprises the entity under its control, namely: Home Care Service Division (HCS Division). HCS Division is a controlled entity established pursuant to Part 2 of schedule 1 to the . The Division's objective is to provide personnel services to HCS.

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

These financial statements for the year ended 30 June 2012 has been authorised for issue by the Director General, Department of Family and Community Services on 25 September 2012.

(c) Basis of preparation

HCS' financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fairvalue through profit or loss' 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.

(d) Statement of compliance

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

(e) Insurance

HCS' 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 claim experience.

(f) Accounting for the Goods and Services Tax (GST)

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

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

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(g) 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 income are discussed below.

(i) Grants and contributions from other bodies

Grants and contributions from other bodies (including government grants and donations) are generally recognised as income when HCS obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Where there is an agreement that unexpended grants will be returned to the funder in the event that an agreed level of performance has not been met (e.g. number of service delivery hours) and it has been past practice to return such funds. HCS recognises these funds as a liability.

(ii) Sales of goods

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

(iii) Rendering of services

Revenue is recognised when the service is provided.

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139.

(h) Assets

(i) Acquisition of assets

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

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

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

(ii) Capitalisation thresholds

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 and AASB 140 .

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets.

HCS revalues land and buildings at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation of land and buildings was carried out by a registered independent valuer as at 30 June 2009. In the intervening reporting periods, when a revaluation is not undertaken, the carrying amount of land and buildings is assessed to ensure it represents fair value.

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated. For other assets, any balances of accumulated depreciation 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, 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 asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs for HCS are regarded as immaterial.

(v) 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 HCS.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Plant, furniture and equipment – general	4
Plant, furniture and equipment – commercial	7
Plant, furniture and equipment – industrial	20
Computer and office equipment	4
Motor vehicles – commercial	7
Motor vehicles – passenger	4
Leasehold improvements	shorter of term of lease or estimated life

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) 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.

(viii) 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.

(ix) 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.

HCS has not entered into any finance leases.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(x) Receivables

Receivables are non derivative financial assets with fixed or determinable payments which 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 of the underlying transaction. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

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

Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(xi) Investments

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

HCS investments in TCorp Hour-Glass Medium-Term and Long-Term 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 by the Budget and Finance Committee on a continual basis. Information about the performance of these assets, including performance against industry benchmarks for each class of investment is provided internally on a monthly basis to HCS' key management personnel including the Budget and Finance Committee for their endorsement of the investment strategy. Gains or losses on these assets are recognised in the net result for the year.

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'.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to 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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses on 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.

(xiii) Derecognition 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 HCS transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where HCS has not transferred substantially all the risks and rewards, if HCS has not retained control

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

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

(i) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to HCS 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 . Market yields on government bonds of 2.465% are used to discount long-term 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.

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

(b) Long service leave and superannuation

Long service leave entitlements are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long service leave is measured at present value in accordance with AASB 119 . This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an independent actuarial review performed in 2010, to approximate present value.

A defined plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the surplus/(deficit) for superannuation is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains and losses are charged directly to Equity in the year they occur.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

(iii) Other provisions

Other provisions exist when: HCS 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.

Provisions include make good costs on HCS' leased office premises. In the majority of cases the provision is calculated by using the make good rate per square metre implicit in each lease agreement, which is then discounted to present value using the government bond rate. The provisions are established by individual lease, and amortised over the term of the lease. The unamortised value of the obligation is recorded as an asset.

(j) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with HCS' policy on the revaluation of property, plant and equipment as discussed in note 1(h)(iii).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(ii) Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) 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.

(m) New Australian Accounting Standards issued but not effective

In the current year HCS has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC 12/04), HCS did not early adopt any of these accounting standards and interpretations that are not yet effective.

HCS' assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the entity.

(n) Payroll Tax

HCS is exempt from paying payroll tax as legislated by , effective from 1 July 1998.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses

(a) Employee related expenses

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Salaries and wages (including recreation leave)	**–**	–	**143,775**	140,984
Superannuation – defined benefit plans	**–**	–	**895**	985
Superannuation – defined contribution plans	**–**	–	**11,882**	11,499
Long service leave	**–**	–	**3,213**	2,015
Workers' compensation insurance	**–**	–	**11,590**	10,242
Fringe benefit tax	**–**	–	**46**	35
Personnel services	**175,493**	162,733	**–**	–
	175,493	162,733	**171,401**	165,760

Personnel services for the HCS are provided by the HCS Division, a special purpose entity to enable the HCS to exercise its functions.

(b) Other operating expenses include the following:

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Auditor's remuneration – audit of the financial statements	**158**	150	**158**	150
Shared services	**17,514**	15,489	**17,514**	15,489
Contract services	**16,957**	15,467	**16,957**	15,467
Administration expenses	**4,748**	5,250	**4,748**	5,250
Other service delivery	**479**	455	**479**	455
Insurance premiums	**332**	386	**332**	386
Travel	**12,292**	12,261	**12,292**	12,261
Operating lease rental expense – minimum lease payments	**3,952**	3,787	**3,952**	3,787
Training	**3,575**	2,388	**3,575**	2,388
Consultants fees	**207**	85	**207**	85
	60,214	55,718	**60,214**	55,718

(i) Reconciliation – Total Maintenance

Maintenance expense – contractor labour and other (non-employee related), as above	**69**	85	**69**	85
Employee related maintenance expense included in Note 2 (a)	**–**	–	**–**	–
Total maintenance expenses included in Note 2 (a) and 2 (b)	**69**	85	**69**	85

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(c) Depreciation and amortisation expense

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Depreciation				
Building	**20**	14	**20**	14
Plant and equipment	**236**	269	**236**	269
Motor vehicles	**1,339**	1,459	**1,339**	1,459
Amortisation				
Leasehold improvements	**1,146**	431	**1,146**	431
	2,741	2,173	**2,741**	2,173

3. Revenue

(a) Sale of goods and services

Home and Community Care (HACC) fees	**16,357**	15,800	**16,357**	15,800
Veterans' Home Care fees	**7,025**	8,538	**7,025**	8,538
Community Options program fees	**41**	48	**41**	48
Corporate client fees	**3,822**	3,565	**3,822**	3,565
Others	**1,581**	1,367	**1,581**	1,367
	28,826	29,318	**28,826**	29,318

HCS charges service fees to HACC customers for services based on the customers' ability to pay. Service to HACC customers does not depend on the payment of fees and service is not refused due to an inability to pay. The amount contributed by the HACC customer is determined by the HCS coordinator and assessor at the time of the customer assessment in accordance with HCS' guidelines. HCS also provides services to commercial, Commonwealth and State agencies where fees are charged to reflect cost recovery.

(b) Investment revenue

Interest received on bank accounts	**391**	1,286	**391**	1,286
TCorp Hour Glass Investment facilities designated as fair value through profit and loss	**2,705**	2,852	**2,705**	2,852
	3,096	4,138	**3,096**	4,138

HCS bankers pay interest on the aggregate net credit daily balance of the central office and branch office bank accounts. The interest rate is varied by the banks in line with money market rate movements and is credited to the individual accounts on a monthly basis.

Investment income is also earned on deposits at call with the NSW Treasury Corporation, where unit value is determined on a daily basis.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(c) Grants and contributions

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Home and Community Care program	**179,406**	165,108	**179,406**	165,108
Community Options projects	**3,610**	3,227	**3,610**	3,227
Attendant Care program	**6,698**	6,481	**6,698**	6,481
Other government grants	**5,279**	15,009	**5,279**	15,009
	194,993	189,825	**194,993**	189,825

(d) Other revenue

Assets recognised for first time	**–**	133	**–**	133
Sundry income	**819**	576	**819**	576
	819	709	**819**	709

(e) Workers Compensation Premium Hindsight adjustment

Workers Compensation Premium Hindsight adjustment	**–**	–	**–**	3,159
	–	–	**–**	3,159

The Treasury Managed Fund calculates a workers compensation hindsight adjustment premiums each year. In 2011–12, HCS Division paid $1.5m (excluding GST), compared to a refund of $3.2m (excluding GST) in 2010–11, which has been recognised as revenue in the Statement of Comprehensive Income.

4. Gain/(Loss) on Disposal

Gain/(loss) on disposal of plant and equipment				
Proceeds from disposal	**712**	1,806	**712**	1,806
Less: Written down value of assets	**(523)**	(1,176)	**(523)**	(1,176)
Net gain/(loss) on disposal	**189**	630	**189**	630

Notes to and forming part of the financial statements

For the year ended 30 June 2012

5. Other Gains/(Losses)

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Gain/(loss) on impairment of receivables	**(81)**	(198)	**(93)**	(249)
Gain/(loss) on investments	**–**	–	**–**	–
Other gains/(losses)	**(81)**	(198)	**(93)**	(249)

6. Service Groups of the Entity

(a) Service Group 1 – Community Support for People with a Disability, their Family and Carers

Purpose: This service group covers services that assist older people and people with a disability to live in their own home environment and to participate in the community with some ongoing support.

7. Current Assets – Cash and Cash Equivalents

Cash at bank and on hand	**12,321**	12,309	**12,321**	12,309
Short term deposit	**41,624**	45,141	**41,624**	45,141
	53,945	57,450	**53,945**	57,450

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

Cash and 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:

Cash and cash equivalents (per statement of financial position)	**53,945**	57,450	**53,945**	57,450
Closing cash and cash equivalents (per statement of cash flows)	**53,945**	57,450	**53,945**	57,450

Refer to note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current Assets – Receivables

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Sales of goods and services	**5,814**	5,673	**6,319**	6,113
Less: Allowance for impairment	**(859)**	(1,160)	**(1,032)**	(1,324)
	4,955	4,513	**5,287**	4,789
Prepayments	**–**	4	**–**	4
Sundry debtors	**2**	23	**184**	197
	4,957	4,540	**5,471**	4,990
Movement in the allowance for impairment				
Balance at 1 July	**1,160**	1,296	**1,324**	1,410
Amounts written off during the year	**(194)**	(307)	**(195)**	(307)
Amount recovered during the year	**(454)**	(486)	**(482)**	(486)
Increase/(decrease) in allowance recognised in profit or loss	**347**	657	**385**	707
Balance at 30 June	**859**	1,160	**1,032**	1,324

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

9. Non-Current Assets – Financial Assets at Fair Value

TCorp Hour-Glass Investment facilities				
Medium-Term Growth Facility Trust	**7,128**	6,835	**7,128**	6,835
Long-Term Growth Facility Trust	**9,551**	9,622	**9,551**	9,622
	16,679	16,457	**16,679**	16,457

Refer to Note 17 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

10. Non-Current Assets – Property, Plant and Equipment

	Parent					
	Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment and Software $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
At 1 July 2011 – At fair value						
Gross carrying amount	534	4,148	874	787	5,724	12,067
Accumulated depreciation and impairment	–	(1,336)	(687)	(466)	(1,615)	(4,104)
Net carrying amount	534	2,812	187	321	4,109	7,963
At 30 June 2012 – At fair value						
Gross carrying amount	698	5,964	797	818	5,613	13,890
Accumulated depreciation and impairment	–	(3,457)	(739)	(485)	(2,416)	(7,097)
Net carrying amount	698	2,507	58	333	3,197	6,793

Reconciliation

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

Year Ended 30 June 2012						
Net carrying amount at start of year	534	2,812	187	321	4,109	7,963
Additions	165	825	–	153	932	2,075
Reclassification of asset	–	17	(17)	–	–	–
Disposals	–	(1)	(17)	–	(505)	(523)
Depreciation expense	(20)	(1,146)	(95)	(141)	(1,339)	(2,741)
Net revaluation increments	19	–	–	–	–	19
Assets recognised for the first time	–	–	–	–	–	–
Net carrying amount at end of year	698	2,507	58	333	3,197	6,793

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2012, the AUC included in land and building is $Nil (2011: $16K); leasehold improvements $190K (2011: $2,097K); computer equipment and software $Nil (2011: $1K); and furniture and equipment $18K (2011: $34K).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

10. Non-Current Assets – Property, Plant and Equipment (continued)

Consolidated					
Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment and Software $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
534	4,148	874	787	5,724	12,067
–	(1,336)	(687)	(466)	(1,615)	(4,104)
534	2,812	187	321	4,109	7,963
698	5,964	797	818	5,613	13,890
–	(3,457)	(739)	(485)	(2,416)	(7,097)
698	2,507	58	333	3,197	6,793
534	2,812	187	321	4,109	7,963
165	825	–	153	932	2,075
–	17	(17)	–	–	–
–	(1)	(17)	–	(505)	(523)
(20)	(1,146)	(95)	(141)	(1,339)	(2,741)
19	–	–	–	–	19
–	–	–	–	–	–
698	2,507	58	333	3,197	6,793

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2012, the AUC included in land and building is $Nil (2011: $16K); leasehold improvements $190K (2011: $2,097K); computer equipment and software $Nil (2011: $1K); and furniture and equipment $18K (2011: $34K).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

10. Non-Current Assets – Property, Plant and Equipment (continued)

	Parent					
	Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment and Software $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
At 1 July 2010 – At fair value						
Gross carrying amount	505	3,917	1,438	549	5,583	11,992
Accumulated depreciation and impairment	(48)	(2,030)	(1,119)	(387)	(1,594)	(5,178)
Net carrying amount	457	1,887	319	162	3,989	6,814
At 30 June 2011 – At fair value						
Gross carrying amount	534	4,148	874	787	5,724	12,067
Accumulated depreciation and impairment	–	(1,336)	(687)	(466)	(1,615)	(4,104)
Net carrying amount	534	2,812	187	321	4,109	7,963

Reconciliation

A reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

Year Ended 30 June 2011						
Net carrying amount at start of year	457	1,887	319	162	3,989	6,814
Additions	14	1,248	28	255	2,743	4,288
Make good	–	–	–	–	–	–
Disposals	–	(12)	–	–	(1,164)	(1,176)
Depreciation expense	(14)	(431)	(160)	(109)	(1,459)	(2,173)
Net revaluation increments	77	–	–	–	–	77
Assets recognised for the first time	–	120	–	13	–	133
Net carrying amount at end of year	534	2,812	187	321	4,109	7,963

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2011, the AUC included in land and building is $16K (2010: $Nil); leasehold improvements $2,097K (2010: $894K); computer equipment and software $1K (2010: $45K); and furniture and equipment $34K (2010: $13K).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

10. Non-Current Assets – Property, Plant and Equipment (continued)

	Consolidated					
	Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment and Software $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
	505	3,917	1,438	549	5,583	11,992
	(48)	(2,030)	(1,119)	(387)	(1,594)	(5,178)
	457	1,887	319	162	3,989	6,814
	534	4,148	874	787	5,724	12,067
	–	(1,336)	(687)	(466)	(1,615)	(4,104)
	534	2,812	187	321	4,109	7,963
	457	1,887	319	162	3,989	6,814
	14	1,248	28	255	2,743	4,288
	–	–	–	–	–	–
	–	(12)	–	–	(1,164)	(1,176)
	(14)	(431)	(160)	(109)	(1,459)	(2,173)
	77	–	–	–	–	77
	–	120	–	13	–	133
	534	2,812	187	321	4,109	7,963

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2011, the AUC included in land and building is $16K (2010: $Nil); leasehold improvements $2,097K (2010: $894K); computer equipment and software $1K (2010: $45K); and furniture and equipment $34K (2010: $13K).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

11. Current Liabilities – Payables

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Accrued salaries, wages and on-costs	**–**	–	**5,779**	4,002
Creditors	**5,031**	4,831	**5,031**	4,832
Other creditors	**123**	134	**123**	134
	5,154	4,965	**10,933**	8,968

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

12. Current/Non-Current Liabilities – Provisions

Current				
Employee benefits and related on-costs				
Recreation leave	**–**	–	**12,512**	12,425
Long service leave	**–**	–	**14,194**	13,328
Fringe benefit tax	**–**	–	**12**	11
Personnel services liability	**31,983**	29,317	**–**	–
	31,983	29,317	**26,718**	25,764
Other provisions				
Make good provision	**341**	364	**341**	364
	341	364	**341**	364
Total Current	**32,324**	29,681	**27,059**	26,128
Non-Current				
Employee benefits and related on-costs				
Long service leave	**–**	–	**2,534**	1,930
Personnel services liability	**14,098**	10,402	**–**	–
Superannuation	**–**	–	**11,564**	8,472
	14,098	10,402	**14,098**	10,402
Other provisions				
Make good provision	**784**	761	**784**	761
	784	761	**784**	761
Total Non-Current	**14,882**	11,163	**14,882**	11,163
Total Provisions	**47,206**	40,844	**41,941**	37,291
Movements in provisions (other than employee benefits)				
Carrying amount at the beginning of financial year	**1,125**	1,330	**1,125**	1,330
Additional provisions recognised	**–**	47	**–**	47
Amounts used	**(60)**	(224)	**(60)**	(224)
Change in discount rate	**60**	(28)	**60**	(28)
Carrying amount at the end of financial year	**1,125**	1,125	**1,125**	1,125

Details regarding make good provision are disclosed in Note 1(i) (iii).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Aggregate employee benefits and related on-costs				
Provisions – current	**31,983**	29,317	**26,718**	25,764
Provisions – non-current	**14,098**	10,402	**14,098**	10,402
Accrued salaries, wages and on-costs (Note 11)	**–**	–	**5,779**	4,002
	46,081	39,719	**46,595**	40,168

Employee entitlements for current recreation and long service leave include short-term (expected to be settled no more than 12 months after the reporting date) and long-term liability (expected to be settled after more than 12 months) as follows:

Short-term				
Recreation leave	**–**	–	**10,317**	10,097
Long service leave	**–**	–	**6,417**	5,666
	–	_	**16,734**	15,763
Long-term				
Recreation leave	**–**	–	**2,195**	2,328
Long service leave	**–**	–	**7,777**	7,662
	–	_	**9,972**	9,990

Recreation and Long Service Leave

Employee entitlements for recreation leave and long service leave amounting to $29.2m (30 June 2011: $27.7m) are partially funded by investments of $16.7m (30 June 2011: $16.5m) in the NSW Treasury Corporation's Hour-Glass Investment Facility Trust (Note 9) with the balance reflected in working capital.

Superannuation

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

Reconciliation of the present value of the defined benefit obligation

	SASS		SANC		SSS		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of partly funded defined benefit obligation at beginning of the year	**44,619**	46,187	**6,257**	6,772	**2,102**	2,099	**52,978**	55,058
Current service cost	**1,556**	1,707	**287**	289	**11**	11	**1,854**	2,007
Interest cost	**2,147**	2,204	**301**	321	**109**	106	**2,557**	2,631
Contributions by fund participants	**804**	861	**–**	–	**6**	5	**810**	866
Actuarial (gains)/losses	**721**	577	**315**	(368)	**400**	(43)	**1,436**	166
Benefits paid	**(6,832)**	(6,917)	**(950)**	(757)	**(303)**	(76)	**(8,085)**	(7,750)
Past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Curtailments	**–**	–	**–**	–	**–**	–	**–**	–
Settlements	**–**	–	**–**	–	**–**	–	**–**	–
Business combinations	**–**	–	**–**	–	**–**	–	**–**	–
Exchange rate changes	**–**	–	**–**	–	**–**	–	**–**	–
Present value of partly funded defined benefit obligation at end of the year	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978

Reconciliation of the fair value of fund assets

Fair value of fund assets at beginning of the year	**37,777**	38,957	**5,166**	5,186	**1,562**	1,501	**44,505**	45,644
Expected return on fund assets	**2,977**	3,116	**408**	411	**131**	126	**3,516**	3,653
Actuarial gains/(losses)	**(2,110)**	72	**(404)**	13	**(128)**	(1)	**(2,642)**	84
Employer contributions	**1,585**	1,688	**289**	313	**8**	7	**1,882**	2,008
Contributions by fund participants	**804**	861	**–**	–	**6**	5	**810**	866
Benefits paid	**(6,832)**	(6,917)	**(950)**	(757)	**(303)**	(76)	**(8,085)**	(7,750)
Settlements	**–**	–	**–**	–	**–**	–	**–**	–
Business combinations	**–**	–	**–**	–	**–**	–	**–**	–
Exchange rate changes	**–**	–	**–**	–	**–**	–	**–**	–
Fair value of fund assets at end of the year	**34,201**	37,777	**4,509**	5,166	**1,276**	1,562	**39,986**	44,505

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position

	SASS		SANC		SSS		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of partly funded defined benefit obligation at end of year	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978
Fair value of fund assets at end of year	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
Subtotal	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473
Unrecognised past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Unrecognised gain/(loss)	**–**	–	**–**	–	**–**	–	**–**	–
Adjustment for limitation on net asset	**–**	–	**–**	–	**–**	–	**–**	–
Net liability/(asset) recognised in the Statement of Financial Position at end of year	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473

Expense recognised in Statement of Comprehensive Income

Components Recognised in Statement of Comprehensive Income								
Current service cost	**1,556**	1,707	**287**	289	**11**	11	**1,854**	2,007
Interest cost	**2,147**	2,204	**301**	321	**109**	106	**2,557**	2,631
Expected return on fund assets (net of expenses)	**(2,977)**	(3,116)	**(408)**	(411)	**(131)**	(126)	**(3,516)**	(3,653)
Actuarial losses/(gains) recognised in year	**–**	–	**–**	–	**–**	–	**–**	–
Past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Movement in adjustment for limitation on net asset	**–**	–	**–**	–	**–**	–	**–**	–
Curtailment or settlement (gain)/loss	**–**	–	**–**	–	**–**	–	**–**	–
Expenses/(income) recognised	**726**	795	**180**	199	**(11)**	(9)	**895**	985

Amounts recognised in the other comprehensive Income

Actuarial (gains)/losses	**2,832**	504	**719**	(381)	**529**	(42)	**4,080**	81
Adjustment for limit on net asset	**–**	–	**–**	–	**–**	–	**–**	–

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

Cumulative amount recognised in the other comprehensive Income

	SASS		SANC		SSS		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Cumulative actuarial (gains)/losses	**8,905**	6,073	**1,316**	597	**791**	262	**11,012**	6,932

Fund assets

The percentage invested in each asset class at the balance sheet date:

	2012	2011
Australian equities	**28.0%**	33.4%
Overseas equities	**23.7%**	29.5%
Australian fixed interest securities	**4.9%**	5.7%
Overseas fixed interest securities	**2.4%**	3.1%
Property	**8.6%**	9.9%
Cash	**19.5%**	5.1%
Other	**12.9%**	13.3%

Fair value of fund assets

All fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

Actual return on fund assets	**18,382**	3,190	**4,118**	424	**(4,832)**	125	**17,668**	3,739

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	2012	2011
Discount rate	**3.06% pa**	5.28% pa
Expected rate of return on assets	**8.6%**	8.6%
Expected salary increases	**2.5% pa**	3.5% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical information

	SASS		SANC		SSS		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of defined benefit obligation	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978
Fair value of fund assets	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
(Surplus)/deficit in fund	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473
Experience adjustments – fund liabilities	**721**	577	**315**	(368)	**400**	(43)	**1,436**	166
Experience adjustments – fund assets	**2,110**	(72)	**404**	(13)	**128**	1	**2,642**	(84)

Expected contributions

Expected employer contributions to be paid in the next reporting period	**1,527**	1,636	**288**	312	**9**	8	**1,824**	1,956

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June financial position of the Fund calculated in accordance with AAS 25 "*Financial Reporting by Superannuation Plans*":

Accrued benefits	**39,881**	43,019	**5,537**	5,876	**1,199**	1,475	**46,617**	50,370
Net market value of fund assets	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
Net (surplus)/deficit	**5,680**	5,242	**1,028**	710	**(77)**	(87)	**6,631**	5,865

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions		SANCS % member salary		SSS multiple of member contributions	
	2012	2011	**2012**	2011	**2012**	2011
Accrued benefits	**1.9**	1.9	**2.5**	2.5	**1.6**	1.6

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Current/Non-Current Liabilities – Provisions (continued)

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-Average Assumptions	
Expected rate of return on fund assets backing current pension liabilities	**8.3%pa**
Expected rate of return on fund assets backing other liabilities	**7.3%pa**
Expected salary increase rate	**4.0%pa**
Expected rate of CPI increase	**2.5%pa**

Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

13. Commitments for Expenditure

(a) Capital Commitments

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:				
Not later than one year	**–**	–	**–**	–
Later than one year and not later than five years	**–**	–	**–**	–
Total (including GST)	**–**	–	**–**	–

(b) Operating Lease Commitments

	Parent 2012 $'000	Parent 2011 $'000	Consolidated 2012 $'000	Consolidated 2011 $'000
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	**2,001**	1,761	**2,001**	1,761
Later than one year and not later than five years	**3,194**	3,434	**3,194**	3,434
Later than five years	**52**	7	**52**	7
Total (including GST)	**5,247**	5,202	**5,247**	5,202

Operating lease commitments represent the unexpired portion of office accommodation property leases with state government and private sector landlords. These commitments will be met from future revenue.

The total operating lease commitments above include total input tax credits of $0.5m (30 June 2011: $0.5m) that are expected to be recoverable from the Australian Taxation Office.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

14. Contingent Liabilities and Contingent Assets

A claim has been made against HCS totalling $0.2m (2010–11: $0.5m), which if the claimant is successful, the settlement will be met by NSW Treasury Managed Fund.

15. Budget Review

Net result

The actual net result was worse than budget by $5.4m. This is primarily due to:

a) an increase in employee related expenses of $1.5m due to net payment of TMF hindsight adjustment for 2005–06 and 2007–08;

b) an increase in the operating expenses of $4.8m due to increase in subcontractors cost of $4.5m;

c) an increase in depreciation of $0.7m;

d) a decrease in sale of goods and services of $1.4m;

e) a decrease in investment revenue is due to lower interest of $0.8m; and

f) offset by an increase in grants received of $3.3m

Assets and liabilities

Total assets was lower than budget by $1.4m, mainly due to the reduction in the medium and long-term investment in TCorp.

Total liabilities was higher than budget by $8.0m. This is mainly due to the salary accruals of $5.8m and increase in the superannuation liability of $3.0m.

Cash flows

The cash balance at June 2012 was $1.0m higher than budget. The increase is attributable to higher grants received in 2011–12, offset by the payment of TMF Hindsight adjustments.

16. Reconciliation of cash flows from operating activities to net result

	Parent		Consolidated	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Net cash used on operating activities	**(2,142)**	20,359	**(2,142)**	20,359
Depreciation	**(2,741)**	(2,173)	**(2,741)**	(2,173)
Allowance for impairment	**301**	136	**292**	86
Gain/(loss) on investments	**222**	1,210	**222**	1,210
Decrease/(increase) in provisions	**(6,302)**	(963)	**(4,590)**	(438)
Increase/(decrease) in prepayments and other assets	**116**	(16,493)	**189**	(16,391)
Decrease/(increase) in creditors	**(189)**	931	**(1,965)**	354
Net gain/(loss) on sale of plant and equipment	**189**	630	**189**	630
Assets recognised for the first time	**–**	133	**–**	133
Unwinding of discount on make good provision	**(60)**	28	**(60)**	28
Superannuation actuarial losses	**–**	–	**4,080**	81
Net result for the year	**(10,606)**	**3,798**	**(6,526)**	**3,879**

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments

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

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

The 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 procedures are established to identify and analyse the risks faced by HCS, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Budget and Finance Committee on a continual basis.

(a) Financial Instrument Categories

Parent

Financial Assets	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Cash and cash equivalents	7	N/A	**53,945**	57,450
Receivables[1]	8	Loans and receivables (at amortised cost)	**4,957**	4,536
Financial assets at fair value	9	At fair value through profit or loss	**16,679**	16,457

Financial Liabilities	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Payables[2]	11	Financial liabilities measured at amortised cost	**2,868**	2,812

Consolidated

Financial Assets	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Cash and cash equivalents	7	N/A	**53,945**	57,450
Receivables[1]	8	Loans and receivables (at amortised cost)	**5,471**	4,986
Financial assets at fair value	9	At fair value through profit or loss	**16,679**	16,457

Financial Liabilities	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Payables[2]	11	Financial liabilities measured at amortised cost	**8,647**	6,815

Notes:
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. within scope of AASB 7).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is the possibility of HCS' debtors defaulting on their contractual obligations, resulting in a financial loss to HCS. 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 the financial assets of HCS, including cash and receivables. No collateral is held by HCS. HCS has not granted any financial guarantees. Credit risk associated with HCS' 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 within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. 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. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity 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. Sales are made on 30 day terms.

HCS is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: $3.2m; 2011: $1.9m) and less than 3 months past due (2012: $0.8m; 2011: $0.7m) are not considered impaired and together these represent 80.0% (2011: 69.0%) of the total trade debtors.

There are no debtors which are currently not past due or impaired whose terms have been renegotiated. The only financial assets that are past due or impaired are 'sale of goods and services' in the 'receivables' category of the statement of financial position.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

Parent

	Total	Past due but not impaired	Considered Impaired
	$'000	$'000	$'000
2012			
< 3 months overdue	**852**	**692**	**160**
3 months – 6 months overdue	**205**	**79**	**126**
> 6 months overdue	**699**	**181**	**518**
2011			
< 3 months overdue	896	687	209
3 months – 6 months overdue	234	–	234
> 6 months overdue	655	8	647

Consolidated

	Total	Past due but not impaired	Considered Impaired
	$'000	$'000	$'000
2012			
< 3 months overdue	**852**	**692**	**160**
3 months – 6 months overdue	**205**	**79**	**126**
> 6 months overdue	**699**	**181**	**518**
2011			
< 3 months overdue	896	687	209
3 months – 6 months overdue	234	–	234
> 6 months overdue	655	8	647

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.

(c) Liquidity risk

Liquidity risk is the risk that HCS will be unable to meet its payment obligations when they fall due. HCS 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 continuity of funding.

No assets have been pledged as collateral. HCS' exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 out in NSWTC 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 payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No late interest payments were made in the year ending 30 June 2012 (2011: $Nil).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

HCS has access to the following lines of credit with Westpac bank:

	2012	2011
Corporate card	**415**	415
Tape negotiation authority	**20,000**	20,000

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

Maturity Analysis and interest rate exposure of financial liabilities

Parent

	$'000 Interest Rate exposure					Maturity Dates		
	Weighted Average Effective Interest Rate	Nominal Amount[1]	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	<1 year	1-5 years	>5 years
2012								
Financial Liabilities:								
Payables	**N/A**	**2,868**	**–**	**–**	**2,868**	**2,868**	**–**	**–**
Accrued Salaries, Wages and On-costs	**N/A**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Financial Liabilities		**2,868**	**–**	**–**	**2,868**	**2,868**	**–**	**–**
2011								
Financial Liabilities:								
Payables	N/A	2,812	–	–	2,812	2,812	–	–
Accrued Salaries, Wages and On-costs	N/A	–	–	–	–	–	–	–
Total Financial Liabilities		**2,812**	**–**	**–**	**2,812**	**2,812**	**–**	**–**

Consolidated

	$'000 Interest Rate exposure					Maturity Dates		
	Weighted Average Effective Interest Rate	Nominal Amount[1]	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	<1 year	1-5 years	>5 years
2012								
Financial Liabilities:								
Payables	**N/A**	**2,868**	**–**	**–**	**2,868**	**2,868**	**–**	**–**
Accrued Salaries, Wages and On–costs	**N/A**	**5,779**	**–**	**–**	**5,779**	**5,779**	**–**	**–**
Total Financial Liabilities		**8,647**	**–**	**–**	**8,647**	**8,647**	**–**	**–**
2011								
Financial Liabilities:								
Payables	N/A	2,813	–	–	2,813	2,813	–	–
Accrued Salaries, Wages and On–costs	N/A	4,002	–	–	4,002	4,002	–	–
Total Financial Liabilities		**6,815**	**–**	**–**	**6,815**	**6,815**	**–**	**–**

Notes

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

(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. HCS' exposure to market risk is primarily through interest rate risk on HCS' cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. HCS 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 HCS operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. HCS' exposure to interest rate risk is set out below.

Parent

		$'000			
		-1%		+1%	
	Carrying Amount	Profit	Equity	Profit	Equity
2012					
Financial Assets					
Cash and cash equivalents	**53,945**	**(539)**	**(539)**	**539**	**539**
Receivables	**4,957**	**–**	**–**	**–**	**–**
Financial assets at fair value	**16,679**	**(167)**	**(167)**	**167**	**167**
Financial Liabilities					
Payables	**2,868**	**–**	**–**	**–**	**–**
2011					
Financial Assets					
Cash and cash equivalents	57,450	(575)	(575)	575	575
Receivables	4,536	–	–	–	–
Financial assets at fair value	16,457	(165)	(165)	165	165
Financial Liabilities					
Payables	2,812	–	–	–	–

2 | Home Care Service of NSW

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

Consolidated

	$'000				
		-1%		+1%	
	Carrying Amount	Profit	Equity	Profit	Equity
2012					
Financial Assets					
Cash and cash equivalents	**53,945**	**(539)**	**(539)**	**539**	**539**
Receivables	**5,471**	**–**	**–**	**–**	**–**
Financial assets at fair value	**16,679**	**(167)**	**(167)**	**167**	**167**
Financial Liabilities					
Payables	**8,647**	**–**	**–**	**–**	**–**
2011					
Financial Assets					
Cash and cash equivalents	57,450	(575)	(575)	575	575
Receivables	4,986	–	–	–	–
Financial assets at fair value	16,457	(165)	(165)	165	165
Financial Liabilities					
Payables	6,815	–	–	–	–

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

Parent and Consolidated

Facility	Investment Sectors	Investment Horizon	2012	2011
			$'000	$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	**41,624**	45,141
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	**7,128**	6,835
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	**9,551**	9,622

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

17. Financial Instruments (continued)

Investment in the Hour-Glass facilities limits HCS' 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 (i.e. 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).

Parent and Consolidated

	Change in unit price	Impact on profit/loss	
		2012 $'000	2011 $'000
Hour Glass Investment – Cash facility	+/-1%	**+/- 416**	+/- 451
Hour Glass Investment – Medium-term growth facility	+/-6%	**+/- 428**	+/- 410
Hour Glass Investment – Long-term growth facility	+/-15%	**+/- 1,433**	+/- 1,443

(e) Fair Value compared to carrying amount

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

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.

(f) Fair value recognised in the statement of financial position

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

Level 1 – Derived from quoted prices in active markets for identical assets/liabilities

Level 2 – Dervied from inputs other than quoted prices that are observable directly or indirectly.

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

	Level 1	Level 2	Level 3	Total
	2012 $'000	2012 $'000	2012 $'000	**2012 $'000**
Financial assets at fair value				
TCorp Hour-Glass Investment Facility	–	16,679	–	**16,679**
	–	16,679	–	**16,679**

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

18. Events after the reporting period

HCS management is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of Audited Financial Statements

Home Care Service Division

Independent Auditor's report

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Home Care Service Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Home Care Service Division (the Division), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Director-General's Responsibility for the Financial Statements

The Director-General of the Department of Family and Community Services 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 Director-General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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Independent Auditor's report (continued)

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

Independence

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

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

Peter Boulous CA
Director Financial Audit Services

27 September 2012
SYDNEY

Certification of Accounts

HOME CARE SERVICE DIVISION

YEAR ENDED 30 JUNE 2012

CERTIFICATION OF ACCOUNTS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act, 1983* (Act), I state that:

a) the accompanying financial statements of Home Care Service Division's activities for the year ended 30 June 2012 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Public Finance and Audit Act 1983, and its regulations and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

a) the statements and notes exhibit a true and fair view of the financial position and financial performance of the Home Care Service Division.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Jim Moore
Director General
25 September 2012

Stephen Mudge
Chief Financial Officer
25 September 2012

3 | Home Care Service Division

Statement of comprehensive income

For the year ended 30 June 2012

	Notes	Actual 2012 $'000	Actual 2011 $'000
Expenses excluding losses			
Operating expenses			
Employee related	2	**171,401**	165,760
Total Expenses Excluding Losses		**171,401**	165,760
Revenue			
Personnel services	3(a)	**175,493**	162,733
Workers Compensation Premium Hindsight adjustment	3(b)	**–**	3,159
Total Revenue		**175,493**	165,892
Other gains/(losses)	4	**(12)**	(51)
Net result		**4,080**	81
Other comprehensive income			
Superannuation actuarial losses		**(4,080)**	(81)
Total other comprehensive income		**(4,080)**	(81)
TOTAL COMPREHENSIVE INCOME		**–**	–

The accompanying notes form part of these statements

3 | Home Care Service Division

Statement of financial position

As at 30 June 2012

	Notes	Actual	Actual
		2012 $'000	2011 $'000
ASSETS			
Current Assets			
Receivables	6	**32,496**	29,767
Total Current Assets		**32,496**	29,767
Non-Current Assets			
Receivables	6	**14,099**	10,402
Total Non-Current Assets		**14,099**	10,402
Total Assets		**46,595**	40,169
LIABILITIES			
Current Liabilities			
Payables	7	**5,779**	4,003
Provisions	8	**26,718**	25,764
Total Current Liabilities		**32,497**	29,767
Non-Current Liabilities			
Provisions	8	**14,098**	10,402
Total Non-Current Liabilities		**14,098**	10,402
Total Liabilities		**46,595**	40,169
Net Assets		**–**	–
EQUITY			
Accumulated funds		**–**	–
Total Equity		**–**	–

The accompanying notes form part of these statements

3 | Home Care Service Division

Statement of changes in equity

For the year ended 30 June 2012

	Accumulated Funds	Asset Revaluation Surlpus	Total
	$'000	$'000	$'000
Balance at 1 July 2011	**–**	**–**	**–**
Net result for the year	**4,080**	**–**	**4,080**
Other comprehensive income:			
Superannuation actuarial losses	**(4,080)**	**–**	**(4,080)**
Total other comprehensive income	**(4,080)**	**–**	**(4,080)**
Total comprehensive income for the year	**–**	**–**	**–**
Balance at 30 June 2012	**–**	**–**	**–**
Balance at 1 July 2010	–	–	–
Net result for the year	81	–	81
Other comprehensive income:			
Superannuation actuarial losses	(81)	–	(81)
Total other comprehensive income	(81)	–	(81)
Total comprehensive income for the year	–	–	–
Balance at 30 June 2011	–	–	–

The accompanying notes form part of these statements

Statement of cash flows

For the year ended 30 June 2012

	Actual 2012 $'000	Actual 2011 $'000
NET CASH FLOW 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 HCS Division does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these statements

3 | Home Care Service Division

Service group statements

For the year ended 30 June 2012

Entity's Expenses and Income	Service Group 1*		Not Attributable		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expenses excluding losses						
Operating expenses						
Employee related	**171,401**	165,760	**–**	–	**171,401**	165,760
Total Expenses excluding losses	**171,401**	165,760	**–**	–	**171,401**	165,760
Revenue						
Personnel services	**175,493**	162,733	**–**	–	**175,493**	162,733
Workers Compensation Premium Hindsight adjustment	**–**	3,159	**–**	–	**–**	3,159
Total Revenue	**175,493**	165,892	**–**	–	**175,493**	165,892
Other gains/(losses)	**(12)**	(51)	**–**	–	**(12)**	(51)
Net result	**4,080**	81	**–**	–	**4,080**	81
Other comprehensive income						
Superannuation actuarial losses	**(4,080)**	(81)	**–**	–	**(4,080)**	(81)
Total other comprehensive income	**(4,080)**	(81)	**–**	–	**(4,080)**	(81)
TOTAL COMPREHENSIVE INCOME	**–**	–	**–**	–	**–**	–

Entity's Assets and Liabilities	Service Group 1*		Not Attributable		Total	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Current Assets						
Receivables	**32,496**	29,767	**–**	–	**32,496**	29,767
Total current assets	**32,496**	29,767	**–**	–	**32,496**	29,767
Non-current Assets						
Receivables	**14,099**	10,402	**–**	–	**14,099**	10,402
Total non-current assets	**14,099**	10,402	**–**	–	**14,099**	10,402
TOTAL ASSETS	**46,595**	40,169	**–**	–	**46,595**	40,169
Current liabilities						
Payables	**5,779**	4,003	**–**	–	**5,779**	4,003
Provisions	**26,718**	25,764	**–**	–	**26,718**	25,764
Total current liabilities	**32,497**	29,767	**–**	–	**32,497**	29,767
Non-current liabilities						
Provisions	**14,098**	10,402	**–**	–	**14,098**	10,402
Total non-current liabilities	**14,098**	10,402	**–**	–	**14,098**	10,402
TOTAL LIABILITIES	**46,595**	40,169	**–**	–	**46,595**	40,169
NET ASSETS	**–**	–	**–**	–	**–**	–

* The names and purpose of each service group are summarised in Note 5.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies

(a) Reporting Entity

Home Care Service Division (HCS Division) is a controlled entity established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment & Management Act 2002*. The Division's objective is to provide personnel services to Home Care Service of NSW (HCS).

HCS Division is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial statements for the year ended 30 June 2012 has been authorised for issue by the Director General, Department of Family and Community Services on 25 September 2012.

(b) Basis of preparation

HCS Division's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally the historical cost basis of accounting has been adopted except where fair value measurements have been applied.

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.

(c) Statement of compliance

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

(d) Insurance

HCS Division'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 claim experience.

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

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

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

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

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided.

(g) Assets

(i) Receivables

Receivables are non derivative financial assets with fixed or determinable payments which 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 of the underlying transaction. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

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

Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

ii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to 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.

Where there is objective evidence, reversals of previously recognised impairment losses are reversed in the net result for the year. Reversals of impairment losses on 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.

(iii) Derecognition 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 HCS Division transfers the financial asset:

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

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

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

(h) Liabilities

(i) Payables

Payables include accrued wages, salaries and related on-costs where there is certainty as to the amount and timing of settlement. These amounts represent liabilities for goods and services provided to HCS Division. Payables are recognised initially at fair value, usually based on the transaction cost or face value of the underlying transaction. 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.

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 2.465% are used to discount long-term 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.

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

(b) Long service leave and superannuation

Long service leave entitlements are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

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 NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an independent actuarial review performed in 2010, to approximate present value.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

Defined benefit superannuation plans

A defined plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the surplus/(deficit) for superannuation is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains and losses are charged directly to Equity in the year they occur.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

(i) 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.

(j) New Australian Accounting Standards issued but not effective

In the current year HCS Division has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC 12/04), HCS Division did not early adopt any of these accounting standards and interpretations that are not yet effective.

HCS Division's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the entity.

(k) Payroll Tax

HCS Division is exempt from paying payroll tax as legislated by *State Revenue Legislation (Miscellaneous Amendments) Act 1988 No 104*, effective from 1 July 1998.

3 | Home Care Service Division

Notes to and forming part of the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses

	2012 $'000	2011 $'000
Salaries and wages (including recreation leave)	**143,775**	140,984
Defined benefit superannuation	**895**	985
Defined contribution superannuation	**11,882**	11,499
Long service leave	**3,213**	2,015
Workers' compensation insurance	**11,590**	10,242
Fringe benefit tax	**46**	35
	171,401	165,760

3. Revenue

a) Personnel services

Revenue from the sale of personnel services	**175,493**	162,733
	175,493	162,733

HCS Division provides personnel services to HCS of NSW, at cost.

(b) Workers Compensation Premium Hindsight adjustment

Workers Compensation Premium Hindsight adjustment	**–**	3,159
	–	3,159

The Treasury Managed Fund calculates a workers compensation hindsight adjustment premiums each year. In 2011-12, HCS Division paid $1.5m (excluding GST), compared to a refund of $3.2m (excluding GST) in 2010-11, which has been recognised as revenue in the Statement of Comprehensive Income.

4. Other Gains/(Losses)

Doubtful debts expense	**12**	51
	12	51

5. Service Groups of the Entity

(a) Service Group 1 – Community Support for People with a Disability, their Family and Carers

Purpose: This service group covers services that assist older people and people with a disability to live in their own home environment and to participate in the community with some ongoing support.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

6. Current/Non-Current – Receivables

	2012 $'000	2011 $'000
Current		
Personnel services receivable	**31,983**	29,317
Workers' compensation debtor	**504**	440
Sundry debtors	**182**	174
Less: Allowance for impairment	**(173)**	(164)
Total Current	**32,496**	29,767
Non-Current		
Personnel services receivable	**14,099**	10,402
Total Non-Current	**14,099**	10,402
Total Receivables	**46,595**	40,169
Movement in the allowance for impairment		
Balance at 1 July	**164**	114
Amounts written off during the year	**(1)**	–
Amount recovered during the year	**(29)**	–
Increase/(decrease) in allowance recognised in profit and loss	**39**	50
Balance at 30 June	**173**	164

7. Current Liabilities – Payables

	2012 $'000	2011 $'000
Accrued salaries, wages and on-costs	**5,779**	4,002
Payable to Australian Taxation Office – PAYG	**–**	–
Other payables	**–**	1
	5,779	4,003

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 12.

3 | Home Care Service Division

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions

	2012 $'000	2011 $'000
Current		
Employee Benefit and Related on-costs		
Recreation leave	**12,512**	12,425
Long service leave	**14,194**	13,328
Fringe benefit tax	**12**	11
Total Current	**26,718**	25,764
Non-Current		
Employee Benefit and Related on-costs		
Long service leave	**2,534**	1,930
Superannuation	**11,564**	8,472
Total Non-Current	**14,098**	10,402
Total Provisions	**40,816**	36,166
Aggregate Employee Benefits and Related on-costs		
Provisions – current	**26,718**	25,764
Provisions – non current	**14,098**	10,402
Accrued salaries, wages and on-costs (Note 7)	**5,779**	4,002
	46,595	40,168

Employee entitlements for current recreation and long service leave include short-term (expected to be settled no more than 12 months after the reporting date) and long-term liability (expected to be settled after more than 12 months) as follows:

Short-term	**10,317**	10,097
Recreation leave	**6,417**	5,666
Long service leave	**16,734**	15,763
Long-term	**2,195**	2,328
Recreation leave	**7,777**	7,662
Long service leave	**9,972**	9,990

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions (continued)

Superannuation

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of partly funded defined benefit obligation at beginning of the year	**44,619**	46,187	**6,257**	6,772	**2,102**	2,099	**52,978**	55,058
Current service cost	**1,556**	1,707	**287**	289	**11**	11	**1,854**	2,007
Interest cost	**2,147**	2,204	**301**	321	**109**	106	**2,557**	2,631
Contributions by fund participants	**804**	861	**–**	–	**6**	5	**810**	866
Actuarial (gains)/losses	**721**	577	**315**	(368)	**400**	(43)	**1,436**	166
Benefits paid	**(6,832)**	(6,917)	**(950)**	(757)	**(303)**	(76)	**(8,085)**	(7,750)
Past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Curtailments	**–**	–	**–**	–	**–**	–	**–**	–
Settlements	**–**	–	**–**	–	**–**	–	**–**	–
Business combinations	**–**	–	**–**	–	**–**	–	**–**	–
Exchange rate changes	**–**	–	**–**	–	**–**	–	**–**	–
Present value of partly funded defined benefit obligation at end of the year	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions (continued)

Reconciliation of the fair value of fund assets

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Fair value of fund assets at beginning of the year	**37,777**	38,957	**5,166**	5,186	**1,562**	1,501	**44,505**	45,644
Expected return on fund assets	**2,977**	3,116	**408**	411	**131**	126	**3,516**	3,653
Actuarial gains/(losses)	**(2,110)**	72	**(404)**	13	**(128)**	(1)	**(2,642)**	84
Employer contributions	**1,585**	1,688	**289**	313	**8**	7	**1,882**	2,008
Contributions by fund participants	**804**	861	**–**	–	**6**	5	**810**	866
Benefits paid	**(6,832)**	(6,917)	**(950)**	(757)	**(303)**	(76)	**(8,085)**	(7,750)
Settlements	**–**	–	**–**	–	**–**	–	**–**	–
Business combinations	**–**	–	**–**	–	**–**	–	**–**	–
Exchange rate changes	**–**	–	**–**	–	**–**	–	**–**	–
Fair value of fund assets at end of the year	**34,201**	37,777	**4,509**	5,166	**1,276**	1,562	**39,986**	44,505

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of partly funded defined benefit obligation at end of year	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978
Fair value of fund assets at end of year	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
Subtotal	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473
Unrecognised past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Unrecognised gain/(loss)	**–**	–	**–**	–	**–**	–	**–**	–
Adjustment for limitation on net asset	**–**	–	**–**	–	**–**	–	**–**	–
Net liability/(asset) recognised in the Statement of Financial Position at end of year	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions (continued)

Superannuation (continued)

Expense recognised in Statement of Comprehensive Income

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Components Recognised in Statement of Comprehensive Income								
Current service cost	**1,556**	1,707	**287**	289	**11**	11	**1,854**	2,007
Interest cost	**2,147**	2,204	**301**	321	**109**	106	**2,557**	2,631
Expected return on fund assets (net of expenses)	**(2,977)**	(3,116)	**(408)**	(411)	**(131)**	(126)	**(3,516)**	(3,653)
Actuarial losses/(gains) recognised in year	**–**	–	**–**	–	**–**	–	**–**	–
Past service cost	**–**	–	**–**	–	**–**	–	**–**	–
Movement in adjustment for limitation on net asset	**–**	–	**–**	–	**–**	–	**–**	–
Curtailment or settlement (gain)/loss	**–**	–	**–**	–	**–**	–	**–**	–
Expenses/(income) recognised	**726**	795	**180**	199	**(11)**	(9)	**895**	985

Amounts recognised in the other comprehensive Income

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Actuarial (gains)/losses	**2,832**	504	**719**	(381)	**529**	(42)	**4,080**	81
Adjustment for limit on net asset	**–**	–	**–**	–	**–**	–	**–**	–

Cumulative amount recognised in the other comprehensive Income

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Cumulative actuarial (gains)/losses	**8,905**	6,073	**1,316**	597	**791**	262	**11,012**	6,932

Fund assets

The percentage invested in each asset class at the balance sheet date:

	2012	2011
Australian equities	**28.0%**	33.4%
Overseas equities	**23.7%**	29.5%
Australian fixed interest securities	**4.9%**	5.7%
Overseas fixed interest securities	**2.4%**	3.1%
Property	**8.6%**	9.9%
Cash	**19.5%**	5.1%
Other	**12.9%**	13.3%

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions (continued)

Fair value of fund assets

All fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Actual return on fund assets	**18,382**	3,190	**4,118**	424	**(4,832)**	125	**17,668**	3,739

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	2012	2011
Discount rate	**3.06% pa**	5.28% pa
Expected rate of return on assets	**8.6%**	8.6%
Expected salary increases	**2.5% pa**	3.5% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical information

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Present value of defined benefit obligation	**43,015**	44,619	**6,210**	6,257	**2,325**	2,102	**51,550**	52,978
Fair value of fund assets	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
(Surplus)/deficit in fund	**8,814**	6,842	**1,701**	1,091	**1,049**	540	**11,564**	8,473
Experience adjustments – fund liabilities	**721**	577	**315**	(368)	**400**	(43)	**1,436**	166
Experience adjustments – fund assets	**2,110**	(72)	**404**	(13)	**128**	1	**2,642**	(84)

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current/Non-Current Liabilities – Provisions (continued)

Superannuation (continued)

Expected contributions

	SASS		SANCS		SSS		TOTAL	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Expected employer contributions to be paid in the next reporting period	**1,527**	1,636	**288**	312	**9**	8	**1,824**	1,956

Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June financial position of the Fund calculated in accordance with AAS 25 *"Financial Reporting by Superannuation Plans"*:

Accrued benefits	**39,881**	43,019	**5,537**	5,876	**1,199**	1,475	**46,617**	50,370
Net market value of fund assets	**(34,201)**	(37,777)	**(4,509)**	(5,166)	**(1,276)**	(1,562)	**(39,986)**	(44,505)
Net (surplus)/deficit	**5,680**	5,242	**1,028**	710	**(77)**	(87)	**6,631**	5,865

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions		SANCS % member salary		SSS multiple of member contributions	
	2012	2011	**2012**	2011	**2012**	2011
	1.9	1.9	**2.5**	2.5	**1.6**	1.6

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Superannuation	
Weighted-Average Assumptions	
Expected rate of return on fund assets backing current pension liabilities	8.3%pa
Expected rate of return on fund assets backing other liabilities	7.3%pa
Expected salary increase rate	4.0%pa
Expected rate of CPI increase	2.5%pa

Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

9. Contingent Liabilities and Contingent Assets

HCS Division has no contingent liabilities and contingent assets at 30 June 2012 (2011: Nil).

10. Reconciliation of cash flows from operating activities to net results

	2012 $'000	2011 $'000
Net cash used on operating activities	–	–
Decrease/(increase) in provisions	(4,650)	(615)
Increase/(decrease) in receivables	6,426	1,192
Decrease/(increase) in creditors	(1,776)	(577)
Superannuation actuarial losses	4,080	81
Net result	**4,080**	81

11. Commitments for Expenditure

HCS has no commitments as at 30 June 2012 (30 June 2011: $Nil).

12. Financial Instruments

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

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

The 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 procedures are established to identify and analyse the risks faced by HCS Division, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Budget and Finance Committee on a continual basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	
Class:			**2012 $'000**	2011 $'000
Receivables[1]	6	Loans and receivables (at amortised cost)	**46,595**	40,169

Financial Liabilities	Note	Category	Carrying Amount	
Class:			**2012 $'000**	2011 $'000
Payables[2]	7	Financial liabilities measured at amortised cost	**5,779**	4,003

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is the possibility of HCS Division debtors defaulting on their contractual obligations, resulting in a financial loss to HCS Division. 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 the financial assets of HCS Division, including receivables. No collateral is held by HCS Division. HCS Division has not granted any financial guarantees.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. The balance owing represents monies due from Home Care Service of NSW. There are no financial assets that are past due or impaired. HCS Division's exposure to credit risk on its receivables is considered minimal because of the nature of its debtor being a government body.

(c) Liquidity risk

Liquidity risk is the risk that HCS Division will be unable to meet its payment obligations when they fall due. HCS Division continuosly manages risk through monitoring future cash flows. HCS Division exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 out in NSWTC 11/12. For small business supliers, 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 specific time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No late interest payments were made in the year ending 30 June 2012 (2011: $Nil).

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

			$'000 Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Interest Rate	Nominal Amount[1]	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	<1 year	1-5 years	>5 years
2012								
Financial Liabilities:								
Payables	**N/A**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accrued Salaries, Wages and on-costs	**N/A**	**5,779**	**–**	**–**	**5,779**	**5,779**	**–**	**–**
Total Financial Liabilities		**5,779**	**–**	**–**	**5,779**	**5,779**	**–**	**–**
2011								
Financial Liabilities:								
Payables	N/A	1	–	–	1	1	–	–
Accrued Salaries, Wages and on-costs	N/A	4,002	–	–	4,002	4,002	–	–
Total Financial Liabilities		4,003	_	_	4,003	4,003	_	_

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which HCS Division can be required to pay. The tables include both interest and principal cash flow and therefore will not reconcile to the statement of financial position.

(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. HCS Division is not exposed to interest rate risk, as it does not have cash or cash equivalents and its financial assets and financial liabilities are not subject to interest rate movements. HCS Division has no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair Value compared to carrying amount

Financial instruments are recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value compared to carrying amount, because of the short-term nature of many of the financial instruments.

13. Events after the reporting period

HCS Division management is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of Audited Financial Statements

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John Williams Memorial Charitable Trust

4 | John Williams Memorial Charitable Trust

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

John Williams Memorial Charitable Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the John Williams Memorial Charitable Trust (the Trust), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2012, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director General's Responsibility for the Financial Statements

The Director General Family and Community Services 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 members of the Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Independent Auditor's report (continued)

My opinion does *not* provide assurance:

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

Independence

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

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

Peter Boulous CA
Director, Financial Audit Services

27 September 2012
SYDNEY

Statement by the Director General

JOHN WILLIAMS MEMORIAL CHARITABLE TRUST

YEAR ENDED 30 JUNE 2012

STATEMENT BY THE DIRECTOR GENERAL

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act, 1983* (Act), I state that:

a) the accompanying financial statements of the John Williams Memorial Charitable Trust for the year ended 30 June 2012 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Public Finance and Audit Act 1983, and its regulations and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) the financial statements and notes exhibit a true and fair view of the financial position and financial performance of the John Williams Memorial Charitable Trust.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Jim Moore
Director General
25 September 2012

4 | John Williams Memorial Charitable Trust

Statement of comprehensive income

For the year ended 30 June 2012

	Notes	2012	2011
		$'000	$'000
Expenses excluding losses			
Auditors remuneration – audit of financial statements		**6**	6
Maintenance expenses		**68**	74
Depreciation	2	**109**	104
Total Expenses excluding losses		**183**	184
Revenue			
Investment revenue	3(a)	**144**	135
In-kind contribution revenue	3(b)	**21**	10
Total Revenue		**165**	145
Gain/(loss) on disposal of assets	4	**(4)**	–
Other gains/(losses)	5	**845**	(58)
Net result		**823**	(97)
Total other comprehensive income for the year		**–**	–
TOTAL COMPREHENSIVE INCOME		**823**	(97)

The accompanying notes form part of these statements

4 | John Williams Memorial Charitable Trust

Statement of changes in equity

For the year ended 30 June 2012

	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		$'000	$'000	$'000
Balance at 1 July 2011		**8,134**	**–**	**8,134**
Net result for the year		**823**	**–**	**823**
Other comprehensive income		**–**	**–**	**–**
Total comprehensive income for the year		**823**	**–**	**823**
Balance at 30 June 2012		**8,957**	**–**	**8,957**
Balance at 1 July 2010		8,231	–	8,231
Net result for the year		(97)	–	(97)
Total other comprehensive income		–	–	–
Total comprehensive income for the year		(97)	–	(97)
Balance at 30 June 2011		8,134	–	8,134

The accompanying notes form part of these statements

4 | John Williams Memorial Charitable Trust

Statement of financial position

As at 30 June 2012

	Notes	2012	2011
		$'000	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	**2,455**	3,066
Total Current Assets		**2,455**	3,066
Non-Current Assets			
Property, plant and equipment	7		
– Land and buildings		**6,547**	5,081
– Plant and equipment		**18**	63
Total Property, plant and equipment		**6,565**	5,144
Total Non-Current Assets		**6,565**	5,144
TOTAL ASSETS		**9,020**	8,210
LIABILITIES			
Current Liabilities			
Payables	8	**63**	76
Total Current Liabilities		**63**	76
TOTAL LIABILITIES		**63**	76
NET ASSETS		**8,957**	8,134
EQUITY			
Accumulated funds		**8,957**	8,134
TOTAL EQUITY		**8,957**	8,134

The accompanying notes form part of these statements

Statement of cash flows

For the year ended 30 June 2012

	Notes	2012	2011
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other		(66)	–
Total Payments		(66)	–
Receipts			
Interest received		144	135
Government grants		–	–
Total Receipts		144	135
NET CASH FLOWS FROM OPERATING ACTIVITIES	10	78	135
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		–	70
Purchases of plant and equipment		(689)	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		(689)	70
NET INCREASE/(DECREASE) IN CASH			
Opening cash and cash equivalents		3,066	2,861
Net increase/(decrease) in cash		(611)	205
CLOSING CASH AND CASH EQUIVALENTS	6	2,455	3,066

The accompanying notes form part of these statements

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Crown in the right of the State of NSW is the trustee of the John Williams Memorial Charitable Trust (the Trust). In 2005, the Director-General of the then Department of Ageing, Disability and Home Care, now known as Ageing, Disability and Home Care (ADHC), as an emanation of the Crown, was authorised to administer the trust. Effective from 1 July 2009, the Director-General of the Department of Human Services (DHS) became administrator of the Trust, as a result of the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009*.

On 3 April 2011, DHS changed its name to the Department of Family and Community Services (DFaCS) as a result of the *Public Sector Employment and Management (Departments) Order 2011*.

The purpose of the Trust is to provide respite care and accommodation for children with disabilities. The Trust accomplishes this purpose by providing properties to be used for this purpose by children with a disability.

The Trust is a special purpose reporting entity. It is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the DFaCS financial statements and the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Director General on 25 September 2012.

(b) Basis of preparation

The Trust's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or directions issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' 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.

(c) Statement of compliance

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

(d) Insurance

The Trust'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 claim experience.

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

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

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

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

(f) 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 income are discussed below.

(i) Investment revenue

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

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(ii) In-kind contributions

The Trust's properties are utilised by ADHC and Non Government Organisations (NGOs) to provide respite care to children with disabilities. In-kind contributions have been received from these organisations during 2011–12 in the form of maintenance of the properties. These contributions have been recognised in the Trust's account as maintenance expense and in-kind contribution revenue, at the values assessed by these organisations.

(g) Assets

(i) Acquisition of assets

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

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

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

(ii) Capitalisation thresholds

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

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

JWT revalues land and buildings at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The initial revaluation of land and buildings was carried out by a registered independent valuer as at 30 June 2010. In the intervening reporting periods, when a revaluation is not undertaken, the carrying amount of land and buildings is assessed to ensure it represents fair value.

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

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

Any balances of accumulated depreciation 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 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, 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

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

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

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the Trust are regarded as immaterial.

(v) 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 Trust.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Plant, furniture and equipment – general	4
Plant, furniture and equipment – commercial	7
Plant, furniture and equipment – industrial	20

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) 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.

(viii) Receivables

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

(ix) Investments

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

Gains or losses on these assets are recognised in the net result for the year.

The movement in the fair value of the T-Corp Hour-Glass Cash Facility incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

(x) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to 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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses on 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

1. Summary of Significant Accounting Policies (continued)

(h) Liabilities

(i) Payables

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

(i) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the revaluation of property, plant and equipment as discussed in note 1(g)(ii).

(ii) Accumulated funds

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

(j) 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.

(k) New Australian Accounting Standards issued but not effective

In the current year the Trust has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC 12/04), the Trust did not early adopt any of these accounting standards and interpretations that are not yet effective.

The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the entity.

2. Depreciation

	2012	2011
	$'000	$'000
Building	**68**	62
Furniture, fixtures and fittings	**41**	42
	109	104

Notes to and forming part of the financial statements

For the year ended 30 June 2012

3. Revenue

(a) Investment revenue

	2012	2011
	$'000	$'000
Interest received on bank accounts	**16**	46
TCorp Hour Glass cash facility designated as fair value through profit and loss	**128**	89
	144	135

The Trust's bankers pay interest on the aggregate net credit daily balance of the bank accounts. The interest rate is varied by the banks in line with money market rate movements and is credited to the individual accounts on a monthly basis.

Investment income is also earned on deposits at call with the NSW Treasury Corporation, where unit value is determined on a daily basis.

(b) In Kind contribution revenue

Maintenance provided free of charge by agencies utilising the Trust's properties	**21**	10
	21	10

4. Gain/(Loss) on Disposal

Gain/(loss) on disposal of plant and equipment		
Proceeds from disposal	**–**	–
Less: Written down value of assets	**(4)**	–
Net gain/(loss) on disposal	**(4)**	–

5. Other Gains/(Losses)

Impairment gains/(losses)	**–**	–
Property, plant and equipment revaluation gains/(losses)	**845**	(58)
Net gain/(loss) on disposal	**845**	(58)

6. Current Assets – Cash and Cash Equivalents

Treasury Corporation	**2,329**	2,602
Cash at bank	**126**	464
	2,455	3,066

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, short-term deposits and bank overdraft.

Cash and 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:

Cash and cash equivalents (per Statement of Financial Position)	**2,455**	3,066
Closing cash and cash equivalents (per Statement of Cash Flows)	**2,455**	3,066

Refer to note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

7. Non-Current Assets – Property, Plant and Equipment

	Land and Buildings	Plant & Equipment	Total
	$'000	$'000	$'000
At 1 July 2011 – At fair value			
Gross carrying amount	5,081	168	5,249
Accumulated depreciation and impairment	–	(105)	(105)
Net carrying amount	5,081	63	5,144
At 30 June 2012 – At fair value			
Gross carrying amount	6,755	151	6,906
Accumulated depreciation and impairment	(208)	(133)	(341)
Net carrying amount	6,547	18	6,565
Year Ended 30 June 2012			
Net carrying amount at start of year	5,081	63	5,144
Additions	689	–	689
Disposals	–	(4)	(4)
Reclassification of asset	–	–	–
Depreciation expense	(68)	(41)	(109)
Net revaluation increments	845	–	845
Net carrying amount at end of year	6,547	18	6,565

Asset under construction (AUC) included in the asset balances above are $Nil (2011: $Nil)

	Land and Buildings	Plant & Equipment	Total
	$'000	$'000	$'000
At 1 July 2010 – At fair value			
Gross carrying amount	5,010	463	5,473
Accumulated depreciation and impairment	–	(167)	(167)
Net carrying amount	5,010	296	5,306
At 30 June 2011 – At fair value			
Gross carrying amount	5,081	168	5,249
Accumulated depreciation and impairment	–	(105)	(105)
Net carrying amount	5,081	63	5,144
Year Ended 30 June 2011			
Net carrying amount at start of year	5,010	296	5,306
Additions	–	–	–
Disposals	–	–	–
Transfer between classes	191	(191)	–
Depreciation expense	(62)	(42)	(104)
Net revaluation decrements	(58)	–	(58)
Net carrying amount at end of year	5,081	63	5,144

Asset under construction (AUC) included in the asset balances above are $Nil (2011: $Nil)

Notes to and forming part of the financial statements

For the year ended 30 June 2012

8. Current Liabilities – Payables

	2012	2011
	$'000	$'000
Creditors	**63**	76
	63	76

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 12.

9. Contingent Liabilities And Contingent Assets

The Trust has no contingent liability and contingent assets at 30 June 2012 (2011: $Nil).

10. Reconciliation of Cash Flows from Operating Activities to Net Result

	2012	2011
	$'000	$'000
Net cash used from operating activities	**78**	135
Depreciation	**(109)**	(104)
Decrease/(increase) in creditors	**13**	(70)
Net gain/(loss) on sale of plant and equipment	**(4)**	–
Property, plant and equipment revaluation gains/(losses)	**845**	(58)
Surplus/(deficit) for the year	**823**	(97)

11. Commitments for Expenditure

The Trust has no expenditure commitments as at 30 June 2012 (2011: $Nil).

12. Financial Instruments

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

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

The Chief Executive of Department of Family and Community Services – Ageing, Disability and Home Care has responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Cash and cash equivalents[1]	6	N/A	**2,455**	3,066

Financial Liabilities	Note	Category	Carrying Amount	
			2012 $'000	2011 $'000
Class:				
Payables[2]	8	Financial liabilities measured at amortised cost	**63**	76

Notes:
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. within scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations, resulting in a financial loss to the Trust. 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 the financial assets of the Trust, including cash and receivables. No collateral is held by the Trust. The Trust has not granted any financial guarantees. Credit risk associated with the Trust'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 with Westpac Bank. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. 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. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity 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 Trust is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: $Nil; 2011: $Nil) and less than three months past due (2012: $Nil; 2011:$Nil) are not considered impaired and together these represent 100.0% (2011: 100.0%) of the total trade debtors. There are no debts that are past due.

There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust 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 continuity of funding.

No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 out in NSWTC 11/12. For the 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 payments is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No late interest payments were made in the year ending 30 June 2012 (2011: $Nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

			Interest Rate exposure $'000			Maturity Dates		
	Weighted Average Effective Interest rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing	< 1 year	1–5 years	1–5 years
2012								
Financial Liabilities:								
Payables	**N/A**	**63**	**–**	**–**	**63**	**63**	**–**	**–**
Total Financial Liabilities		**63**	**–**	**–**	**63**	**63**	**–**	**–**
2011								
Financial Liabilities:								
Payables	N/A	76	–	–	76	76	–	–
Total Financial Liabilities		76	–	–	76	76	–	–

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which HCS Division can be required to pay. The tables include both interest and principal cash flow and therefore will not reconcile to the statement of financial position.

(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 Trust's exposure to market risk is primarily through interest rate risk on the Trust's cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Trust 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 Trust operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Trust's exposure to interest rate risk is set out below.

	$'000				
	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
2012					
Financial Assets					
Cash and cash equivalents	**2,455**	**(25)**	**(25)**	**25**	**25**
Receivables	**–**	**–**	**–**	**–**	**–**
Financial Liabilities					
Payables	**63**	**–**	**–**	**–**	**–**
2011					
Financial Assets					
Cash and cash equivalents	3,066	(31)	(31)	31	31
Receivables	–	–	–	–	–
Financial Liabilities					
Payables	76	–	–	–	–

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

			2012	2011
Facility	Investment Sectors	Investment Horizon	**$'000**	$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	**2,329**	2,602

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

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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 (i.e. 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).

4 | John Williams Memorial Charitable Trust

Notes to and forming part of the financial statements

For the year ended 30 June 2012

12. Financial Instruments (continued)

		Impact on profit/loss	
	Change in unit price	**2012 $'000**	2011 $'000
Hour Glass Investment – Cash facility	+/- 1%	**+/-23**	+/-26

(e) Fair Value compared to carrying amount

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

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.

13. Events After the Reporting Period

The Trust's management is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of Audited Financial Statements

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Aboriginal Housing Office

5 | Aboriginal Housing Office

Statement by the Director General 1 July 2011 to 30 June 2012

ABORIGINAL HOUSING OFFICE

STATEMENT BY THE DIRECTOR GENERAL

For and on behalf of the ABORIGINAL HOUSING OFFICE

Pursuant to section 41C subsection 1(B) and 1(C) of the *Public Finance and Audit Act 1983*, I state that in my opinion:

a) The accompanying financial statements of the Aboriginal Housing Office for the year ended 30 June 2012 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983,* and its regulations and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) The accompanying financial statements exhibit a true and fair view of the financial position of the Aboriginal Housing Office as at 30 June 2012 and its financial performance for the year then ended.

c) I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Jim Moore
Director General
For and on behalf of the
Aboriginal Housing Office

5 | Aboriginal Housing Office

Statement of comprehensive income

For the year ended 30 June 2012

	Notes	Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000
Expenses excluding losses				
Operating expenses				
Personnel Services	2(a)	**14,226**	10,357	8,653
Other operating expenses	2(b)	**47,339**	49,144	43,021
Depreciation and amortisation	2(c)	**11,574**	9,663	8,014
Grants and Subsidies	2(d)	**19,635**	53,780	27,537
Total expenses excluding losses		**92,774**	122,944	87,225
Revenue				
Rent and other tenant charges	3(a)	**41,500**	40,797	39,691
Investment revenue	3(b)	**1,058**	764	876
Social policy program	3(c)	**83,684**	105,757	61,566
Grants and contributions	3(d)	**42,495**	108,300	95,148
Total Revenue		**168,737**	255,618	197,281
Gain/(loss) on disposal	4	**(922)**	200	(588)
Other (losses)	5	**(721)**	–	(217)
Net result		**74,320**	132,874	109,251
Other comprehensive income				
Net increase in property, plant and equipment revaluation surplus		**2,415**	–	35,949
Total other comprehensive income for the year		**2,415**	–	35,949
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**76,735**	132,874	145,200

The accompanying notes form part of these statements.

5 | Aboriginal Housing Office

Statement of financial position

As at 30 June 2012

	Notes	Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	**26,416**	19,372	22,004
Receivables	7	**3,789**	2,444	2,161
Total Current Assets		**30,205**	21,816	24,165
Non-Current Assets				
Receivables	7	**4,685**	4,285	4,685
Property, plant and equipment				
Land and buildings	8	**1,182,013**	1,275,524	1,108,201
Plant and equipment	8	**219**	759	436
Capital work in progress	8	**17,201**	9,861	28,065
Total property, plant and equipment		**1,199,433**	1,286,144	1,136,702
Intangible assets	9	**–**	–	9
Total Non-Current Assets		**1,204,118**	1,290,429	1,141,396
Total Assets		**1,234,323**	1,312,245	1,165,561
LIABILITIES				
Current Liabilities				
Payables	10	**21,721**	29,694	29,886
Provisions	11	**152**	–	–
		21,873	29,694	29,886
Total Current Liabilities		**21,873**	29,694	29,886
Non-Current Liabilities				
Provisions	11	**40**	–	–
Total Non-Current Liabilities		**40**	–	–
Total Liabilities		**21,913**	29,694	29,886
Net Assets		**1,212,410**	1,282,551	1,135,675
EQUITY				
Reserves		**438,669**	452,624	437,269
Accumulated funds		**773,741**	829,927	698,406
Total Equity		**1,212,410**	1,282,551	1,135,675

The accompanying notes form part of these statements.

5 | Aboriginal Housing Office

Statement of changes in equity

For the year ended 30 June 2012

2012	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		$'000	$'000	$'000
Balance at 1 July 2011		698,406	437,269	1,135,675
Net result for the year		74,320	–	74,320
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		–	2,415	2,415
Total other comprehensive income		–	2,415	2,415
Total comprehensive income for the year		74,320	2,415	76,735
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers		1,015	(1,015)	–
Balance at 30 June 2012		773,741	438,669	1,212,410

2011	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		$'000	$'000	$'000
Balance at 1 July 2010		587,802	402,673	990,475
Net result for the year		109,251	–	109,251
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		–	35,949	35,949
Total other comprehensive income		–	35,949	35,949
Total comprehensive income for the year		109,251	35,949	145,200
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers		1,353	(1,353)	–
Balance at 30 June 2011		698,406	437,269	1,135,675

The accompanying notes form part of these statements.

Statement of cash flows

For the year ended 30 June 2012

	Notes	Actual 2012 $'000	Budget 2012 $'000	Actual 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services and other expenses		**(14,221)**	(10,357)	(8,653)
Payment to suppliers		**(56,082)**	(27,496)	(39,243)
Grants and subsidies		**(19,635)**	(53,780)	(27,537)
Other		**–**	(23,475)	(143)
Total Payments		**(89,938)**	(115,108)	(75,576)
Receipts				
Rent and other tenant charges		**41,500**	40,797	39,691
Interest received		**1,058**	764	876
Social policy program		**81,934**	105,757	61,566
Grants and contributions		**235**	1,752	2,714
Total Receipts		**124,727**	149,070	104,847
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	**34,789**	33,962	29,271
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings and plant and equipment		**1,108**	3,000	2,728
Purchases of land and buldings and plant and equipment		**(31,485)**	(39,594)	(48,011)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(30,377)**	(36,594)	(45,283)
NET INCREASE/(DECREASE) IN CASH		**4,412**	(2,632)	(16,012)
Opening cash and cash equivalents		**22,004**	22,004	38,016
CLOSING CASH AND CASH EQUIVALENTS	6	**26,416**	19,372	22,004

The accompanying notes form part of these statements.

5 | Aboriginal Housing Office

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity

The Aboriginal Housing Office (the AHO) is a statutory authority established in 1998 pursuant to the *Aboriginal Housing Act 1998*. The AHO is a reporting entity and does not have entities under its control.

It is responsible for planning and administering the policies, programs and asset base for Aboriginal public housing in New South Wales. This includes resource allocation, sector wide policy, strategic planning and monitoring outcomes and performance in the Aboriginal public housing sector.

The AHO's personnel services are provided by the Aboriginal Housing Office within the Department of Family and Community Services, which was established pursuant to Administrative Order 2009-352. The order abolished the Aboriginal Housing Office Group of Staff effective from 1 July 2009.

The AHO is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

Although the AHO is clustered with the Department of Family and Community Services it is not controlled by the Department of Family and Community Services.

The financial statements for the year ended 30 June 2012 has been authorised for issue by the Director-General on 21 September, 2012.

Basis of Preparation

(a) Statement of compliance

The AHO's financial statements are general purpose financial statements, which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value, as noted.

(c) Currency presentation

The financial statements are presented in Australian dollars and all amounts rounded to the nearest one thousand dollars.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Summary of Significant Accounting Policies

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies on recognition of specific types of income are discussed below:

(i) Rent and other tenant charges

Rental income is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term.

Rent is charged one week in advance and recognised as income on a straight-line basis.

The AHO charges rent at current market rates, subject to individual limitations. However, tenants are only required to pay an amount equivalent to a pre-determined percentage of their household income. Rent payable by tenants, including other tenant related charges, is reported in the Statement of Comprehensive Income as Rent and other tenant charges.

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity (continued)

(ii) Grants and contributions

Government grants and grants and contributions from other bodies are recognised as income when the AHO gains control over the grants and contributions. Control is normally obtained when cash is received. In accordance with Treasury mandate, the AHO continues to apply the current version of AASB 1004 *Contributions*.

(iii) Investment revenue

Investment income is recognised as it accrues using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(iv) Income from sale of assets

Income from the sale of assets is recognised when the conditions set out in paragraph 14 of AASB 118 *Revenue* are met. When property assets are sold, income from the sale is recognised at the contract settlement date.

(v) 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).

(f) Insurance

The Treasury Managed Fund (TMF) provides coverage for most government agencies' business operations. TMF provides coverage for AHO's insurable risks relating to its operations but excluding those associated with its property portfolio.

Insurance for property and liability damage greater than $200,000 in respect of the AHO's property portfolio is maintained through the New South Wales Land and Housing Corporation (the Corporation) as part of their insurance arrangement.

Insurance against property and liability damage (fire damage, vehicle impact and tempest) less than $200,000 on AHO's property portfolio is self-insured by the AHO. Based on past experience and research, this option is considered to be the most economical.

(g) Accounting for the Goods and Services Tax (GST)

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

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

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

(h) Financial instruments

(i) Non-derivative financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand.

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 to initial recognition, receivables are measured at amortised cost using the effective interest method, less an allowance for any impairment losses. Changes are recognised for in the surplus/(deficit) 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 considered to be immaterial.

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity (continued)

(ii) Non-derivative financial liabilities

Trade and other payables

These represent liabilities for goods and services provided to the AHO. Payables are recognised initially at fair value, usually based on the transaction cost or fair value. However, short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

(i) De-recognition of financial assets and liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash expire; or when the AHO transfers financial assets under the following circumstances:

a) the AHO transfers substantially all the risks and rewards associated with the financial assets, or

b) the AHO does not transfer substantially all the risks and rewards, but the AHO does not retain control.

Where the AHO has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of the AHO's continuing involvement in the assets.

(ii) Financial liabilities

Financial liabilities are de-recognised when the obligations specified in the contracts expire, are discharged or cancelled.

The AHO has not de-recognised any financial assets and liabilities.

(j) Property, plant and equipment

(i) Capitalisation threshold

Property, plant and equipment, including leasehold improvements costing $5,000 and above are capitalised, if it is probable that future economic benefits will flow to the AHO and the cost of the asset can be reliably measured. Grouped assets forming part of a network costing more than $5,000 are capitalised regardless of the cost.

(ii) Recognition and measurement

The cost method of accounting is used in the intial recording of all asset acquisitions controlled by the AHO.

Cost includes expenditures that are directly attributable to the acquisition of the asset, such as cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction, or where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards. The cost of dismantling and removing an asset and restoring the site on which they are located is included in the cost of an asset, to the extent that it is recognised as a liability. The AHO recognises a liability when it has a legal and constructive obligation to restore the asset.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where the payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, with the net amount being recognised within the Statement of Comprehensive Income.

(iii) Subsequent costs

a) Major inspection costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, when the recognition criteria is satisfied.

b) Repairs and maintenance

The AHO expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards.

An accrual is brought to account to recognise the value of unpaid repairs and maintenance costs as at reporting date. The AHO estimates this accrual by applying a pre-determined percentage to the value of works orders issued to maintenance contractors. The pre-determined percentage varies depending on the status of the works orders as at reporting date.

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity (continued)

c) Capital improvements

The AHO incurs costs necessary to bring older dwellings within its property portfolio to the benchmark condition. When the work undertaken results in the improved dwellings exceeding the original standard of the dwellings, the costs incurred are capitalised.

(iv) Revaluation

After initial recognition, the AHO values property in accordance with the Treasury Policy Paper, TPP 07-01 *Valuation of Physical Non-Current Assets at Fair Value*. This policy paper adopts the revaluation model option provided in AASB 116 *Property, Plant and Equipment* and takes into account the unique circumstances in the public sector when applying the valuation principles prescribed in AASB 116.

Under the revaluation option, property, plant and equipment is measured at fair value with reference to its highest and best use, being the value of its existing use, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in limited circumstances, where there are feasible alternative uses, property, plant and equipment is valued at the highest and best use of the feasible alternative (net of costs to achieve that use).

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

For non-specialised property, plant and equipment with short useful lives, depreciated historical cost is considered to approximate fair value.

The AHO revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Valuations of benchmark properties are extrapolated to other properties, taking into account their location and particular characteristics.

A revaluation by physical inspection was undertaken in December 2011. Registered valuers from Land and Property Information were engaged to value benchmark properties and those valuations were used to develop a reference matrix which was extrapolated to all AHO properties taking into account the particular characteristics of each property.

(v) Transfer of Assets

On a regular basis, LAHC transfers properties (including legal title) to the AHO to assist in meeting Aboriginal housing needs. The AHO sometimes also transfers properties to LAHC, such as when the relevant properties no longer meets the requirements of Aboriginal households. The AHO and LAHC regularly undertake a reconciliation of the value of property transfers in and out (quantity and dollar values). At year end, the balances of transfers in and out in both entities agree.

The AHO records as revenue the value of properties transferred from LAHC and records as an expense the value of properties transferred to LAHC. The AHO's complimentary accounting treatment is identical to that of the LAHC. This is consistent with AASB1004.

Revaluation increments/decrements

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

For other assets, the accumulated depreciation balance as at the revaluation date of an asset being revalued, is credited to that asset's account balance. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

As the AHO is a not-for-profit entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another, but not against assets that belong to a different asset class.

The revaluation increment relating to an asset class for which a revaluation decrement has been recognised as an expense in prior years is first used to reverse that previously recognised expense. This is achieved by recognising as income in the surplus/(deficit) reported in the Statement of Comprehensive Income up to the value of the previously recognised expense.

The remaining balance is directly credited to the revaluation surplus.

The revaluation decrement relating to an asset class is first offset against the existing credit balance in the revaluation surplus for that asset class. The remaining balance is recognised as an expense in the surplus/(deficit) reported in the Statement of Comprehensive Income.

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity (continued)

When a previously revalued asset is disposed of, any remaining balance in the revaluation surplus pertaining to that asset is transferred to Retained Earnings.

Depreciation

Property, plant and equipment, other than land is depreciated on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life.

The depreciation rates are as follows:

	30 June 2012 % Rate	30 June 2011 % Rate
Property		
Building	**2**	2
Plant & Equipment		
Office furniture and fittings	**10**	10
Office equipment	**14**	14
Computer equipment	**25**	25

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

(k) Intangible assets

Intangible assets costing $5,000 and above are capitalised only if it is probable that future economic benefits will flow to the AHO and the cost of the asset can be reliably measured.

The cost method of accounting is used in the initial recording of intangible assets acquired by the AHO. However, intangible assets acquired at no or nominal cost, are measured at fair value.

Where computer software is acquired externally and forms an integral part of a related computer hardware, it is considered to form part of the computer hardware and is classified as Property, Plant and Equipment. However, where externally acquired computer software does not form an integral part of the related computer hardware, it is classified as an intangible asset.

After initial recognition, intangible assets are measured at fair value, where an active market exists. The intangible assets held by the AHO have no active markets and consequently, they are carried at cost less accumulated amortisation and impairment losses, where applicable.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed each year. In general, the current useful life of intangible assets is four years.

(l) Leased assets

Leases in terms of which the AHO assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases (those in terms of which the AHO does not assume substantially all the risks and rewards of ownership) are classified as operating leases and not recognised in the AHO's Statement of Financial Position. However, lease payments in respect of the use of the leased assets are recognised in the Statement of Comprehensive Income.

(m) Impairment

(i) 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 AHO 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 assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the surplus/(deficit) reported in the Statement of Comprehensive Income.

Where there is objective evidence, previously recognised impairment losses are reversed in the surplus/(deficit) for the year. Reversals of impairment losses on 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.

Notes to the financial statements

For the year ended 30 June 2012

1. The Reporting Entity (continued)

Receivables

The allowance for impairment estimated is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Uncollectible amounts are recognised as bad debts and written off when the following requirements of Treasurer's Directions 450.01 – 450.09 *Recovery of Debts to the State* are met:

a) the debtor cannot be located;

b) it is uneconomical to finalise recovery action due to the relatively small value of the debt;

c) the medical, financial or domestic circumstances of a particular debtor do not warrant the taking of further recovery action; or

d) legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.

(ii) Property, plant and equipment and intangible assets

As a not-for-profit with no cash generating units, the AHO is effectively exempted from impairment testing as described in AASB 136 *Impairment of Assets*. This is because for not-for-profit entities, AASB 136 modifies the recoverable amount in such circumstances to be the higher of fair value less costs to sell and depreciated replacement costs. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

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.

(n) Provisions

The AHO has no employees and therefore has no employee related provisions.

A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Equity transfer

In accordance with NSW Treasury Policy and Guidelines Paper TC12/04, AASB 1004 *Contributions and Australian Interpretation 1038 Contributions by Owners made to Wholly-owned Public Sector Entities*, the transfer of net assets between agencies as a result of an administrative restructure within government is designated as a "contribution by owners" and recognised as an adjustment to "Accumulated Funds".

Transfers arising from an administrative restructure between government departments are recognised at the amount at which they were recognised by the transferor department immediately prior to the restructure. In most instances, this will approximate fair value.

(p) New Australian Accounting Standards Issued but not Effective

In the current year the AHO has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. In accordance with the NSW Treasury mandate (TC 12/04), the Office did not early adopt any of these accounting standards and interpretations that are not yet effective:

The AHO's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the AHO.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the AHO.

5 | Aboriginal Housing Office

Notes to the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses

(a) Personnel Services

	2012 $'000	2011 $'000
Salaries and wages (including recreation leave) (i)	**8,004**	6,866
Superannuation – defined contribution plans	**681**	596
Superannuation – defined benefit plans	**4,011**	378
Long service leave	**872**	152
Workers' compensation insurance	**30**	70
Payroll tax and fringe benefit tax	**463**	372
Redundancy payments	**147**	166
Other	**18**	53
Fee for personnel services from AHO Group of Staff (DFaCS)	**14,226**	8,653

The increase in the fee for personnel services reflects the actuarial loss on the defined benefit superannuation schemes during the year.

Notes to the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(b) Other operating expenses

	2012 $'000	2011 $'000
Auditor's remuneration – audit of the financial report	**61**	64
Auditor's remuneration – other services	**41**	38
Advertising and promotions	**26**	75
Data processing services	**8**	39
Contractors	**1,957**	1,951
NSW Businesslink fees	**1,082**	985
Fee for services rendered	**4,838**	4,253
Insurance	**198**	136
Legal costs	**6**	26
Maintenance (i)	**13**	(128)
Minor equipment purchases	**68**	70
Motor vehicle expenses	**(2)**	5
Motor vehicle leasing costs	**144**	132
Rent and accommodation expense	**758**	691
Telephone	**136**	119
Postage and freight	**13**	14
Printing and stationery	**100**	105
Training and development expense	**137**	81
Travelling, removal and subsistence	**493**	518
Building maintenance and utilities expense	**36,826**	33,567
Other	**436**	245
	47,339	43,021
(i) Reconciliation – Total Maintenance		
Maintenance expense – contractor labour and other	**13**	22
Write-back of un-used make good provision	**–**	(150)
Total maintenance expenses included in Note 2 (b)	**13**	(128)

Notes to the financial statements

For the year ended 30 June 2012

2. Expenses Excluding Losses (continued)

(c) Depreciation and amortisation expense

	2012 $'000	2011 $'000
Depreciation		
Buildings	**11,180**	7,865
Computer equipment	**15**	22
Leasehold improvements	**366**	35
Plant and equipment	**4**	37
	11,565	7,959
Amortisation		
Intangibles	**9**	55
	11,574	8,014

(d) Grants and Subsidies

The Commonwealth National Partnership Agreement on Remote Indigenous Housing (NPARIH) provides funds towards the repair and maintenance of Aboriginal community housing and the support of the Aboriginal Community Housing Providers (ACHP).

The AHO has engaged the Asset Division of the Department of Finance and Services to provide project and program management services in the delivery of NPARIH. The AHO also provides financial and administrative support for the ACHP's.

The expenditure below relates to recurrent expenditure provided to the ACHP's.

National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**16,565**	20,200
Other grants	**3,070**	7,337
	19,635	27,537

Notes to the financial statements

For the year ended 30 June 2012

3. Revenues

(a) Rent and other tenant charges

	2012 $'000	2011 $'000
Market Rental	**57,373**	51,796
Less: Rental rebates	**(18,054)**	(15,304)
	39,319	36,492
Tenant charges	**2,181**	3,199
	41,500	39,691

(b) Investment revenue

Interest received on bank accounts	**1,058**	876
	1,058	876

(c) Social Program Policy

Energy savings rebate	**–**	6
Aboriginal Community Development Program (ACDP)	**–**	3,165
National Affordable Housing Agreement (NAHA)	**32,183**	27,660
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**51,501**	30,735
	83,684	61,566

Grants are received from the Commonwealth government under the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Remote Indigenous Housing (NPARIH). Additional contribution is also received from the State government under NAHA.

(d) Grants and contributions

Assets acquired free of liability	**42,260**	94,593
Other – recoveries of previous years	**–**	5
Other	**235**	550
	42,495	95,148

Assets are acquired free from NSW Land and Housing Corporation or from Aboriginal communities housing providers. More details are shown in note 8 reconciliations.

5 | Aboriginal Housing Office

Notes to the financial statements

For the year ended 30 June 2012

4. Gain/(Loss) on disposal

	2012 $'000	2011 $'000
(i) Gain/(Loss) on Disposal		
Loss on disposal of land and buildings:		
Proceeds from disposal	1,155	2,770
Disposal costs	(47)	(53)
Written down value of assets disposed	(1,129)	(2,072)
Net Gain/(Loss) on disposal of land and buildings	(21)	645
Gain/(Loss) on disposal of plant and equipment:		
Proceeds from disposal	–	11
Written down value of assets disposed	(25)	–
Net Gain/(Loss) on disposal of plant and equipment	(25)	11

(ii) Loss on transfers/demolitions and retirements

Written down value of assets demolished	(294)	(180)
Written down value of assets transferred	(582)	(1,064)
	(876)	(1,244)
Total Net Gain/(Loss) on Disposal	(922)	(588)

5. Other Losses

Loss on impairment of receivables	(721)	(217)
	(721)	(217)

Notes to the financial statements

For the year ended 30 June 2012

6. Current Assets – Cash and Cash Equivalents

	2012 $'000	2011 $'000
Cash at bank and on hand	**26,416**	22,004
Total cash and cash equivalents	**26,416**	22,004

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

Cash and Cash equivalents (per statement of financial position)	**26,416**	22,004
Closing cash and cash equivalents (per statement of cash flows)	**26,416**	22,004

Refer Note 15 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current/non-current assets – receivables

Current		
Rental Debtors	**4,391**	4,549
Less: Allowance for impairment	**(2,630)**	(2,513)
Sundry debtors	**44**	23
Receivables from related parties	**1,429**	–
	3,234	2,059
Prepayments – Other	**354**	–
GST receivable (net)	**201**	102
	3,789	2,161
Non-current		
Sundry receivables – NSW Land and Housing Corporation	**4,685**	4,685
	4,685	4,685
Total receivables	**8,474**	6,846
Movement in the allowance for impairment		
Balance at 1 July	**2,513**	2,980
Amounts written off during the year	**(604)**	(684)
Increase/(decrease) in allowance recognised in comprehensive income	**721**	217
Balance at 30 June	**2,630**	2,513

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 15.

Notes to the financial statements

For the year ended 30 June 2012

8. Non-current Assets – Property, Plant and Equipment

	Land and Buildings	Plant and Equipment	Capital Work in Progress	Total
2012	$'000	$'000	$'000	$'000
At 1 July 2011 – fair value				
Gross carrying amount	1,108,265	2,526	28,065	1,138,856
Accumulated depreciation and impairment	(64)	(2,090)	–	(2,154)
Net Carrying Amount	1,108,201	436	28,065	1,136,702
At 30 June 2012 – fair value				
Gross carrying amount	1,182,166	2,184	17,201	1,201,551
Accumulated depreciation and impairment	(153)	(1,965)	–	(2,118)
Net Carrying Amount	1,182,013	219	17,201	1,199,433

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Land and Buildings	Plant and Equipment	Capital Work in Progress	Total
2012	$'000	$'000	$'000	$'000
Year ended 30 June 2012				
Net Carrying Amount at start of year	1,108,201	436	28,065	1,136,702
Additions	–	–	31,485	31,485
Make good	–	192	–	192
Transfers to NSW Land and Housing Corporation	(582)	–	–	(582)
Transfers from NSW Land and Housing Corporation	30,182	–	–	30,182
Transfers from communities	12,135	–	(57)	12,078
Transfers from work in progress	42,265	–	(42,265)	–
Transfers from work in progress to operating expenses	–	(24)	(27)	(51)
Disposals	(1,129)	–	–	(1,129)
Demolition	(294)	–	–	(294)
Net revaluation increment less revaluation decrements	2,415	–	–	2,415
Depreciation expense	(11,180)	(385)	–	(11,565)
Net Carrying Amount at end of year	1,182,013	219	17,201	1,199,433

Notes to the financial statements

For the year ended 30 June 2012

8. Non-current Assets – Property, Plant and Equipment (continued)

2011	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 2010 - fair value				
Gross carrying amount	956,401	2,222	13,156	971,779
Accumulated depreciation and impairment	–	(1,997)	–	(1,997)
Net Carrying Amount	956,401	225	13,156	969,782
At 30 June 2011 – fair value				
Gross carrying amount	1,108,265	2,526	28,065	1,138,856
Accumulated depreciation and impairment	(64)	(2,090)	–	(2,154)
Net Carrying Amount	1,108,201	436	28,065	1,136,702

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2011	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Year ended 30 June 2011				
Net Carrying Amount at start of year	956,401	225	13,156	969,782
Additions	67	305	47,639	48,011
Transfers to NSW Land and Housing Corporation	(1,064)	–	–	(1,064)
Transfers from NSW Land and Housing Corporation	89,952	–	–	89,952
Transfers from communities (including ACDP)	4,641	–	–	4,641
Transfers from work in progress	32,372	–	(32,372)	–
Transfers from work in progress to operating expenses	–	–	(358)	(358)
Disposals	(2,072)	–	–	(2,072)
Demolition	(180)	–	–	(180)
Net revaluation increment less revaluation decrements	35,949	–	–	35,949
Depreciation expense	(7,865)	(94)	–	(7,959)
Net Carrying Amount at end of year	1,108,201	436	28,065	1,136,702

5 | Aboriginal Housing Office

Notes to the financial statements

For the year ended 30 June 2012

9. Intangible Assets

	Software	Total
	$'000	$'000
At 1 July 2011		
Cost (gross carrying amount)	**1,019**	**1,019**
Accumulated amortisation and impairment	**(1,010)**	**(1,010)**
Net Carrying Amount	**9**	**9**
At 30 June 2012		
Cost (gross carrying amount)	**84**	**84**
Accumulated amortisation and impairment	**(84)**	**(84)**
Net Carrying Amount	**–**	**–**

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles at the beginning and end of the current and previous financial years are set out below.

Year ended 30 June 2012		
Net Carrying Amount at start of year	**9**	**9**
Amortisation expense	**(9)**	**(9)**
	–	**–**
At 1 July 2010		
Cost (gross carrying amount)	1,019	1,019
Accumulated amortisation and impairment	(955)	(955)
Net Carrying Amount	64	64
At 30 June 2011		
Cost (gross carrying amount)	1,019	1,019
Accumulated amortisation and impairment	(1,010)	(1,010)
Net Carrying Amount	9	9

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles at the beginning and end of the current and previous financial years are set out below.

Year ended 30 June 2011		
Net Carrying Amount at start of year	64	64
Amortisation expense	(55)	(55)
	9	9

Notes to the financial statements

For the year ended 30 June 2012

10. Current/Non-Current Liabilities – Payables

	2012 $'000	2011 $'000
Current Liabilities – Payables		
Payable for personnel services	**11,140**	6,293
Creditors – trade	**5**	4,334
Creditors – sundry	**2,019**	634
Accrued operating expenditure	**2,922**	–
NSW Land and Housing Corporation	**5,635**	18,625
	21,721	29,886

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are included in Note 15.

11. Current/Non-Current Liabilities – Provisions

Current		
Other Provisions		
Restoration	**152**	–
Total current provisions	**152**	–
Non-current		
Other Provisions		
Restoration	**40**	–
Total non-current provisions	**40**	–
Total Provisions	**192**	–

Make good provision is the present value of the AHO's obligation to make-good leased premises at the reporting date. The assumed settlement is based on contractual lease term. The amount and timing of each estimate is reassessed annually.

Movement in provisions (other than employee benefits)

	Restoration	Total
2012	**$'000**	**$'000**
Carrying amount at the beginning of the financial year	**–**	**–**
Additional provision recognised	**192**	**192**
Carrying amount at the end of the financial year	**192**	**192**

Notes to the financial statements

For the year ended 30 June 2012

12. Commitments for Expenditure

(a) Capital Commitments

	2012 $'000	2011 $'000
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than one year	**3,445**	5,165
Total (including GST)	**3,445**	5,165

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	**389**	67
Later than one year but not later than five years	**162**	–
Total (including GST)	**551**	67

The commitments in (a) and (b) above are not recognised in the financial statements as liabilities. The total commitments above include input tax credits of $277 (2011: – $5.128) that are expected to be recovered from the Australian Taxation Office.

13. Contingent Liabilities and Contingent Assets

Contingent Liabilities

Undisclosed claim against the AHO	**15**	–

Contingent Assets

AHO does not have any contingent assets to be reported as at 30 June 2012 (2011 – $Nil)

14. Reconciliation of Cash Flows from Operating Activities to Net Result

Net cash used on operating activities	**34,789**	29,271
Net gain/(loss) on disposal of assets	**(922)**	(588)
Depreciation and amortisation	**(11,574)**	(8,014)
Assets acquired free of liabilities	**42,260**	94,593
Allowance for impairment	**(721)**	(217)
Bad debts written off	**–**	684
Expense transfer to/from assets	**–**	(358)
Write back of unused make good provision	**–**	150
Increase/(decrease) in receivables	**1,628**	(2,160)
Decrease/(increase) in provisions	**8,860**	(4,110)
Net result	**74,320**	109,251

Notes to the financial statements

For the year ended 30 June 2012

15. Financial Instruments

The AHO's principal financial instruments are outlined below. These financial instruments arise directly from the AHO's operations or are required to finance the AHO's operations. The AHO does not enter into or trade financial instruments for speculative purposes. The AHO does not use financial derivatives.

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

The AHO's 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 risks faced by the AHO, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee on a continuous basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2012 $'000	2011 $'000
Class:				
Cash and cash equivalents	6	N/A	**26,416**	22,004
Receivables [1]	7	Loans and receivables (at amortised cost)	**7,919**	6,744
Total financial assets			**34,335**	28,748

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2012 $'000	2011 $'000
Class:				
Payables [2]	10	Financial liabilities measured (at amortised cost)	**21,721**	29,886
Total financial liabilities			**21,721**	29,886

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

(b) Credit risk

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

Cash

Cash comprises cash on hand and bank balances with Westpac Banking Corporation. Interest is earned on daily bank balances.

5 | Aboriginal Housing Office

Notes to the financial statements

For the year ended 30 June 2012

15. Financial Instruments (continued)

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity 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. Sales are made on 30 day terms.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total (1,2)	Past due but not impaired (1,2)	Considered Impaired (1,2)
2012	**$'000**	**$'000**	**$'000**
< 3 months overdue	**4,424**	**1,794**	**2,630**
3 months – 6 months overdue	**–**	**–**	**–**
> 6 months overdue	**–**	**–**	**–**
2011	$'000	$'000	$'000
< 3 months overdue	1,039	11	1,028
3 months – 6 months overdue	883	–	883
> 6 months overdue	2,087	–	2,087

(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 receivable total recognised in the statement of financial position.

Notes to the financial statements

For the year ended 30 June 2012

15. Financial Instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the AHO will be unable to meet its payment obligations when they fall due. The AHO continuously manages risk through monitoring future cash flows and commitments maturities. No assets have been pledged as collateral. The AHO's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 out in Treasurer's Direction 219.01. 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. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest for late payment was made during the 2012 year (2011: $nil).

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

	$'000	$'000	$'000	$'000	$'000
	Interest Rate Exposure		Maturity Dates		
At 30 June 2012	Nominal Amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Payable for personnel services	**11,140**	**11,140**	**–**	**–**	**11,140**
Creditors	**10,581**	**10,581**	**–**	**–**	**10,581**
Total	**21,721**	**21,721**	**–**	**–**	**21,721**
At 30 June 2011					
Payable for personnel services	6,293	6,293	–	–	6,293
Creditors	23,593	23,593	–	–	23,593
Total	29,886	29,886	–	–	29,886

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the AHO can be required to pay. These are non-interest bearing liabilities.

The AHO has access to the following line of credit with Westpac Bank

	2012 $'000	2011 $'000
Tape Negotiation Authority	**20,000**	20,000

This facility authorises the bank to debit the Aboriginal Housing's Office operating bank account up to the above limit when processing the electronic payroll and accounts payables.

The AHO has access to the following credit card facility with Westpac Bank	**100**	–

This facility is the limit for the AHO's corporate credit cards.

Notes to the financial statements

For the year ended 30 June 2012

15. Financial Instruments (continued)

(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 AHO's exposures to market risk are primarily through interest rate risk on cash and cash equivalents. The AHO has no exposure to foreign currency risk and does not trade in derivatives of any nature.

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. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. This basis will be reviewed annually and amended where there is a structural change in the level of interest volatility. The AHO's exposure to interest rate risk is set out below.

		–1.0%		+1.0%	
	Carrying amount	Profit	Equity	Profit	Equity
30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	**26,416**	**(264)**	**(264)**	**264**	**264**
Trade and other receivables	**7,919**	**–**	**–**	**–**	**–**
Financial liabilities					
Trade and other payables	**21,721**	**–**	**–**	**–**	**–**
Total increase/(decrease)		**(264)**	**(264)**	**264**	**264**
30 June 2011	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	22,004	(220)	(220)	220	220
Trade and other receivables	6,744	–	–	–	–
Financial liabilities					
Trade and other payables	29,886	–	–	–	–
Total increase/(decrease)		(220)	(220)	220	220

(e) Fair Value compared to carrying amount

The carrying value of receivables less any impairment provision is a reasonable approximation of their fair value due to their short term nature.

16. Events after the Reporting Period

There are no events subsequent to balance date which affect the financial statements.

End of Audited Financial Statements

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1229 FACS 1112 | Financial statements