Family & Community Services

NSW GOVERNMENT

Family and Community Services Annual Report 2013–14

Volume 2: Audited Consolidated Financial Statements for the year ending 30 June 2014

Contents

Audited consolidated financial statements for the year ending 30 June 2014

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 Department of Family and Community Services (the Department), which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity, statements 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 entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department and the consolidated entity as at 30 June 2014 and of their financial performance and their 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.

Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of the 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 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 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 Secretary, as well as evaluating the overall presentation of the financial statements.

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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 consolidated entities
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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.

Grant Hehir
Auditor-General

18 September 2014
SYDNEY

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

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 2014 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.

Michael Coutts-Trotter
Secretary
Date:

Stephen Mudge
Chief Finance Officer
Date: 18 September 2014

Start of Audited Financial Statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of comprehensive income for the year ended 30 June 2014

	Notes	PARENT			CONSOLIDATED		
		Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	**1,525,888**	1,426,462	1,409,817	**1,702,362**	1,612,578	1,577,909
Other operating expenses	2(b)	**441,239**	458,381	431,872	**492,080**	499,254	479,839
Depreciation and amortisation	2(c)	**77,150**	65,523	85,003	**79,290**	68,151	87,645
Grants and subsidies	2(d)	**3,096,852**	3,179,128	2,842,267	**3,014,407**	3,099,495	2,759,206
Finance Costs	2(e)	**829**	-	153	**829**	-	169
Total expenses excluding losses		**5,141,958**	5,129,494	4,769,112	**5,288,968**	5,279,478	4,904,768
Revenue							
Recurrent appropriation	3(a)	**4,588,756**	4,673,906	4,486,153	**4,588,756**	4,673,906	4,486,153
Capital appropriation	3(a)	**149,843**	168,919	133,819	**149,843**	168,919	133,819
Sale of goods and services	3(b)	**175,816**	176,413	49,993	**194,684**	204,680	70,186
Personnel services revenue - NSW Businesslink Pty Ltd		**61,853**	72,485	56,480	**61,853**	72,485	56,480
Personnel services revenue - Aboriginal Housing		**14,204**	11,187	9,097	**14,204**	11,187	9,097
Personnel services revenue - Land and Housing Corporation		**51,198**	49,931	-	**51,198**	49,931	-
Investment revenue	3(c)	**11,246**	10,710	12,891	**15,901**	16,080	18,202
Grants and contributions	3(d)	**29,715**	8,601	44,360	**147,823**	125,668	159,706
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	**66,681**	48,676	36,746	**66,681**	48,676	36,746
Other revenue	3(f)	**21,894**	20,030	37,404	**24,272**	20,665	39,503
Total Revenue		**5,171,206**	5,240,858	4,866,943	**5,315,215**	5,392,197	5,009,892
Gain / (loss) on disposal	4	**(1,948)**	(893)	(590)	**(1,549)**	(397)	(284)
Other gains / (losses)	5	**43,223**	(1,362)	33,062	**43,045**	(1,553)	33,096
Net result		**70,523**	109,109	130,303	**67,743**	110,769	137,936
Other comprehensive income							
Items that will not be reclassified to net result							
Actuarial gains/(losses) on superannuation funds	19	**2,699**	-	22,552	**4,251**	-	29,507
Total other comprehensive income		**2,699**	**-**	**22,552**	**4,251**	**-**	**29,507**
TOTAL COMPREHENSIVE INCOME		**73,222**	109,109	152,855	**71,994**	110,769	167,443

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of changes in equity for the year ended 30 June 2014

PARENT	Notes	Accumulated Funds $'000	Total $'000
Balance at 1 July 2013		1,103,531	1,103,531
Net result for the year		70,523	70,523
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	19	2,699	2,699
Total other comprehensive income		**2,699**	**2,699**
Total comprehensive income for the year		**73,222**	**73,222**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets due to equity transfers	20	81,142	81,142
Balance at 30 June 2014		**1,257,895**	**1,257,895**

PARENT	Notes	Accumulated Funds $'000	Total $'000
Balance at 1 July 2012		950,676	950,676
Net result for the year		130,303	130,303
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	19	22,552	22,552
Total other comprehensive income		**22,552**	**22,552**
Total comprehensive income for the year		**152,855**	**152,855**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets due to equity transfers	20	-	-
Balance at 30 June 2013		1,103,531	1,103,531

The accompanying notes form part of these statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of changes in equity for the year ended 30 June 2014

CONSOLIDATED	Notes	Accumulated Funds $'000	Total $'000
Balance at 1 July 2013		1,156,186	1,156,186
Changes in accounting policy		(991)	(991)
Restated total equity at 1 July 2011		1,155,195	1,155,195
Net result for the year		67,743	67,743
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	19	4,251	4,251
Total other comprehensive income		**4,251**	**4,251**
Total comprehensive income for the year		**71,994**	**71,994**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets due to equity transfers	20	81,142	81,142
Balance at 30 June 2014		**1,308,331**	**1,308,331**

CONSOLIDATED	Notes	Accumulated Funds $'000	Total $'000
Balance at 1 July 2012		989,655	989,655
Changes in accounting policy		(1,903)	(1,903)
Restated total equity at 1 July 2010		987,752	987,752
Net result for the year		137,936	137,936
Other comprehensive income:			
Actuarial gains/(losses) on superannuation funds	19	29,507	29,507
Total other comprehensive income		**29,507**	**29,507**
Total comprehensive income for the year		**167,443**	**167,443**
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets due to equity transfers	20	-	-
Balance at 30 June 2013		1,155,195	1,155,195

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of financial position as at 30 June 2014

	Notes	PARENT				CONSOLIDATED			
		Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Restated as at 1 July 2012 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Restated as at 1 July 2012 $'000
ASSETS									
Current Assets									
Cash and cash equivalents	8	**382,950**	255,995	232,152	175,861	**444,611**	310,685	291,012	232,261
Receivables	9	**113,716**	137,791	139,270	206,138	**119,532**	143,023	144,682	211,609
Inventories	10	**272**	265	289	259	**272**	265	289	259
		496,938	394,051	371,711	382,258	**564,415**	453,973	435,983	444,129
Non-current assets held for sale	12	**-**	1,696	1,250	1,696	**-**	1,696	1,250	1,696
Total Current Assets		**496,938**	395,747	372,961	383,954	**564,415**	455,669	437,233	445,825
Non-Current Assets									
Receivables	9	**8,992**	55,657	47,090	600	**8,992**	55,657	47,090	600
Financial assets at fair value	11	**-**	-	-	-	**21,564**	22,143	19,407	16,679
Property, plant and equipment									
Land and buildings	13	**1,025,040**	998,145	878,294	745,347	**1,033,027**	998,843	885,828	752,592
Plant and equipment	13	**110,522**	63,429	90,917	95,816	**112,205**	66,953	94,666	101,927
Total property, plant and equipment		**1,135,562**	1,061,574	969,211	841,163	**1,145,232**	1,065,796	980,494	854,519
Intangible assets	14	**68,302**	21,985	45,300	77,737	**68,302**	21,985	45,300	77,737
Total Non-Current Assets		**1,212,856**	1,139,216	1,061,601	919,500	**1,244,090**	1,165,581	1,092,291	949,535
Total Assets		**1,709,794**	1,534,963	1,434,562	1,303,454	**1,808,505**	1,621,250	1,529,524	1,395,360
LIABILITIES									
Current Liabilities									
Payables	16	**251,441**	116,756	97,759	97,761	**262,305**	125,930	105,080	108,756
Provisions	17	**155,271**	159,248	154,028	161,221	**183,523**	189,006	178,414	188,269
Other	18	**90**	7,934	1,596	3,704	**90**	7,968	1,596	3,704
Total Current Liabilities		**406,802**	283,938	253,383	262,686	**445,918**	322,904	285,090	300,729
Non-Current Liabilities									
Payables	16	**-**	-	4,783	-	**-**	-	4,783	-
Provisions	17	**45,097**	78,721	72,839	89,933	**54,256**	93,996	84,430	106,720
Other	18	**-**	-	26	159	**-**	-	26	159
Total Non-Current Liabilities		**45,097**	78,721	77,648	90,092	**54,256**	93,996	89,239	106,879
Total Liabilities		**451,899**	362,659	331,031	352,778	**500,174**	416,900	374,329	407,608
Net Assets		**1,257,895**	1,172,304	1,103,531	950,676	**1,308,331**	1,204,350	1,155,195	987,752
EQUITY									
Accumulated funds		**1,257,895**	1,172,304	1,103,531	950,676	**1,308,331**	1,204,350	1,155,195	987,752
Total Equity		**1,257,895**	1,172,304	1,103,531	950,676	**1,308,331**	1,204,350	1,155,195	987,752

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of cash flows for the year ended 30 June 2014

	Notes	PARENT			CONSOLIDATED		
		Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		**(1,402,686)**	(1,379,485)	(1,382,149)	**(1,575,183)**	(1,563,880)	(1,551,972)
Grants and subsidies		**(3,225,279)**	(3,161,915)	(3,112,849)	**(3,142,833)**	(3,082,282)	(3,029,787)
Finance costs		**(3,260)**	-	(133)	**(3,260)**	-	(133)
Other		**(447,528)**	(695,740)	(472,040)	**(505,904)**	(758,114)	(532,548)
Total Payments		**(5,078,753)**	(5,237,140)	(4,967,171)	**(5,227,180)**	(5,404,276)	(5,114,440)
Receipts							
Recurrent appropriation		**4,587,358**	4,673,906	4,485,477	**4,587,358**	4,673,906	4,485,477
Capital appropriation (excluding equity appropriations)		**149,843**	168,919	130,869	**149,843**	168,919	130,869
Reimbursements from the Crown Entity		**8,202**	-	31,924	**8,202**	-	31,924
(Transfers to the Crown Entity)		**-**	-	(527)	**-**	-	(527)
Sale of goods and services		**307,476**	312,935	140,735	**335,123**	341,011	169,616
Interest received		**11,767**	10,814	12,477	**14,204**	13,419	15,060
GST Recoveries		**255,330**	240,284	269,580	**255,330**	240,284	269,580
Grants and contributions		**12,077**	9,078	44,079	**130,623**	126,145	160,096
Other		**31,971**	20,030	43,248	**34,335**	42,190	45,270
Total Receipts		**5,364,024**	5,435,966	5,157,862	**5,515,018**	5,605,874	5,307,365
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	**285,271**	198,826	190,691	**287,838**	201,598	192,925
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of land and buildings and plant and equipment		**4,566**	7,625	2,052	**5,436**	8,549	2,769
Purchases of investments		**-**	-	-	**-**	-	-
Purchases of land and buildings and plant and equipment		**(150,129)**	(165,889)	(136,452)	**(150,765)**	(168,889)	(136,943)
Other		**-**	(6,860)	-	**-**	(6,860)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(145,563)**	(165,124)	(134,400)	**(145,329)**	(167,200)	(134,174)
NET INCREASE/(DECREASE) IN CASH		**139,708**	33,702	56,291	**142,509**	34,398	58,751
Opening cash and cash equivalents		**232,152**	222,293	175,861	**291,012**	276,287	232,261
Cash transferred in / (out) as a result of administrative restructuring	20	**11,090**	-	-	**11,090**	-	-
CLOSING CASH AND CASH EQUIVALENTS	8	**382,950**	255,995	232,152	**444,611**	310,685	291,012

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Consolidated Service Group Statements for the Year Ended 30 June 2014

ENTITY'S EXPENSES & INCOME	Community Support for People with a Disability, their Family and Carers 2014 $'000	2013 $'000	Short Term Intervention for People with a Disability, their Family and Carers 2014 $'000	2013 $'000	Supported Accommodation for People with a Disability 2014 $'000	2013 $'000	Targeted Earlier Intervention for Vulnerable Children, Young People and Families 2014 $'000	2013 $'000	Statutory Child Protection 2014 $'000	2013 $'000	Out-of-Home Care for Vulnerable Children and Young People 2014 $'000	2013 $'000
Expenses excluding losses												
Operating expenses												
Employee related	69,112	64,364	130,728	138,602	586,607	545,417	13,219	32,203	316,251	276,430	128,986	137,062
Other operating expenses	22,336	29,707	38,408	44,501	124,983	123,305	7,012	12,394	100,075	91,820	48,662	44,001
Depreciation and amortisation	968	1,060	5,291	8,772	20,824	21,605	960	1,484	9,939	13,550	4,345	6,073
Grants and subsidies	616,902	566,878	213,090	212,219	773,898	720,221	222,560	213,229	29,562	28,381	635,494	585,905
Finance Costs	-	3	-	8	141	20	19	2	370	82	175	38
TOTAL EXPENSES EXCLUDING LOSSES	709,318	662,012	387,517	404,102	1,506,453	1,410,568	243,770	259,312	456,197	410,263	817,662	773,079
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Capital appropriation	-	-	-	-	-	-	-	-	-	-	-	-
(Asset sale proceeds transferred to the Crown Entity)	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services	632	616	1,373	1,340	48,589	40,166	-	-	-	-	-	-
Personnel services revenue	2,111	1,920	4,594	4,180	20,054	18,243	1,490	1,355	11,921	10,844	5,650	5,139
Investment revenue	1,999	673	942	1,445	3,378	5,797	323	605	688	974	515	761
Grants and contributions	492	795	1,021	1,723	8,862	10,483	1,926	2,040	7,138	9,888	3,739	5,610
Acceptance by the Crown Entity of employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	306	2,235	1,297	3,442	6,166	6,622	464	498	2,079	9,045	734	3,362
Total revenue	5,540	6,239	9,227	12,130	87,049	81,311	4,203	4,498	21,826	30,751	10,638	14,872
Gain / (loss) on disposal	32	(78)	-	(170)	675	(89)	(15)	(446)	55	(2)	(69)	(152)
Other gains / (losses)	1,608	2,586	(128)	5,626	42,669	24,797	(2)	2	(520)	149	(279)	75
Net result	(705,418)	(653,265)	(378,162)	(386,516)	(1,462,748)	(1,304,549)	(239,584)	(255,258)	(433,906)	(379,365)	(806,676)	(758,284)
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus							-	-	-	-	-	-
Actuarial gains/(losses) on superannuation funds	128	1,116	279	3,625	1,218	6,879	90	511	724	4,089	343	1,938
Total Other Comprehensive Income	128	1,116	279	3,625	1,218	6,879	90	511	724	4,089	343	1,938
TOTAL COMPREHENSIVE INCOME	(705,290)	(652,149)	(377,883)	(382,891)	(1,461,530)	(1,297,670)	(239,494)	(254,747)	(433,182)	(375,276)	(806,333)	(756,346)

Elimiantions between service groups have been adjusted in the service group statements

ENTITY'S EXPENSES & INCOME	Social Housing Assistance and Tenancy Support 2014 $'000	2013 $'000	Homelessness Services 2014 $'000	2013 $'000	Home Care Service of NSW 2014 $'000	2013 $'000	John Williams Memorial Charitable Trust 2014 $'000	2013 $'000	Not Attributed 2014 $'000	2013 $'000	**Consolidated Entity Total** 2014 **$'000**	2013 $'000
Expenses excluding losses												
Operating expenses												
Employee related	260,821	194,517	20,437	20,983	176,201	168,331	-	-		-	**1,702,362**	1,577,909
Other operating expenses	75,361	65,806	16,336	12,474	58,776	55,719	131	112		-	**492,080**	479,839
Depreciation and amortisation	33,378	30,195	1,445	2,266	2,028	2,521	112	119		-	**79,290**	87,645
Grants and subsidies	293,941	254,900	228,960	177,473	-	-	-	-		-	**3,014,407**	2,759,206
Finance Costs	124	-	-	-	-	16	-	-		-	**829**	169
TOTAL EXPENSES EXCLUDING LOSSES	663,625	545,418	267,178	213,196	237,005	226,587	243	231	-	-	**5,288,968**	4,904,768
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	4,588,756	4,486,153	**4,588,756**	4,486,153
Capital appropriation	-	-	-	-	-	-	-	-	149,843	133,819	**149,843**	133,819
(Asset sale proceeds transferred to the Crown Entity)	-	-	-	-	-	-	-	-	-	-	**-**	-
Sales of goods and services	117,158	-	-	-	26,932	28,064	-	-	-	-	**194,684**	70,186
Personnel services revenue	78,455	21,185	2,980	2,711	-	-	-	-	-	-	**127,255**	65,577
Investment revenue	3,371	2,631	30	5	4,582	5,222	73	89		-	**15,901**	18,202
Grants and contributions	11,788	13,342	2,813	479	110,044	115,346	-	-		-	**147,823**	159,706
Acceptance by the Crown Entity of employee benefits	-	-	-	-	-	-	-	-	66,681	36,746	**66,681**	36,746
Other revenue	10,797	12,174	51	-	2,364	2,099	14	26		-	**24,272**	39,503
Total revenue	221,569	49,332	5,874	3,195	143,922	150,731	87	115	4,805,280	4,656,718	**5,315,215**	5,009,892
Gain / (loss) on disposal	(57)	347	(2,570)	-	400	306	-	-	-	-	**(1,549)**	(284)
Other gains / (losses)	(300)	(147)	(30)	-	(379)	(273)	406	281	-	-	**43,045**	33,096
Net result	(442,413)	(495,886)	(263,904)	(210,001)	(93,062)	(75,823)	250	165	4,805,280	4,656,718	**67,743**	137,936
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	**-**	-
Actuarial gains/(losses) on superannuation funds	(264)	3,372	181	1,022	1,552	6,955	-	-	-	-	**4,251**	29,507
Total Other Comprehensive Income	(264)	3,372	181	1,022	1,552	6,955	-	-	-	-	**4,251**	29,507
TOTAL COMPREHENSIVE INCOME	(442,677)	(492,514)	(263,723)	(208,979)	(91,510)	(68,868)	250	165	4,805,280	4,656,718	**71,994**	167,443

Elimiantions between service groups have been adjusted in the service group statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Consolidated Service Group Statements for the Year Ended 30 June 2014 (continued)

ENTITY'S ASSETS & LIABILITIES	Community Support for People with a Disability, their Family and Carers		Short Term Intervention for People with a Disability, their Family and Carers		Supported Accommodation for People with a Disability		Targeted Earlier Intervention for Vulnerable Children, Young People and Families		Statutory Child Protection		Out-of-Home Care for Vulnerable Children and Young People	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current Assets												
Cash and cash equivalents	64,130	42,753	55,690	21,318	159,039	72,715	2,071	2,243	4,651	1,681	10,752	10,973
Receivables	3,185	3,818	8,923	9,143	38,480	46,166	2,860	3,042	17,797	14,132	15,964	10,889
Inventories	-	-	-	-	272	289	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	373	-	64	-	173	-	640
Total Current Assets	67,315	46,571	64,613	30,461	197,791	119,543	4,931	5,349	22,448	15,986	26,716	22,502
Non-Current Assets												
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment												
Land and buildings	69,622	66,547	151,378	144,692	770,781	647,582	1,121	1,209	553	236	31,585	18,028
Plant and equipment	1,463	2,059	3,483	4,476	34,592	32,692	1,545	1,744	678	341	44,608	26,021
Total property, plant and equipment	*71,085*	*68,606*	*154,861*	*149,168*	*805,373*	*680,274*	*2,666*	*2,953*	*1,231*	*577*	*76,193*	*44,049*
Intangible assets	3,177	687	6,127	971	34,164	6,635	996	553	1,175	4,722	10,093	5,535
Total Non-Current Assets	74,262	69,293	160,988	150,139	839,537	686,909	3,662	3,506	2,406	5,299	86,286	49,584
Total Assets	141,577	115,864	225,601	180,600	1,037,328	806,452	8,593	8,855	24,854	21,285	113,002	72,086
Current Liabilities												
Payables	60,940	3,360	21,984	7,773	99,963	24,111	1,250	1,868	1,686	933	30,649	22,605
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	4,711	5,483	10,479	12,141	80,935	50,225	-	2,076	1,829	475	13,926	29,938
Other	-	-	-	-	90	-	-	1,462	-	134	-	-
Total Current Liabilities	65,651	8,843	32,463	19,914	180,988	74,336	1,250	5,406	3,515	1,542	44,575	52,543
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	2,549	2,519	1,385	2,131	16,808	34,292	83	658	2,239	3,517	11,713	7,589
Other	-	-	-	-	-	26	-	-	-	-	-	-
Total Non-Current Liabilities	2,549	2,519	1,385	2,131	16,808	34,318	83	658	2,239	3,517	11,713	7,589
Total Liabilities	68,200	11,362	33,848	22,045	197,796	108,654	1,333	6,064	5,754	5,059	56,288	60,132
Net Assets	73,377	104,502	191,753	158,555	839,532	697,798	7,260	2,791	19,100	16,226	56,714	11,954

Elimiantions between service groups have been adjusted in the service group statements

ENTITY'S ASSETS & LIABILITIES	Social Housing Assistance and Tenancy Support		Homelessness Services		Home Care Service of NSW		John Williams Memorial Charitable Trust		Not Attributed		**Consoldiated Entity Total**	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Current Assets												
Cash and cash equivalents	66,799	72,762	19,816	7,707	59,628	56,316	2,035	2,544		-	**444,611**	291,012
Receivables	22,754	48,095	3,754	3,658	5,815	5,739	-	-		-	**119,532**	144,682
Inventories	-	-	-	-	-	-	-	-	-	-	**272**	289
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	**-**	1,250
Total Current Assets	89,553	120,857	23,570	11,365	65,443	62,055	2,035	2,544	-	-	**564,415**	437,233
Non-Current Assets												
Receivables	8,992	47,090	-	-	-	-	-	-	-	-	**8,992**	47,090
Financial assets at fair value	-	-	-	-	21,564	19,407	-	-	-	-	**21,564**	19,407
Property, plant and equipment												
Land and buildings	-	-	-	-	631	708	7,356	6,826	-	-	**1,033,027**	885,828
Plant and equipment	24,153	23,585	-	-	1,683	3,748	-	-			**112,205**	94,666
Total property, plant and equipment	*24,153*	*23,585*	-	-	*2,314*	*4,456*	*7,356*	*6,826*	-	-	***1,145,232***	*980,494*
Intangible assets	11,768	26,197	802	-	-	-	-	-	-	-	**68,302**	45,300
Total Non-Current Assets	44,913	96,872	802	-	23,878	23,863	7,356	6,826	-	-	**1,244,090**	1,092,291
Total Assets	134,466	217,729	24,372	11,365	89,321	85,918	9,391	9,370	-	-	**1,808,505**	1,529,524
Current Liabilities												
Payables	33,373	34,453	1,595	2,355	10,846	7,374	19	248		-	**262,305**	105,080
Provisions	24,191	33,919	19,200	19,776	28,252	24,381	-	-		-	**183,523**	178,414
Other	-	-	-	-	-	-	-	-	-	-	**90**	1,596
Total Current Liabilities	57,564	68,372	20,795	22,131	39,098	31,755	19	248	-	-	**445,918**	285,090
Non-Current Liabilities												
Payables	-	4,783	-	-	-	-	-	-	-	-	**-**	4,783
Provisions	9,502	20,014	817	2,119	9,160	11,591	-	-	-	-	**54,256**	84,430
Other	-	-	-	-	-	-	-	-	-	-	**-**	26
Total Non-Current Liabilities	9,502	24,797	817	2,119	9,160	11,591	-	-	-	-	**54,256**	89,239
Total Liabilities	67,066	93,169	21,612	24,250	48,258	43,346	19	248	-	-	**500,174**	374,329
Net Assets	67,400	124,560	2,760	(12,885)	41,063	42,572	9,372	9,122	-	-	**1,308,331**	1,155,195

Elimiantions between service groups have been adjusted in the service group statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Supplementary Financial Statements

Summary of Compliance with Financial Directives

	2014				2013			
	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								
h Appropriation Act	4,901,593	4,678,428	168,919	149,843	4,621,839	4,561,996	193,345	133,819
h s24 PFAA - transfer of functions between entities	(125,319)	-	-	-	-	-	-	-
	4,776,274	4,678,428	168,919	149,843	4,621,839	4,561,996	193,345	133,819
OTHER APPROPRIATIONS/ EXPENDITURE								
h Additional Appropriations	-	-	-	-	-	-	-	-
h Treasurer's Advance	-	-	-	-	4,910	4,910	310	-
h Section 22 - expenditure for certain works and services	-	-	-	-	-	-	-	-
h s26 PFAA - Commonwealth specific purpose payments	7,677	7,677	-	-	(2,862)	-	-	-
h Transfers to / from another entity (s32 of the Appropriation Act)	-	-	(17,379)	-	-	-	(4,000)	-
h Section 45 Appropriation Act	-	-	-	-	-	-	-	-
h Other adjustments	(20,336)	-	(1,697)	-	(33,548)	-	(3,000)	-
	(12,659)	7,677	(19,076)	-	(31,500)	4,910	(6,690)	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	4,763,615	4,686,105	149,843	149,843	4,590,339	4,566,906	186,655	133,819
Amount drawn down against Appropriation		4,686,169		149,843		4,568,368		133,819
Liability to Consolidated Fund *		64		-		1,462		-

*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).

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Department of Family and Community Services (FACS), 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.

FACS is a NSW government department. FACS 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 2014 have been authorised for issue by the Secretary, on 19 September, 2014.

(b) Administrative restructure

(i) Administrative restructure as a result of changes to the Public Sector Employment and Management (Housing) Order 2013 during 2013/14 related to:

- From 2 August 2013 the group of staff previously employed by Department of Finance and Services who provided personnel services to Land and Housing Corporation, specifically in respect of managing the NSW Government's housing portfolio, were transferred to FACS.

For comparative purposes, there where no administrative restructure changes in 2012/13.

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.

(ii) Transfer of NSW Businesslink Pty Ltd assets and liabilities to the Department

Transfer of NSW Businesslink Pty Ltd assets and liabilities to the Department occurred at close of business on the 30 June 2014. Ministerial approval to the transfer was provided to the Chair of NSW Businesslink Pty Ltd on the 9 April 2014.

The transfer has been approved by the Treasurer as a contribution by owners as owners and therefore brought to account as an adjustment to Accumulated Funds. The transfer is recognised at the amount at which the assets and liabilities were recognised by NSW Businesslink Pty Ltd prior to the transfer. The transferred amounts approximate fair value.

(iii) Transfer of Superannuation and Long Service Leave liabilities to the Crown Entity

Equity transfer of superannuation and long service leave liabilities of FACS (Businesslink) employees from FACS to the Crown Finance Entity. The transfer has been approved by the Treasurer as a contribution by owners as owners and therefore brought to account as an adjustment to Accumulated Funds. The transfer is recognised at the amount at which the liabilities were recognised by FACS prior to the transfer. The transferred amounts approximate fair value.

(c) Basis of preparation

FACS' 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. The full implementation of the National Disability Insurance Scheme (NDIS) by 2017-18 is anticipated to have a material impact on the operations and organisation structure of the Department in future reporting periods. To this date, the Department has not been notified of any significant decision that would materially affect its financial reporting. We believe that due to impending government decisions on the timing of implementing NDIS operational and structural changes, the time required to implement such major decisions and the uncertainty over the timing of such decisions, the Department's business during 2014-15 would be as usual as in the past. Management has prepared the financial statements based on this assumption.

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 FACS.

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 FACS obtains control and until such time as it ceases to control the entity.

All inter-entity balances and transactions are eliminated.

The Consolidated Entity contains the following entities:

- Parent entity
- Home Care Service 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

FACS' 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 FACS 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.

iii) 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:

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 FACS obtains control over the assets comprising the appropriations or contributions. Control is normally obtained when cash is received.

- Unspent 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 FACS transfers significant risks and rewards of ownership of the goods sold to the purchaser.

iii) Rendering of services

Revenue is recognised when FACS 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 expense 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 FACS. 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 14–01 Valuation of Physical Non-Current Assets at Fair Value. This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement" AASB 116 Property, Plant and Equipment.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 15 for further information regarding fair value.

FACS 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.

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 revenue in the net result reported in the Statement of Comprehensive Income. The remaining balance is directly credited to the Revaluation Surplus account.

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.

As FACS 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.

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, FACS 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 FACS.

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

The estimated useful lives of FACS' depreciable assets are:

Asset Class	*Estimated Useful Life*
Buildings and infrastructure	40 years
Motor vehicles	4 -7 years
Plant, furniture and equipment – general and commercial	4-7 years
Plant, furniture and equipment – industrial	20 years

Leasehold improvements - Shorter of estimated useful life of improvements and term of 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.

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 FACS. A liability is recognised when FACS has a legal or constructive obligation to restore the asset.

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.

FACS 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

FACS recognises intangible assets only if it is probable that future economic benefits will flow to FACS 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 FACS' intangible assets, they are carried at cost less accumulated amortisation.

The useful lives of intangible assets are assessed to be finite. FACS' 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 FACS 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. FACS determines classification of its financial assets after initial recognition and when allowed and appropriate, re-evaluates this at each financial year end.

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 FACS’ 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 FACS key management personnel for their endorsement of the investment strategy.

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 FACS 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.

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 FACS transfers the financial assets:

- where substantially all the risks and rewards have been transferred or

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

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

FACS 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

FACS receives monies in a trustee capacity for various Trusts as set out in Note 26. As FACS performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of FACS' 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 FACS 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.

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Notes to and forming part of the financial statements *for the year ended 30 June 2014*

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, plus in the case of financial guarantees not at fair value through profit or loss, directly attributable transactions costs 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.

FACS has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2014. Refer Note 22 regarding disclosures on contingent liabilities.

iii) Employee benefits and other provisions

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

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 Home Care Service Staff Agency 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".

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

The superannuation expense for the financial year is determined by 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.

At 30 June 2014 FACS liabilities for defined benefit superannuation and long service leave relating to staff employed to support NSW Businesslink Pty Ltd were transferred to the Crown Entity (refer Note 20).

- 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) FACS 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 FACS 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 FACS 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 (3.54% as at 30 June 2014). 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) Fair value hierarchy

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

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

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

Refer Note 15 and Note 27 for further disclosures regarding fair value measurements of financial and non-financial assets.

(l) 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 FACS' 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.

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(m) 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 AASB1004 Contributions and Australian Interpretation1038 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.

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

(n) 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.

(o) Comparative information

Except where an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. Comparative information has been restated for 2012/13 due to AASB 119 Employee Benefits – refer to Note 27 for the effect of the restatement.

(p) Changes in accounting policy, including new or revised Australian Accounting Standards

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

The accounting policies applied in 2013-14 are consistent with those of previous years except as a result of the following new or revised

- AASB 13 "Fair Value Measurement" AASB 116 Property, Plant and Equipment. (refer note:15)
- AASB 119 Employee Benefits (refer note:19)

(ii) Issued but not effective

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
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NSW public sector entities are not permitted to early adopt new Australian accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards and interpretations have not been applied and are not yet effective (refer Treasury Circular NSWTC 14/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards).

	Operative Date
AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial Instruments	1 January 2013
AASB 10 (NFP) Consolidated Financial Statements (NFP entities only)	1 July 2013
AASB 11 (NFP) Joint Arrangements (NFP entities only)	1 January 2013
AASB 12 (NFP) Disclosures of Interests in Other Entities (NFP entities only)	1 January 2014
AASB 127 (NFP) Separate Financial Statements (NFP entities only)	1 July 2013
AASB 128 (NFP) Investments in Associates and Joint Ventures (NFP entities only)	1 January 2014
AASB 1031 Materiality	
AASB 1055 and AASB 2013-1 regarding budgetary reporting	1 January 2014
AASB 2011-7 (NFP) regarding consolidation and joint arrangements (NFP entities only)	1 January 2013
AASB 2012-3 regarding offsetting financial assets and financial liabilities	1 January 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-6 regarding Reduced Disclosure Requirements	1 January 2014
AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	1 January 2014
AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).	1 January 2014

FACS' 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.

(q) Change in accounting policies

There has been no change in the FACS' accounting policies unless stated.

Department of Family and Community Services
Notes to and forming part of the financail statements *for the year ended 30 June 2014*

	PARENT 2014 $'000	PARENT 2013 $'000	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
2. Expenses Excluding Losses				
(a) Employee related expenses				
Salaries and wages (including recreation leave) (i)	**1,225,312**	1,145,091	**1,369,024**	1,285,217
Superannuation - defined contribution plans	**97,146**	89,995	**109,394**	101,877
Superannuation - defined benefit plans	**18,084**	17,985	**19,950**	20,388
Long service leave	**53,601**	23,506	**56,746**	24,302
Workers' compensation insurance	**46,086**	41,534	**61,537**	53,521
Payroll tax and fringe benefit tax	**75,502**	70,783	**75,553**	70,840
Redundancy payments	**9,953**	20,681	**9,954**	21,522
Other	**204**	242	**204**	242
	1,525,888	1,409,817	**1,702,362**	1,577,909

(i) Employee related costs capitalised in fixed asset accounts are excluded from the above totalled $0.366 million (2013: $0.447 million).

	PARENT 2014 $'000	PARENT 2013 $'000	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
(b) Other operating expenses				
Auditor's remuneration - audit of the financial statements	**505**	497	**677**	664
Internal Auditor's remuneration - other services	**2,856**	6,148	**3,006**	6,298
Advertising	**619**	1,173	**787**	1,313
Bad and doubtful debts	**90**	1,330	**90**	1,330
Cleaning	**7,144**	7,015	**7,345**	7,244
Computer maintenance, software licences and other related expenditu	**5,997**	5,804	**6,006**	5,827
Consultants	**1,006**	848	**1,006**	909
Other contract services	**18,364**	7,236	**18,364**	7,236
Corporate shared services fees	**141,532**	137,480	**151,537**	147,536
Equipment	**1,628**	2,192	**1,708**	2,335
Fee for services rendered	**17,362**	27,102	**17,362**	27,102
Consumables	**13,594**	13,371	**13,594**	13,371
Insurance	**2,357**	2,314	**2,645**	2,591
Legal costs	**12,244**	14,051	**13,158**	14,666
Maintenance (i)	**14,175**	13,405	**14,361**	13,568
Management and other fees	**26,681**	18,231	**41,978**	32,230
Medical support services	**2,836**	2,222	**2,836**	2,222
Motor vehicle running costs	**27,209**	26,734	**28,742**	28,047
Operating lease rental expense-minimum lease payments	**67,533**	67,150	**71,352**	71,136
Telecommunications	**5,607**	6,146	**6,188**	6,631
Printing, postage and stationery	**7,769**	8,938	**8,842**	9,983
Property and residential expenses	**3,050**	4,017	**3,050**	4,017
Staff development	**16,818**	16,770	**19,781**	20,372
Travelling, removal and subsistence	**7,236**	7,736	**17,852**	16,824
Utilities	**12,086**	12,798	**12,382**	13,115
Other	**24,941**	21,164	**27,431**	23,272
	441,239	431,872	**492,080**	479,839
(i) Reconciliation - Total Maintenance				
Maintenance expense - contractor labour and other (non employee related) as above	**14,175**	13,405	**14,361**	13,568
Employee related maintenance expense included in Note 2 (a)	**2,800**	2,939	**2,800**	2,939
Total maintenance expenses included in Note 2 (a) and 2 (b)	**16,975**	16,344	**17,161**	16,507
(c) Depreciation and amortisation expense				
Depreciation				
Buildings	**17,401**	14,091	**17,543**	14,219
Computer equipment	**1,368**	3,858	**1,389**	3,894
Motor vehicles	**764**	1,114	**1,588**	2,355
Furniture and equipment	**1,775**	3,093	**1,883**	3,241
Plant and equipment	**2,119**	1,759	**2,125**	1,767
	23,427	23,915	**24,528**	25,476
Amortisation				
Intangibles	**31,283**	35,140	**31,283**	35,140
Leasehold improvements	**22,440**	25,948	**23,479**	27,029
	53,723	61,088	**54,762**	62,169
	77,150	85,003	**79,290**	87,645

Department of Family and Community Services
Notes to and forming part of the financail statements *for the year ended 30 June 2014*

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
(d) Grants and subsidies				
Ageing program	**3,449**	7,565	**3,449**	7,565
Community services program	**272**	95,976	**272**	95,976
Disability services program	**1,324,070**	1,223,406	**1,252,214**	1,212,788
Grant to NSWbusinesslink	**141**	2,920	**141**	2,920
Home and community care program	**207,994**	219,458	**197,405**	147,015
Out of home care	**634,499**	585,905	**634,499**	585,905
Prevention and early Intervention	**219,740**	108,926	**219,740**	108,926
Statutory child protection service	**27,681**	28,401	**27,681**	28,401
Rental Assistance	**14,318**	13,254	**14,318**	13,254
Rental subsidies to disadvantaged groups	**22,884**	24,459	**22,884**	24,459
Grants to Other Government Departments	**18,649**	9,739	**18,649**	9,739
Housing Community Assistance Program	**689**	754	**689**	754
Housing Initiatives Leasing	**66,786**	63,330	**66,786**	63,330
Housing Grants to Community Groups	**67,980**	15,972	**67,980**	15,972
Grants to Land and Housing Corporation	**132,410**	122,096	**132,410**	122,096
Other Grants to Individuals and Other Organisations	**355,290**	310,563	**355,290**	310,563
Social Housing Growth Fund	**-**	1,056	**-**	1,056
Grants to Department of Finance and Services	**-**	8,487	**-**	8,487
	3,096,852	2,842,267	**3,014,407**	2,759,206

FACS directly funded $158.2 million to service providers through grant payments for the delivery of specialist disability services within the Hunter trial site for the National Disability Insurance Scheme (NDIS) during 2013/14 (2012/13 $Nil). This is otherwise known as the “in-kind” contribution to NDIS. In addition to this amount FACS paid directly to National Disability Australia $19 million (2012/13 $nil) for clients that have transitioned to NDIS.

From 1 July 2012 Home and Community Care program funding arrangements has changed with Commonwealth providing direct funding which previously was funded by the department.

ADHC received $2.76 million from service providers in 2013-14 (2012-13 $4.52 million) representing a return of unspent grants under the following programs: $0.23 million (2012-13 $Nil) for the Disability Services program and $2.53 million (2012-13 $4.52 million) 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.

(e) Finance costs				
Unwinding of discount rate	**829**	153	**829**	169
	829	153	**829**	169

Department of Family and Community Services
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	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	$'000	$'000
3. Revenues				
a) Appropriations				
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of compliance)	**4,686,169**	4,568,368	**4,686,169**	4,568,368
Less: Liability to Consolidated Fund (per Summary of compliance)	**64**	1,462	**64**	1,462
	4,686,105	4,566,906	**4,686,105**	4,566,906
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	**4,588,756**	4,486,153	**4,588,756**	4,486,153
Transfer payments	**97,349**	80,753	**97,349**	80,753
	4,686,105	4,566,906	**4,686,105**	4,566,906
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of compliance)	**149,843**	133,819	**149,843**	133,819
Less: Liability to Consolidated Fund (per Summary of compliance)	**-**	-	**-**	-
	149,843	133,819	**149,843**	133,819
Comprising:				
Capital appropriations (per Statement of comprehensive income)	**149,843**	133,819	**149,843**	133,819
	149,843	133,819	**149,843**	133,819
b) Sale of goods and services				
Community Options program fees	**-**	-	**46**	56
Corporate client fees	**-**	-	**3,754**	4
Home and Community Care	**8,064**	7,871	**15,905**	15,675
Residential Client Fees	**42,530**	41,974	**42,530**	41,974
Management Fees - Land and Housing Coporation	**118,911**	-	**118,911**	-
Rendering of services - Disaster Welfare	**208**	148	**208**	148
Veterans' Home Care fees	**-**	-	**6,079**	7,121
Other fees	**6,103**	-	**7,251**	5,208
	175,816	49,993	**194,684**	70,186
c) Investment revenue				
Interest received	**11,236**	12,879	**15,891**	18,190
Rents	**10**	12	**10**	12
	11,246	12,891	**15,901**	18,202
d) Grants and contributions				
Commonwealth				
Home and Community Care program	**-**	-	**101,214**	109,441
Other Commonwealth Government grants	**3,054**	4,604	**6,778**	8,154
	3,054	4,604	**107,992**	117,595
State				
Other State Government grants *	**26,661**	39,756	**33,415**	42,111
	26,661	39,756	**39,831**	42,111
Total Grants and Contributions	**29,715**	44,360	**147,823**	159,706

* Including SACS Funding of $nil (2013: $9.248 million) and reimbursement for redundancy funding of $8.434 million (2013: $20.700 million)

Department of Family and Community Services
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	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
e) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	**$'000**	$'000	$'000	$'000
The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:				
Superannuation - defined benefit	**14,191**	13,254	**14,191**	13,254
Long service leave	**31,279**	13,574	**31,279**	13,574
Payroll tax	**21,211**	9,918	**21,211**	9,918
	66,681	36,746	**66,681**	36,746
f) Other revenue				
Assets recognised for the first time	**2,802**	4,480	**2,802**	4,557
TMF Hindsight adjustment	**3,269**	12,246	**5,046**	12,246
Joint Investigation Response Team revenue	**-**	2,101	**-**	2,101
Rental Assistance Subsidies	**2,440**	5,379	**2,440**	5,379
Other revenue	**13,383**	13,198	**13,984**	15,220
	21,894	37,404	**24,272**	39,503
4. Gain/(loss) on disposal				
Gain/(loss) on disposal of non-current assets held for sale:				
Proceeds from disposal (net of selling expenses)	**3,507**	1,141	**3,507**	1,141
Written down value of assets disposed	**(2,695)**	(1,254)	**(2,695)**	(1,254)
Net gain/(loss) on disposal of non-current assets held for sale	**812**	(113)	**812**	(113)
Gain/(loss) on disposal of land and buildings:				
Proceeds from disposal (net of selling expenses)	**2,570**	-	**2,570**	-
Written down value of assets disposed	**-**	-	**-**	-
Net gain/(loss) on disposal of land and buildings	**(2,570)**	-	**(2,570)**	-
Gain/(loss) on disposal of plant and equipment:				
Proceeds from disposal (net of selling expenses)	**833**	1,149	**1,702**	1,866
Written down value of assets disposed	**(1,023)**	(1,626)	**(1,493)**	(2,037)
Net gain/(loss) on disposal of plant and equipment	**(190)**	(477)	**209**	(171)
Total net gain/(loss) on disposal	**(1,948)**	(590)	**(1,549)**	(284)
5. Other Gains/(Losses)				
Impairment loss of non-current assets held for sale	**-**	(449)	**-**	(449)
Revaluation gain/(loss) on carrying value of land and buildings	**44,393**	34,801	**44,594**	35,109
Impairment loss on carrying value of plant and equipment	**(240)**	-	**(240)**	-
Gain/(loss) on impairment of receivables	**(930)**	(1,290)	**(1,309)**	(1,564)
	43,223	33,062	**43,045**	33,096

6. Conditions on contributions

As at 30 June 2014 the entity held $0.109 million (2013: $0.336 million) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. The unspent contributions with conditions were: from Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs $Nil (2013: $0.227 million); from Aboriginal Diagnosis Support and $0.109 million (2013: $0.109 million).

7. Service Groups

The service group's under the control of the Department of Family and Community Services are:

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

This service group focuses on building skills, strengthening family and carer relationships by providing assistance with the activities of everyday living to enable people to live in their own home and to participate in economic and community life.

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

This service group supports people with a disability and carers, as well as older people to access services and community support in order to maximise independence, wellbeing and quality of life.

3. Supported Accommodation for People with a Disability

This service group provides suitable accommodation and opportunities for personal growth and development for people with a disability who have ongoing intensive support needs. This includes group home accommodation, individual accommodation support and a range of other accommodation options.

4. Targeted Earlier Intervention for Vulnerable Children, Young People and Families

This service group supports vulnerable children, young people and their families to live better lives. It includes support services to reduce the incidence and impact of domestic violence against women and children, as well as broader services in communities.

5. Statutory Child Protection

This service group responds to reports of children at risk of significant harm (ROSH). It involves assessing and investigating reports of child abuse and neglect, and intervening, where appropriate, to ensure the safety, welfare and wellbeing of children at risk of significant harm.

6. Out-of-Home Care for Vulnerable Children and Young People

This service group supports vulnerable children and young people who cannot live safely with their parent/s. Out-of-home care (OOHC) includes restoration, general foster care, kinship care, residential care, and adoptions delivered by the non-government sector and the Department of Family and Community Services. The service includes planning, monitoring and supporting non-government organisations (NGOs) to deliver services to children and young people in care.

7. Social Housing Assistance and Tenancy Support

This service group covers housing assistance for people on low incomes or who are unable to access or maintain appropriate housing. This includes managing tenancies in public, community and Aboriginal Housing Office properties. It also includes providing private rental market assistance as an alternative to social housing and to assist people to transition out of social housing.

8. Homelessness Services

This service group supports people who are homeless or at risk of homelessness. It includes crisis and medium-term accommodation, and prevention and early intervention services such as living skills, family support and employment support.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	$'000	$'000
8. Current Assets - Cash and Cash Equivalents				
Cash at bank and on hand	**382,950**	232,152	**388,095**	234,887
TCorp Short-term deposits	**-**	-	**54,530**	53,709
- Treasury Corporation - Hour Glass cash facilities	**-**	-	**1,986**	2,416
Total cash and cash equivalents	**382,950**	232,152	**444,611**	291,012

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:

	PARENT 2014	PARENT 2013	CONSOLIDATED 2014	CONSOLIDATED 2013
Cash and cash equivalents (per statement of financial position)	**382,950**	232,152	**444,611**	291,012
Closing cash and cash equivalents (per statement of cash flows)	**382,950**	232,152	**444,611**	291,012

Cash at bank includes $64,000 (2013 $1.255 million) owed to Consolidated Fund that is a restricted asset.

Refer Note 28 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

9. Current/non-current assets - receivables

	PARENT 2014	PARENT 2013	CONSOLIDATED 2014	CONSOLIDATED 2013
Current				
Client Fees	**5,715**	1,819	**5,715**	1,577
Less : Allowance for impairment	**(1,509)**	(1,403)	**(1,509)**	(1,403)
	4,206	416	**4,206**	174
Sundry receivables	**34,213**	24,304	**40,928**	30,463
Less : Allowance for impairment	**(4,224)**	(3,694)	**(5,347)**	(4,753)
	29,989	20,610	**35,581**	25,710
Amounts due from other government agencies	**33,949**	95,676	**33,949**	95,676
Prepayments - Other	**10,667**	2,023	**10,667**	2,237
Interest receivable	**626**	156	**626**	156
GST receivable (net)	**34,279**	20,389	**34,503**	20,729
	113,716	139,270	**119,532**	144,682
Non-current				
Sundry receivables	**298**	569	**298**	569
Amounts due from other government agencies	**8,694**	46,521	**8,694**	46,521
	8,992	47,090	**8,992**	47,090
Total Receivables	**122,708**	186,360	**128,524**	191,772
Movement in the allowance for impairment				
Balance at 1 July	**(5,097)**	(2,672)	**(6,156)**	(3,704)
Transfer on reorganisation	**(9)**	-	**(9)**	-
Amounts written off during the year	**303**	169	**618**	318
Amounts recovered during the year	**-**	765	**-**	1,003
Increase/(decrease) in allowance recognised in profit or loss	**(930)**	(3,359)	**(1,309)**	(3,773)
Balance at 30 June	**(5,733)**	(5,097)	**(6,856)**	(6,156)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 28

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
10. Current Assets - Inventories				
Held for distribution				
Residence supplies - at cost	**272**	289	**272**	289
	272	289	**272**	289
11. Current/non-current - Financial Assets at Fair Value				
Non-current				
TCorp - Hour-Glass Investment Facilities				
- Medium-term Growth Facility Trust	**-**	-	**8,498**	7,893
- Long-term Growth Facility Trust	**-**	-	**13,066**	11,514
Total Non-current financial assets at fair value	**-**	-	**21,564**	19,407

Refer to Note 28 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
12. Non-Current Assets Held for Sale				
Land and buildings	**-**	1,250	**-**	1,250
	-	1,250	**-**	1,250

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.
Further details regarding fair value measurement are disclosed in Note:15

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

PARENT 2014

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2013 -fair value							
Gross carrying amount	1,023,695	22,054	5,526	34,790	35,138	206,812	1,328,015
Accumulated depreciation and impairment	(145,401)	(14,217)	(1,805)	(32,868)	(32,753)	(131,760)	(358,804)
Net Carrying Amount	878,294	7,837	3,721	1,922	2,385	75,052	969,211
At 30 June 2014 - fair value							
Gross carrying amount	1,189,061	27,811	4,456	72,530	34,720	235,095	1,563,673
Accumulated depreciation and impairment	(164,021)	(17,886)	(2,091)	(57,711)	(33,233)	(153,169)	(428,111)
Net Carrying Amount	**1,025,040**	**9,925**	**2,365**	**14,819**	**1,487**	**81,926**	**1,135,562**

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

Works in Progress totalling $212.750 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $197.0 million, Plant and Equipment $1.38 million, Computer Software $0.13 million and Leasehold Improvements $14.24 million.

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 2014

Year ended 30 June 2014	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	878,294	7,837	3,721	1,922	2,385	75,052	969,211
Additions	121,396	1,965	1	42	384	21,383	145,171
Assets recognised for the first time	2,786	-	-	-	16	-	2,802
Make good	-	-	-	-	-	7,853	7,853
Assets held for resale	(1,445)	-	-	-	-	-	(1,445)
Transfer between classes	-	315	-	-	514	(829)	-
Disposals	(2,743)	(42)	(743)	-	(37)	(53)	(3,618)
Impairment losses *	(240)	-	-	-	-	-	(240)
Increase/(decrease) in net assets from administrative restructuring	-	1,969	150	14,223	-	960	17,302
Net revaluation increment less revaluation decrements	44,393	-	-	-	-	-	44,393
Depreciation expense	(17,401)	(2,119)	(764)	(1,368)	(1,775)	(22,440)	(45,867)
Net Carrying Amount at end of year	**1,025,040**	**9,925**	**2,365**	**14,819**	**1,487**	**81,926**	**1,135,562**

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

PARENT 2013

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 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
At 30 June 2013 - fair value							
Gross carrying amount	1,023,695	22,054	5,526	34,790	35,138	206,812	1,328,015
Accumulated depreciation and impairment	(145,401)	(14,217)	(1,805)	(32,868)	(32,753)	(131,760)	(358,804)
Net Carrying Amount	878,294	7,837	3,721	1,922	2,385	75,052	969,211

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

Works in Progress totalling $194.4 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $167.7 million, Plant and Equipment $1.5m, Computer Equipment $Nil and Leasehold Improvements $25.2 million.

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 2013

Year ended 30 June 2013	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	745,347	6,721	6,020	5,665	5,348	72,062	841,163
Additions	109,022	2,928	45	246	202	22,261	134,704
Assets recognised for the first time	4,472	8	-	-	-	-	4,480
Make good	-	-	-	-	-	6,791	6,791
Assets held for resale	(1,071)	-	-	-	-	-	(1,071)
Transfer between classes	-	-	-	(123)	-	168	45
Transfers to other government agencies	-	-	-	(4)	-	(7)	(11)
Disposals	(160)	(61)	(1,230)	(4)	(72)	(275)	(1,802)
Impairment losses *	(26)	-	-	-	-	-	(26)
Net revaluation increment less revaluation decrements	34,801	-	-	-	-	-	34,801
Depreciation expense	(14,091)	(1,759)	(1,114)	(3,858)	(3,093)	(25,948)	(49,863)
Net carrying amount at end of year	878,294	7,837	3,721	1,922	2,385	75,052	969,211

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

CONSOLIDATED 2014

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2013 -fair value							
Gross carrying amount	1,031,520	22,209	10,158	35,560	35,885	212,909	1,348,241
Accumulated depreciation and impairment	(145,692)	(14,359)	(4,589)	(33,616)	(33,320)	(136,171)	(367,747)
Net Carrying Amount	885,828	7,850	5,569	1,944	2,565	76,738	980,494
At 30 June 2014 - fair value							
Gross carrying amount	1,197,427	27,943	7,445	72,916	35,455	241,188	1,582,374
Accumulated depreciation and impairment	(164,400)	(18,012)	(4,444)	(58,096)	(33,896)	(158,294)	(437,142)
Net Carrying Amount	**1,033,027**	**9,931**	**3,001**	**14,820**	**1,559**	**82,894**	**1,145,232**

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

Works in Progress totalling $213.02 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $197.082 million, Plant and Equipment $1.380 million, Computer Software $0.130 million and Leasehold Improvements $14.428 million.

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 2014

Year ended 30 June 2014	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	885,828	7,850	5,569	1,944	2,565	76,738	980,494
Additions	121,791	1,965	82	42	384	21,543	145,807
Assets recognised for the first time	2,786	-	-	-	16	-	2,802
Make good	-	-	-	-	-	8,015	8,015
Assets held for resale	(1,445)	-	-	-	-	-	(1,445)
Transfer between classes	-	315	-	-	514	(829)	-
Disposals	(2,744)	(43)	(1,212)	-	(37)	(54)	(4,090)
Impairment losses *	(240)	-	-	-	-	-	(240)
Increase/(decrease) in net assets from administrative restructuring	-	1,969	150	14,223	-	960	17,302
Net revaluation increment less revaluation decrements	44,594	-	-	-	-	-	44,594
Depreciation expense	(17,543)	(2,125)	(1,588)	(1,389)	(1,883)	(23,479)	(48,007)
Net Carrying Amount at end of year	**1,033,027**	**9,931**	**3,001**	**14,820**	**1,559**	**82,894**	**1,145,232**

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

CONSOLIDATED 2013

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2012 -fair value							
Gross carrying amount	879,861	21,338	12,912	37,370	39,457	195,534	1,186,472
Accumulated depreciation and impairment	(127,268)	(14,575)	(3,694)	(31,649)	(33,801)	(120,966)	(331,953)
Net Carrying Amount	752,593	6,763	9,218	5,721	5,656	74,568	854,519
At 30 June 2013 - fair value							
Gross carrying amount	1,031,520	22,209	10,158	35,560	35,885	212,909	1,348,241
Accumulated depreciation and impairment	(145,692)	(14,359)	(4,589)	(33,616)	(33,320)	(136,171)	(367,747)
Net Carrying Amount	885,828	7,850	5,569	1,944	2,565	76,738	980,494

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

Works in Progress totalling $194.7 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $167.7 million, Plant and Equipment $1.5 million, Computer Equipment $Nil and Leasehold Improvements $25.5 million.

Reconciliation

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

CONSOLIDATED 2013

Year ended 30 June 2013	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	752,593	6,763	9,218	5,721	5,656	74,568	854,519
Additions	109,131	2,928	268	246	202	22,519	135,294
Assets recognised for the first time	4,472	8	77	-	-	-	4,557
Make good	-	-	-	-	-	6,791	6,791
Assets held for resale	(1,071)	-	-	-	-	-	(1,071)
Transfer between classes	-	(18)	-	(123)	18	168	45
Transfers to other government agencies	-	-	-	(4)	-	(7)	(11)
Disposals	(161)	(64)	(1,639)	(2)	(70)	(272)	(2,208)
Impairment losses *	(26)	-	-	-	-	-	(26)
Net revaluation increment less revaluation decrements	35,109	-	-	-	-	-	35,109
Depreciation expense	(14,219)	(1,767)	(2,355)	(3,894)	(3,241)	(27,029)	(52,505)
Net Carrying Amount at end of year	885,828	7,850	5,569	1,944	2,565	76,738	980,494

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

14. Intangible Assets **PARENT**

	Software $'000	Software under construction $'000	Internally developed assets $'000	Total $'000
At 1 July 2013				
Cost (gross carrying amount)	142,140	2,165	-	144,305
Accumulated amortisation and impairment	(99,005)	-	-	(99,005)
Net Carrying Amount	43,135	2,165	-	45,300
At 30 June 2014				
Cost (gross carrying amount)	181,215	16,327	79,509	277,051
Accumulated amortisation and impairment	(157,290)	-	(51,459)	(208,749)
Net Carrying Amount	23,925	16,327	28,050	68,302

Reconciliations

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

Year ended 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at beginning of year	43,135	2,165	-	45,300
Additions	41	4,133	-	4,174
Increase/(decrease) in net assets from administrative restructuring	12,032	10,029	28,050	50,111
Amortisation expense	(31,283)	-	-	(31,283)
Net carrying amount at end of year	23,925	16,327	28,050	68,302

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

At 1 July 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
At 30 June 2013				
Cost (gross carrying amount)	142,140	2,165	-	144,305
Accumulated amortisation and impairment	(99,005)	-	-	(99,005)
Net Carrying Amount	43,135	2,165	-	45,300

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the prior reporting period is set out below.

Year ended 30 June 2013	**$'000**	**$'000**	**$'000**
Net carrying amount at beginning of year	75,572	2,165	77,737
Additions	2,804	-	2,804
Transfer between classes	(45)	-	(45)
Disposals	(56)	-	(56)
Amortisation expense	(35,140)	-	(35,140)
Net carrying amount at end of year	43,135	2,165	45,300

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

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

14. Intangible Assets (continued)

CONSOLIDATED

	Software $'000	Software under construction $'000	Internally developed assets $'000	Total $'000
At 1 July 2013				
Cost (gross carrying amount)	142,140	2,165	-	144,305
Accumulated amortisation and impairment	(99,005)	-	-	(99,005)
Net Carrying Amount	43,135	2,165	-	45,300
At 30 June 2014				
Cost (gross carrying amount)	181,215	16,327	79,509	277,051
Accumulated amortisation and impairment	(157,290)	-	(51,459)	(208,749)
Net Carrying Amount	23,925	16,327	28,050	68,302

Reconciliations

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

Year ended 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at beginning of year	43,135	2,165	-	45,300
Additions	41	4,133	-	4,174
Increase/(decrease) in net assets from administrative restructuring	12,032	10,029	28,050	50,111
Amortisation expense	(31,283)	-	-	(31,283)
Net carrying amount at end of year	23,925	16,327	28,050	68,302

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

At 1 July 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
At 30 June 2013				
Cost (gross carrying amount)	142,140	2,165		144,305
Accumulated amortisation and impairment	(99,005)	-		(99,005)
Net Carrying Amount	43,135	2,165		45,300

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the prior reporting period is set out below.

Year ended 30 June 2013	**$'000**	**$'000**		**$'000**
Net carrying amount at beginning of year	75,572	2,165		77,737
Additions	2,804	-		2,804
Transfer between classes	(45)	-		(45)
Disposals	(56)	-		(56)
Amortisation expense	(35,140)	-		(35,140)
Net carrying amount at end of year	43,135	2,165		45,300

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

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

15. Fair value measurement of non-financial assets

a) Fair value hierarchy

2014		Parent			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	355,469	669,571	1,025,040
		-	**355,469**	**669,571**	**1,025,040**

There were no transfers between Level 1 or 2 during the period

2014		CONSOLIDATED			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	359,872	673,155	1,033,027
		-	**359,872**	**673,155**	**1,033,027**

There were no transfers between Level 1 or 2 during the period

b) Valuation techniques, inputs and processes

The assets valued under level 2 inputs are valued using the market approach, due to the availability of market transactions and observable prices for similar assets. Valuers have considered matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment in determining the values. These values largely relate to all land assets and the majority of "buy/modify" building assets for which comparable values are available.

The assets valued under level 3 inputs are specialised assets which have been valued using the cost approach which is based on replacing the "service capacity" of the asset. These specialised assets are either:

- purpose built group homes where the replacement cost is based on actual construction costs incurred by FACS
- highly modified buildings which are significantly modified for the purpose of provision of care to FACS clients, and the replacement costs are based on actual costs incurred by FACS.
- Large Residential Centres which are older, large institutional style buildings and valued by the external valuer at replacement value.

All level 3 inputs are checked by the valuer against the Rawlinson's Construction Handbook 2014.
All values are consistent with highest and best use of the asset.

Fair Value measurements				
Level	**Asset class**	**Valuation technique**	**Inputs**	**Processes**
2	Land - Group homes - with buildings with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
3	Land - Group homes - with purpose built or significantly modified buildings	Market approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. Unobservable inputs - buildings on the land are either purpose built or significantly modified and as land and building are considered as one complete asset for existing use purposes, these assets are measured at level 3.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. The unobseravble level 3 inputs are not considered to impact on the values determined by the market approach considereing existing use of the asset
3	Land - Large Residential Centres	Market approach	Observable inputs - land assets are considered special use assets with no direct comparable sales. The most relevant available site data for similar sites is considered using highest and best use. Unobservable inputs - specialised buildings are located on the land and as land and building are considered as one complete asset, these assets are measured at level 3.	These are large sites with few relevant recent sales of similar properties. Fair value is determined by considering the sales of the most relevant large properties. These provide a range of values per hectare and an appropraite rate per hectare within the range to arrive at a fair value.

Department of Family and Community Services

Notes to and forming part of the financial statements *for the year ended 30 June 2014*

Fair Value measurements (continued)

2	Buildings - group homes with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc
3	Buildings - purpose built or significantly modified group homes	Cost approach using costs incurred in the construction of purpose built or significantly modified properties	Observable inputs - actual construction costs are used for these purpose built andsignificantly modified buildings located on residential land. Unobservable inputs - the highly modified and costly nature of the buidings positioned on residential land and utilised for mandated services.	Actual construction costs are checked against Rawlinson's Construction Handbook 2014
3	Buildings - LRC	Cost approach using replacement costs	Unobservable inpts -buildings are considered specialised assets where current market buying process cannot be observed. Construction cost per square metre applied to determine replacement cost.	For full valuations, visual inspection of the properties and assessment of replacement cost by independent registered valuer, using building areas and cost per sqare metre.

c) Reconciliation of recurring Level 3 fair value measurements

	Consolidated	
	Land and Buildings $'000	Total Recurring Level 3 Fair Value $'000
Fair value as at 1 July 2013	551,958	551,958
Additions	101,438	101,438
Revaluation increments/decrements	15,974	15,974
Transfer from Level 2	15,287	15,287
Depreciation	(11,502)	(11,502)
Fair value as at 30 June 2014	**673,155**	**673,155**

Transfers from level 2 to level 3 fair value measurement are due to properties being valued as specialised assets for the first time at June 2014.

Department of Family and Community Services
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	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
16. Current/Non-Current Liabilities - Payables				
Current				
Accrued salaries, wages and on-costs	**38,983**	36,668	**38,922**	41,433
Creditors	**9,746**	10,774	**16,338**	11,722
Accrued operating expenditure	**201,417**	41,014	**205,579**	42,550
Accrued capital expenditure	**263**	-	**263**	-
GST payable	**-**	338	**-**	338
Amounts owing to other government agencies	**920**	8,888	**967**	8,888
Other creditors	**112**	77	**236**	149
	251,441	97,759	**262,305**	105,080
Non-Current				
Unearned Revenue	**-**	4,783	**-**	4,783
	-	4,783	**-**	4,783
Total payables	**251,441**	102,542	**262,305**	109,863

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are included in Note 28

Included in accrued operating expenditure is an accrual to the Commonwealth Government of $143 million (2012/13 $nil) payable under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services .

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
17. Current / Non-Current Liabilities - Provisions				
Current				
Employee benefits and related on-costs				
Recreation leave	**114,974**	99,226	**128,374**	111,413
Payroll tax	**15,358**	13,435	**15,358**	13,435
Long service leave and on-costs	**15,952**	27,599	**30,114**	39,232
Workers' compensation	**4,796**	3,842	**4,796**	3,842
Total employee benefits and related on-costs	**151,080**	144,102	**178,642**	167,922
Other Provisions				
Legal Claims	**-**	920	**-**	920
Restoration costs	**4,191**	9,006	**4,881**	9,572
Total current provisions	**155,271**	154,028	**183,523**	178,414
Non-current				
Employee benefits and related on-costs				
Payroll tax	**558**	613	**558**	613
Long service leave and on-costs	**1,264**	2,197	**3,801**	5,965
Workers' compensation	**56**	130	**56**	130
Superannuation	**9,563**	54,110	**15,708**	61,393
Total employee benefits and related on-costs	**11,441**	57,050	**20,123**	68,101
Other Provisions				
Social Benefit Bonds	**6,122**	-	**6,122**	-
Restoration costs	**27,534**	15,789	**28,011**	16,329
Total non-current provisions	**45,097**	72,839	**54,256**	84,430
Total Provisions	**200,368**	226,867	**237,779**	262,844
Aggregate employee benefits and related on-costs				
Provisions - current	**151,080**	144,102	**178,642**	167,922
Provisions - non-current	**11,441**	57,050	**20,123**	68,101
Accrued salaries, wages and on-costs (Note 15)	**38,983**	36,668	**38,922**	41,433
	201,504	237,820	**237,687**	277,456

The current provision includes $17.330 million (2013: $16.303 million) of recreation leave entitlements accrued but not expected to be taken within 12 months.

The current provision includes $6.806 million of long services leave entitlements accrued that are expected to be settled in the next 12 months and $7.356 million 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.

17. 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	Social Benefit Bonds		Restoration costs	
	Total 2014 $'000	Total 2013 $'000	**Total 2014 $'000**	Total 2013 $'000
Carrying amount at the beginning of the financial year	**-**	-	**24,795**	18,734
Amounts transferred in as part of administrative restructure	**-**	-	**1,112**	-
Additional provision recognised	**5,831**	-	**7,853**	6,791
Amounts used	**-**	-	**(1,357)**	(752)
Unused amounts reversed	**-**	-	**(1,216)**	(130)
Change in discount rate	**291**	-	**538**	152
Carrying amount at the end of the financial	**6,122**	-	**31,725**	24,795

CONSOLIDATED	Social Benefit Bonds		Restoration costs	
	Total 2014 $'000	Total 2013 $'000	**Total 2014 $'000**	Total 2013 $'000
Carrying amount at the beginning of the financial year	**-**	-	**25,901**	19,860
Amounts transferred in as part of administrative restructure	**-**	-	**1,112**	-
Additional provision recognised	**5,831**	-	**8,015**	6,791
Amounts used	**-**	-	**(1,357)**	(753)
Unused amounts reversed	**-**	-	**(1,257)**	(183)
Change in discount rate	**291**	-	**478**	186
Carrying amount at the end of the financial	**6,122**	-	**32,892**	25,901

18. Current/Non Current Liabilities - Other	PARENT		CONSOLIDATED	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Current				
Liability to Consolidated Fund - Recurrent	**64**	1,462	**64**	1,462
Lease incentives	**26**	134	**26**	134
	90	1,596	**90**	1,596
Non-current				
Lease incentives	**-**	26	**-**	26
	-	26	**-**	26

Department of Family and Community Services
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19. Superannuation

PARENT ENTITY **2014**	Note	**SASS 30-Jun-14**	**SANCS 30-Jun-14**	**SSS 30-Jun-14**	**TOTAL 30-Jun-14**
Member Numbers					
Contributors		54	93	39	186
Deferred benefits		-	-	5	5
Pensioners		1	-	52	53
Pensions fully commuted		-	-	-	-
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		21,223	5,729	112,874	139,826
Estimated reserve account balance		(18,833)	(5,743)	(61,638)	(86,214)
1. Deficit/(surplus)		2,390	(14)	51,236	53,612
2. Future Service Liability (Note 2)		3,348	2,427	3,230	9,005
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		2,390	(14)	51,236	53,612
Less amounts assumed by the Crown - Equity Transfer	20	1,594	(353)	42,808	44,049
Balance as per Statement of financial position	17	796	339	8,428	9,563

PARENT ENTITY **2013**	Note	**SASS 30-Jun-13**	**SANCS 30-Jun-13**	**SSS 30-Jun-13**	**TOTAL 30-Jun-13**
Member Numbers					
Contributors		65	107	42	214
Deferred benefits		-	-	4	4
Pensioners		1	-	48	49
Pensions fully commuted		-	-	-	-
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		23,172	5,948	104,173	133,293
Estimated reserve account balance		(18,709)	(5,410)	(55,064)	(79,183)
1. Deficit/(surplus)		4,463	538	49,109	54,110
2. Future Service Liability (Note 2)		-	-	-	-
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		3,838	2,348	3,807	9,993
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	17	4,463	538	49,109	54,110

CONSOLIDATED ENTITY **2014**	Note	**SASS 30-Jun-14**	**SANCS 30-Jun-14**	**SSS 30-Jun-14**	**TOTAL 30-Jun-14**
Member Numbers					
Contributors		235	274	39	548
Deferred benefits		-	-	5	5
Pensioners		1	-	55	56
Pensions fully commuted		-	-	1	1
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		58,343	10,821	115,341	184,505
Estimated reserve account balance		(51,125)	(10,313)	(63,310)	(124,748)
1. Deficit/(surplus)		7,218	508	52,031	59,757
2. Future Service Liability (Note 2)		7,830	3,631	3,230	14,691
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		7,218	508	52,031	59,757
Less amounts assumed by the Crown - Equity Transfer	20	1,594	(353)	42,808	44,049
Balance as per Statement of financial position	17	5,624	861	9,223	15,708

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19. Superannuation

CONSOLIDATED ENTITY 2013	Note	SASS 30-Jun-13	SANCS 30-Jun-13	SSS 30-Jun-13	TOTAL 30-Jun-13
Member Numbers					
Contributors		271	314	43	628
Deferred benefits		-	-	4	4
Pensioners		1	-	50	51
Pensions fully commuted		-	-	1	1
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		60,083	11,147	106,429	177,659
Estimated reserve account balance		(49,818)	(9,832)	(56,616)	(116,266)
1. Deficit/(surplus)		10,265	1,315	49,813	61,393
2. Future Service Liability (Note 2)		-	-	-	-
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		4,949	3,589	3,854	12,392
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		10,265	1,315	49,813	61,393

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2:

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 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed 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. (Note: this also includes a contribution tax provision)

Nature of the benefits provided by the fund - Para 139 (a)(i).

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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth’s retirement incomes policy relating to preservation, vesting and reporting to members and that members’ benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board’s adherence to the principles of the Commonwealth’s retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
* Management and investment of the fund assets; and
* Compliance with other applicable regulations.

Department of Family and Community Services
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19. Superannuation

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the period.

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

PARENT ENTITY 2014	**SASS 2014 $'000**	**SANCS 2014 $'000**	**SSS 2014 $'000**	**TOTAL 2014 $'000**
Net Defined Benefit Liability/(Asset) at start of year	4,463	538	49,109	54,110
Current service cost	847	262	824	1,933
Net Interest on the net defined benefit liability/(asset)	157	16	1,850	2,023
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(812)	(481)	(5,366)	(6,659)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	995	425	4,970	6,390
Actuarial (gains)/losses arising from liability experience	(2,598)	(526)	692	(2,432)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(662)	(248)	(843)	(1,753)
Net Defined Benefit Liability/(Asset) at end of year	**2,390**	**(14)**	**51,236**	**53,612**

PARENT ENTITY 2013	**SASS 2013 $'000**	**SANCS 2013 $'000**	**SSS 2013 $'000**	**TOTAL 2013 $'000**
Net Defined Benefit Liability/(Asset) at start of year	5,615	1,830	66,260	73,705
Current service cost	1,183	373	1,020	2,576
Net Interest on the net defined benefit liability/(asset)	162	52	2,014	2,228
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(1,313)	(740)	(5,252)	(7,305)
Actuarial (gains)/losses arising from changes in demographic assumptions	53	(20)	4,153	4,186
Actuarial (gains)/losses arising from changes in financial assumptions	(1,381)	(541)	(15,251)	(17,173)
Actuarial (gains)/losses arising from liability experience	847	(164)	(2,941)	(2,258)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(703)	(252)	(894)	(1,849)
Net Defined Benefit Liability/(Asset) at end of year	**4,463**	**538**	**49,109**	**54,110**

Department of Family and Community Services
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19. Superannuation

CONSOLIDATED ENTITY 2014	SASS 2014 $'000	SANCS 2014 $'000	SSS 2014 $'000	TOTAL 2014 $'000
Net Defined Benefit Liability/(Asset) at start of year	10,265	1,315	49,813	61,393
Current service cost	2,225	486	841	3,552
Net Interest on the net defined benefit liability/(asset)	350	41	1,876	2,267
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(4,888)	(875)	(5,390)	(11,153)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	1,599	582	5,055	7,236
Actuarial (gains)/losses arising from liability experience	(439)	(573)	679	(333)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(1,894)	(468)	(843)	(3,205)
Net Defined Benefit Liability/(Asset) at end of year	**7,218**	**508**	**52,031**	**59,757**

CONSOLIDATED ENTITY 2013	SASS 2013 $'000	SANCS 2013 $'000	SSS 2013 $'000	TOTAL 2013 $'000
Net Defined Benefit Liability/(Asset) at start of year	15,881	3,802	67,485	87,168
Current service cost	2,876	674	1,042	4,592
Net Interest on the net defined benefit liability/(asset)	455	109	2,051	2,615
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(4,935)	(1,318)	(5,444)	(11,697)
Actuarial (gains)/losses arising from changes in demographic assumptions	166	10	4,227	4,403
Actuarial (gains)/losses arising from changes in financial assumptions	(2,492)	(812)	(15,552)	(18,856)
Actuarial (gains)/losses arising from liability experience	393	(649)	(3,094)	(3,350)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(2,079)	(501)	(902)	(3,482)
Net Defined Benefit Liability/(Asset) at end of year	**10,265**	**1,315**	**49,813**	**61,393**

Reconciliation of the Fair Value of Fund Assets - Para 140(a)(i)

PARENT ENTITY 2014	SASS 2014 $'000	SANCS 2014 $'000	SSS 2014 $'000	TOTAL 2014 $'000
Fair value of Fund assets at beginning of the period	18,709	5,410	55,064	79,183
Interest income	677	197	2,055	2,929
Actual return on Fund assets less Interest income	812	481	5,366	6,659
Employer contributions	662	248	843	1,753
Contributions by participants	357	-	495	852
Benefits paid	(2,352)	(599)	(2,158)	(5,109)
Taxes, premiums & expenses paid	(32)	6	(27)	(53)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**18,833**	**5,743**	**61,638**	**86,214**

PARENT ENTITY 2013	SASS 2013 $'000	SANCS 2013 $'000	SSS 2013 $'000	TOTAL 2013 $'000
Fair value of Fund assets at beginning of the period	23,215	6,127	49,230	78,572
Interest income	675	174	1,484	2,333
Actual return on Fund assets less Interest income	1,313	740	5,252	7,305
Employer contributions	703	252	894	1,849
Contributions by participants	441	-	646	1,087
Benefits paid	(7,555)	(2,126)	(2,383)	(12,064)
Taxes, premiums & expenses paid	(83)	243	(59)	101
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**18,709**	**5,410**	**55,064**	**79,183**

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19. Superannuation

CONSOLIDATED ENTITY 2014	SASS 2014 $'000	SANCS 2014 $'000	SSS 2014 $'000	TOTAL 2014 $'000
Fair value of Fund assets at beginning of the period	49,818	9,832	56,616	116,266
Interest income	1,750	350	2,113	4,213
Actual return on Fund assets less Interest income	4,890	875	5,391	11,156
Employer contributions	1,894	468	843	3,205
Contributions by participants	945	-	501	1,446
Benefits paid	(7,964)	(1,198)	(2,271)	(11,433)
Taxes, premiums & expenses paid	(208)	(14)	117	(105)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**51,125**	**10,313**	**63,310**	**124,748**

CONSOLIDATED ENTITY 2013	SASS 2013 $'000	SANCS 2013 $'000	SSS 2013 $'000	TOTAL 2013 $'000
Fair value of Fund assets at beginning of the period	57,414	10,636	50,507	118,557
Interest income	1,598	294	1,522	3,414
Actual return on Fund assets less Interest income	4,935	1,318	5,444	11,697
Employer contributions	2,079	501	902	3,482
Contributions by participants	1,153	-	652	1,805
Benefits paid	(17,022)	(3,415)	(2,368)	(22,805)
Taxes, premiums & expenses paid	(339)	498	(43)	116
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**49,818**	**9,832**	**56,616**	**116,266**

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

PARENT ENTITY 2014	SASS 2014 $'000	SANCS 2014 $'000	SSS 2014 $'000	TOTAL 2014 $'000
Present value of defined benefit obligations at beginning of the period	23,172	5,948	104,173	133,293
Current service cost	847	262	824	1,933
Interest cost	834	213	3,905	4,952
Contributions by participants	357	-	495	852
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	995	425	4,970	6,390
Actuarial (gains)/losses arising from liability experience	(2,598)	(526)	692	(2,432)
Benefits paid	(2,352)	(599)	(2,158)	(5,109)
Taxes, premiums & expenses paid	(32)	6	(27)	(53)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	**21,223**	**5,729**	**112,874**	**139,826**

PARENT ENTITY 2013	SASS 2013 $'000	SANCS 2013 $'000	SSS 2013 $'000	TOTAL 2013 $'000
Present value of defined benefit obligations at beginning of the period	28,833	7,957	115,490	152,280
Current service cost	1,183	373	1,020	2,576
Interest cost	834	226	3,498	4,558
Contributions by participants	441	-	646	1,087
Actuarial (gains)/losses arising from changes in demographic assumptions	53	(20)	4,153	4,186
Actuarial (gains)/losses arising from changes in financial assumptions	(1,381)	(541)	(15,251)	(17,173)
Actuarial (gains)/losses arising from liability experience	847	(164)	(2,941)	(2,258)
Benefits paid	(7,555)	(2,126)	(2,383)	(12,064)
Taxes, premiums & expenses paid	(83)	243	(59)	101
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	**23,172**	**5,948**	**104,173**	**133,293**

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19. Superannuation

CONSOLIDATED ENTITY 2014	**SASS 2014 $'000**	**SANCS 2014 $'000**	**SSS 2014 $'000**	**TOTAL 2014 $'000**
Present value of defined benefit obligations at beginning of the period	60,083	11,147	106,429	177,659
Current service cost	2,225	486	841	3,552
Interest cost	2,102	391	3,990	6,483
Contributions by participants	945	-	501	1,446
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	1,599	582	5,055	7,236
Actuarial (gains)/losses arising from liability experience	(439)	(573)	679	(333)
Benefits paid	(7,964)	(1,198)	(2,271)	(11,433)
Taxes, premiums & expenses paid	(208)	(14)	117	(105)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	**58,343**	**10,821**	**115,341**	**184,505**

CONSOLIDATED ENTITY 2013	**SASS 2013 $'000**	**SANCS 2013 $'000**	**SSS 2013 $'000**	**TOTAL 2013 $'000**
Present value of defined benefit obligations at beginning of the period	73,302	14,439	117,991	205,732
Current service cost	2,876	674	1,042	4,592
Interest cost	2,047	402	3,573	6,022
Contributions by participants	1,153	-	652	1,805
Actuarial (gains)/losses arising from changes in demographic assumptions	166	10	4,227	4,403
Actuarial (gains)/losses arising from changes in financial assumptions	(2,492)	(812)	(15,552)	(18,856)
Actuarial (gains)/losses arising from liability experience	393	(649)	(3,094)	(3,350)
Benefits paid	(17,023)	(3,415)	(2,367)	(22,805)
Taxes, premiums & expenses paid	(339)	498	(43)	116
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	**60,083**	**11,147**	**106,429**	**177,659**

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

PARENT ENTITY 2014	**SASS 2014 $'000**	**SANCS 2014 $'000**	**SSS 2014 $'000**	**TOTAL 2014 $'000**
Adjustment for effect of asset ceiling at beginning of the period	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	-	-	-	-

PARENT ENTITY 2013	**SASS 2013 $'000**	**SANCS 2013 $'000**	**SSS 2013 $'000**	**TOTAL 2013 $'000**
Adjustment for effect of asset ceiling at beginning of the period	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	-	-	-	-

CONSOLIDATED ENTITY 2014	**SASS 2014 $'000**	**SANCS 2014 $'000**	**SSS 2014 $'000**	**TOTAL 2014 $'000**
Adjustment for effect of asset ceiling at beginning of the period	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	-	-	-	-

CONSOLIDATED ENTITY 2013	**SASS 2013 $'000**	**SANCS 2013 $'000**	**SSS 2013 $'000**	**TOTAL 2013 $'000**
Adjustment for effect of asset ceiling at beginning of the period	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the period	-	-	-	-

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19. Superannuation

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 2014

Asset category	Total (A$'000)	Quoted prices in active markets for identical assets Level 1 (A$'000)	Significant observable inputs Level 2 (A$'000)	Unobservable inputs Level 3 (A$'000)
Short Term Securities	2,452,755	1,572,615	880,140	-
Australian Fixed Interest	2,365,014	10,928	2,354,086	-
International Fixed Interest	880,529	-	880,529	-
Australian Equities	11,738,636	11,494,549	241,423	2,664
International Equities	10,953,329	8,172,677	2,780,531	121
Property	3,272,986	894,113	692,296	1,686,577
Alternatives	6,329,410	565,401	4,897,152	866,857
Total*	**37,992,659**	**22,710,283**	**12,726,157**	**2,556,219**

Asset category	Total (A$'000)	Quoted prices in active markets for identical assets Level 1 (A$'000)	Significant observable inputs Level 2 (A$'000)	Unobservable inputs Level 3 (A$'000)
Short Term Securities	Information not available			
Australian Fixed Interest				
International Fixed Interest				
Australian Equities				
International Equities				
Property				
Alternatives				
Total*				

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-14
Short Term Securities	6.5%
Australian Fixed Interest	6.2%
International Fixed Interest	2.3%
Australian Equities	30.9%
International Equities	28.8%
Property	8.6%
Alternatives	16.7%
Total	**100.0%**

As at	30-Jun-13
Australian equities	30.4%
Overseas equities	26.1%
Australian fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%
Total	**100.0%**

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.2 billion, giving an estimated assets totalling around $40.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

19. Superannuation

Fair value of entity's own financial instruments - Para 143

The fair value of the Pooled Fund assets include as at 30 June 2014 of $173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	**30-Jun-14**
Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

As at	**30-Jun-13**
Discount rate	3.80% pa
Salary increase rate (excluding promotional increases)	2.25% for 2013/14 (2.95% for PSS); 2.25% for 2014/15; 2.00% pa for 2015/2016 to 2019/2020, and 2.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

PARENT ENTITY	**Base Case**	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	139,826,330	163,976,477	120,646,688

	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	139,826,330	149,532,974	131,068,238

	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$)	139,826,330	141,411,297	138,289,723

	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**
Defined benefit obligation (A$)	139,826,330	138,676,861	141,042,519

CONSOLIDATED ENTITY	**Base Case**	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	184,505,857	210,318,667	163,839,487

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19. Superannuation

CONSOLIDATED ENTITY (continued)	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	184,505,857	194,417,360	175,561,670

CONSOLIDATED ENTITY	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$)	184,505,857	186,673,133	182,405,004

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A$)	184,505,857	183,331,010	185,748,866

No comparative information is available for the financial year ended 30 June 2013.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

PARENT ENTITY	SASS 30-Jun-14 $'000	SANCS 30-Jun-14 $'000	SSS 30-Jun-14 $'000	Total 30-Jun-14 $'000
Accrued benefits	17,964	4,608	57,628	80,200
Net market value of Fund assets	(18,833)	(5,743)	(61,638)	(86,214)
Net (surplus)/deficit	(869)	(1,135)	(4,010)	(6,014)

PARENT ENTITY	SASS 30-Jun-13 $'000	SANCS 30-Jun-13 $'000	SSS 30-Jun-13 $'000	Total 30-Jun-13 $'000
Accrued benefits	20,149	5,006	54,502	79,657
Net market value of Fund assets	(18,710)	(5,410)	(55,064)	(79,184)
Net (surplus)/deficit	1,439	(404)	(562)	473

CONSOLIDATED ENTITY	SASS 30-Jun-14 $'000	SANCS 30-Jun-14 $'000	SSS 30-Jun-14 $'000	Total 30-Jun-14 $'000
Accrued benefits	52,094	9,062	58,981	120,137
Net market value of Fund assets	(51,125)	(10,313)	(63,310)	(124,748)
Net (surplus)/deficit	969	(1,251)	(4,329)	(4,611)

CONSOLIDATED ENTITY	SASS 30-Jun-13 $'000	SANCS 30-Jun-13 $'000	SSS 30-Jun-13 $'000	Total 30-Jun-13 $'000
Accrued benefits	54,189	9,607	55,748	119,544
Net market value of Fund assets	(49,819)	(9,832)	(56,616)	(116,267)
Net (surplus)/deficit	4,370	(225)	(868)	3,277

19. Superannuation

Contribution recommendations

Recommended contribution rates for the entity are:

2014	**SASS multiple of member contribution**	**SANCS % member salary**	**SSS multiple of member contribution**
	1.9	2.5	0.9 -1.6

2013	**SASS multiple of member contribution**	**SANCS % member salary**	**SSS multiple of member contribution**
	1.9	2.5	0.9 -1.6

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	2014	2013
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% pa

Expected contributions - Para 147(b)

PARENT ENTITY	**SASS Financial Year to 30 June 2015 $'000**	**SANCS Financial Year to 30 June 2015 $'000**	**SSS Financial Year to 30 June 2015 $'000**	**Total Financial Year to 30 June 2015 $'000**
Expected employer contributions	679	244	741	1,664

PARENT ENTITY	**SASS Financial Year to 30 June 2014 $'000**	**SANCS Financial Year to 30 June 2014 $'000**	**SSS Financial Year to 30 June 2014 $'000**	**Total Financial Year to 30 June 2014 $'000**
Expected employer contributions	838	303	973	2,114

CONSOLIDATED ENTITY	**SASS Financial Year to 30 June 2015 $'000**	**SANCS Financial Year to 30 June 2015 $'000**	**SSS Financial Year to 30 June 2015 $'000**	**Total Financial Year to 30 June 2015 $'000**
Expected employer contributions	1,797	452	750	2,999

CONSOLIDATED ENTITY	**SASS Financial Year to 30 June 2014 $'000**	**SANCS Financial Year to 30 June 2014 $'000**	**SSS Financial Year to 30 June 2014 $'000**	**Total Financial Year to 30 June 2014 $'000**
Expected employer contributions	2,190	549	983	3,722

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 15 - 15.2 years (2013: 13.9 - 14.8 years).

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19. Superannuation

Profit and Loss Impact

PARENT ENTITY	SASS Financial Year to 30 June 2014 $'000	SANCS Financial Year to 30 June 2014 $'000	SSS Financial Year to 30 June 2014 $'000	Total Financial Year to 30 June 2014 $'000
Current service cost	847	262	824	1,933
Net interest	157	16	1,850	2,023
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	**1,004**	**278**	**2,674**	**3,956**

PARENT ENTITY	SASS Financial Year to 30 June 2013 $'000	SANCS Financial Year to 30 June 2013 $'000	SSS Financial Year to 30 June 2013 $'000	Total Financial Year to 30 June 2013 $'000
Current service cost	1,183	373	1,020	2,576
Net interest	162	52	2,014	2,228
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	**1,345**	**425**	**3,034**	**4,804**

CONSOLIDATED ENTITY	SASS Financial Year to 30 June 2014 $'000	SANCS Financial Year to 30 June 2014 $'000	SSS Financial Year to 30 June 2014 $'000	Total Financial Year to 30 June 2014 $'000
Current service cost	2,225	486	841	3,552
Net interest	354	41	1,877	2,272
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	**2,579**	**527**	**2,718**	**5,824**

CONSOLIDATED ENTITY	SASS Financial Year to 30 June 2013 $'000	SANCS Financial Year to 30 June 2013 $'000	SSS Financial Year to 30 June 2013 $'000	Total Financial Year to 30 June 2013 $'000
Current service cost	2,876	674	1,042	4,592
Net interest	455	109	2,051	2,615
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Defined benefit cost	**3,331**	**783**	**3,093**	**7,207**

Other Comprehensive Income

PARENT ENTITY	SASS Financial Year to 30 June 2014 $'000	SANCS Financial Year to 30 June 2014 $'000	SSS Financial Year to 30 June 2014 $'000	Total Financial Year to 30 June 2014 $'000
Actuarial (gains) losses on liabilities	(1,603)	(100)	5,663	3,960
Actual return on Fund assets less Interest income	(812)	(481)	(5,366)	(6,659)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(2,415)	(581)	297	(2,699)

PARENT ENTITY	SASS I July 2012 to 30 June 2013 $'000	SANCS I July 2012 to 30 June 2013 $'000	SSS I July 2012 to 30 June 2013 $'000	Total I July 2012 to 30 June 2013 $'000
Actuarial (gains) losses on liabilities	(482)	(726)	(14,039)	(15,247)
Actual return on Fund assets less Interest income	(1,313)	(740)	(5,252)	(7,305)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(1,795)	(1,466)	(19,291)	(22,552)

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19. Superannuation

CONSOLIDATED ENTITY	SASS Financial Year to 30 June 2014 $'000	SANCS Financial Year to 30 June 2014 $'000	SSS Financial Year to 30 June 2014 $'000	Total Financial Year to 30 June 2014 $'000
Actuarial (gains) losses on liabilities	1,158	10	5,734	6,902
Actual return on Fund assets less Interest income	(4,888)	(875)	(5,390)	(11,153)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(3,730)	(865)	344	(4,251)

CONSOLIDATED ENTITY	SASS I July 2012 to 30 June 2013 $'000	SANCS I July 2012 to 30 June 2013 $'000	SSS I July 2012 to 30 June 2013 $'000	Total I July 2012 to 30 June 2013 $'000
Actuarial (gains) losses on liabilities	(1,937)	(1,453)	(14,420)	(17,810)
Actual return on Fund assets less Interest income	(4,935)	(1,318)	(5,444)	(11,697)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(6,872)	(2,771)	(19,864)	(29,507)

Impact of new AASB 119 with respect to the financial year to 30 June 2014

PARENT ENTITY	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119
	SASS	SANCS	SSS	Total	Total
	$'000	$'000	$'000	$'000	$'000
Service cost	727	248	348	1,323	1,932
Net Interest (current AASB119 only)	n/a	n/a	n/a	n/a	2,023
Interest Expense (previous AASB119 only)	813	212	3,642	4,667	n/a
Expected return on assets (previous AASB119 only)	(1,534)	(446)	(4,655)	(6,635)	n/a
Superannuation expense/(income) in P&L	**6**	**14**	**(665)**	**(645)**	**3,955**
Actuarial (gains) losses on liabilities	(1,136)	(4)	6,086	4,946	3,959
Return on assets excluding amounts included in P&L^	26	(232)	(2,800)	(3,006)	(6,658)
Change in the effect of asset ceiling	0	0	0	0	0
Amount recognised in other comprehensive income (OCI)	**(1,110)**	**(236)**	**3,286**	**1,940**	**(2,699)**
Total recognised in P&L and OCI	**(1,104)**	**(222)**	**2,621**	**1,295**	**1,256**

CONSOLIDATED ENTITY	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119
	SASS	SANCS	SSS	Total	Total
	$'000	$'000	$'000	$'000	$'000
Service cost	1,903	461	358	2,722	3,550
Net Interest (current AASB119 only)	n/a	n/a	n/a	n/a	2,272
Interest Expense (previous AASB119 only)	2,053	387	3,723	6,163	n/a
Expected return on assets (previous AASB119 only)	(3,964)	(792)	(4,786)	(9,542)	n/a
Superannuation expense/(income) in P&L	**(8)**	**56**	**(705)**	**(657)**	**5,822**
Actuarial (gains) losses on liabilities	2,061	157	6,154	8,372	6,905
Return on assets excluding amounts included in P&L^	(2,756)	(433)	(2,753)	(5,942)	(11,156)
Change in the effect of asset ceiling	0	0	0	0	0
Amount recognised in other comprehensive income (OCI)	**(695)**	**(276)**	**3,401**	**2,430**	**(4,251)**
Total recognised in P&L and OCI	**(703)**	**(220)**	**2,696**	**1,773**	**1,571**

^ This item is the actual return on assets in excess of expected return on assets under the previous AASB 119 standard, and in excess of interest income under the current AASB 119 standard.

PARENT ENTITY	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119
	SASS	SANCS	SSS	Total	Total
	$'000	$'000	$'000	$'000	$'000
Net Defined Benefit Liability	2,121	26	43,921	46,068	53,612

CONSOLIDATED ENTITY	Financial Year to 30 June 2014				
	Previous AASB 119				Current AASB 119
	SASS	SANCS	SSS	Total	Total
	$'000	$'000	$'000	$'000	$'000
Net Defined Benefit Liability	6,301	487	44,600	51,388	59,757

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

During the financial year ending 30 June 2014 the following equity transfers occurred:

a) From 2 August 2013 the group of staff previously employed by Department of Finance and Services who provided personnel services to Land and Housing Corporation (LAHC), specifically in respect of managing the NSW Government's housing portfolio, were transferred to FACS (refer note: 1a)
b) Transfer of NSW Businesslink Pty Ltd (Businesslink) assets and liabilities to the Department occurred at close of business on the 30 June 2014 (refer note: 1b) with corresponding equity adjustment to the Crown Finance Entity for Long Service Leave and Superannuation provisions.
c) Equity transfer to the Crown Finance Entity for Long Service leave and Superannuation provisions for FACS employees providing services to NSW Businesslink Pty Ltd (refer note 1c).

During the financial year ended 30 June 2013 there where no equity transfers that affected the entity.

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.

2014	Transfer of Businesslink to FACS $'000	Transfer of FACS Superannuation and Extended Leave Provisions to Crown Finance Entity $'000	Transfer of LAHC staff to FACS $'000	Total Net Assets transferred to FaCS $'000
ASSETS				
Current Assets				
Cash and cash equivalents	11,090	-	-	**11,090**
Receivables	14,814	-	10,476	**25,290**
Total Current Assets	25,904	-	10,476	**36,380**
Non-Current Assets				
Plant and equipment	17,302	-	-	**17,302**
Total property, plant and equipment	17,302	-	-	**17,302**
Intangible assets	50,111		-	**50,111**
Total Non-Current Assets	67,413	-	-	**67,413**
Total Assets	93,317	-	10,476	**103,793**
LIABILITIES				
Current Liabilities				
Payables	67,619	-	2,723	**70,342**
Provisions	201	(11,414)	7,645	**(3,568)**
Total Current Liabilities	67,820	(11,414)	10,368	**66,774**
Non-Current Liabilities				
Provisions	911	(45,142)	108	**(44,123)**
Total Non-Current Liabilities	911	(45,142)	108	**(44,123)**
Total Liabilities	68,731	(56,556)	10,476	**22,651**
Net Assets	24,586	56,556	-	**81,142**
Increase in net assets from equity transfers				81,142

Department of Family and Community Services
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	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
21. Commitments for Expenditure				
(a) Capital Commitments				
Aggregate capital expenditure contracted for at balance date and not provided for:				
Not later than one year	**5,241**	19,277	**5,241**	19,277
Total (including GST)	**5,241**	19,277	**5,241**	19,277
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	**80,726**	69,876	**83,060**	71,939
Later than one year but not later than five years	**127,948**	116,995	**129,171**	120,269
Later than five years	**33,656**	26,890	**33,671**	29,681
Total (including GST)	**242,330**	213,761	**245,902**	221,889

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 $22.831 million (2013: $21.928 million) that are expected to be recovered from the Australian Taxation Office.

22. Contingent Liabilities and Contingent Assets

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Contingent Liabilities				
Claims relating to children and persons in care	**5,250**	5,670	**5,250**	5,670
Other	**562**	562	**562**	562
	5,812	6,232	**5,812**	6,232

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 $34.898 million (2013: $37.841million) 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.

23. Social Benefit Bonds Trial

FACS has entered into two Social Benefit Bond (SBB) Trials as part of the government's initiative to improve social outcomes. The SBB's are financial instruments that are issued to private investors, where the returns the investors receive are based on the achievement of agreed social outcomes. The capital provided by the private investors will be used to fund specific social services to the community by a selected Non-Government Organisation ("NGO").

(a) The Benevolent Society Social Benefit Trust No: 1

The Benevolent Society Social Benefit Trust No: 1 ("TBS") has been contracted by FACS to provide a Family Preservation Services over the next 5 years to families in western, south west and central Sydney. The terms between FACS and TBS are covered in the Outcome Based Agreement ("OBA") effective 30 June 2013.

FACS has agreed to pay a standing charge of $5.750 million upfront which can be recovered if the OBA is terminated early for cause. Under the OBA FACS has a requirement to refer a minimum number of families to the TBS. At the end of year 5, based on agreed outcomes, FACS will be required to pay a performance fee in addition to the upfront standing charge based on an agreed performance improvement percentage as covered in the OBA. There is no intention by FACS to provided additional financial support to TBS in the future. A prepayment for the standing charge has been made calculated at $4.8 million present value at 30 June 2014 and is included under prepayments at note 9.

FACS has estimated the performance payment at $7.0 million to be payable at 30 June 2018. This is included as a provision under note: 17 at a present value of $6.1 million. FACS maximum exposure to the SPE is $20.75 million ($5.75 million upfront payment and $15 million performance payment) in the event a performance improvement percentage of 40% is achieved .

(b) Newpin Social Benefit Bond

The Newpin Society Social Benefit Bond through the Uniting Care NSW.ACT ("the Organisation") has been contracted by FACS to provide a Intensive Restorations Service through support and counselling programs to eligible families over the next 7 years. The terms between FACS and the organisation are covered in the Deed of implementation Agreement executed on 21 March 2013.

FACS has agreed to pay a standing quarterly charge, paid in arrears. The agreement provides for three groups of families. The level of outcome payments to be made is dependant on the performance of the Organisation with respect to each group. At 30 June 2014 an accrual based on performance of $1.6 million has been made and is included at note: 16.

24. Budget Review

The following analysis is provided against the Actual 2014 compared to the Budget 2014 as shown on the financial statements.

Net Result
The consolidated actual net result was lower than budget by $43 million

This result is, primarily due to total expenses being above budget by $9.5 million due to higher employee related expenses $89 million mainly associated with transfer to FACS of staff from the Department of Finance and Services ($56 million), additional employee benefits Long Service Leave ($33 million), additional depreciation expense $11 million offset by lower grant payments $85 million associated with timing of payments and lower other operating expenses $7 million.

The increase in expenditure is offset by lower than budgeted revenue of $77 million primarily due to lower consolidated recurrent funding of $85 million associated with reduced grant payments, lower capital appropriations ($19 million) due to timing of capital works payments and lower revenue recovery for personnel services ($6 million). Offsetting this was higher recoveries from the Crown Entity $18 million, higher funding from grants $22 million and higher other revenue $6 million mainly associated with insurance hindsight adjustment. Offsetting this was lower Sale of goods and services $17 million.

The movement in expenses and revenue was offset by revaluation gains of $44 million.

Assets and Liabilities

Consolidated Total Assets was above budget by $104 million. The overall increase is primarily due to higher cash position of $134 million resulting from higher payables and transfer of NSW Businesslink Pty Ltd assets. Increase Land and Buildings of $79 million is associated with the net movements of acquisitions and revaluation increments. Increase in intangibles $46 million is mainly due to the transfer from NSW Businesslink Pty Ltd. Offsetting this was lower receivables $70 million mainly due to transfer of NSW Businesslink Pty Ltd and receipts.

Consolidated Total Liabilities where above budget by $83 million primarily due to higher payable $136 million resulting from increased accruals for services at end June and overall lower provisions ($48 million) relating to employee benefits and superannuation movements mainly form the transfer of NSW Businesslink Pty Ltd to FACS.

Cash Flows
Consolidated Net Cash flow from operating activities was $84 million below budget. This was primarily due to lower payments ($177 million) mainly due to higher payables ($137 million) and impact of the transfer of NSW Businesslink Pty Ltd. This was offset by lower receipts of $91 million mainly associated with net reduced recurrent appropriation funding of $95 million offset by net higher receipts from other sources of $4 million.

Net cash flow from Investing Activities was $22.0 million below budget primarily due to timing of capital work programs.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

	PARENT		CONSOLIDATED	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
25. Reconciliation of cash flows from operating actvities to net result				
Net cash used on operating activities	**285,271**	190,691	**287,838**	192,925
Net gain / (loss) on disposal of assets	**(2,188)**	(590)	**(1,383)**	(284)
Net gain / (loss) on revaluation of land and buildings	**44,393**	34,352	**44,188**	34,660
Net gain/ (loss) on investments	**-**	-	**2,157**	-
Assets recognised for the first time	**2,802**	4,480	**2,802**	4,557
Allowance for impairment	**930**	(1,739)	**1,309**	(2,013)
Depreciation and amortisation	**(77,150)**	(85,003)	**(79,290)**	(87,645)
Superannuation actuarial (gains)/losses	**(2,699)**	(22,552)	**(4,251)**	(29,507)
Finance costs	**(829)**	(152)	**(829)**	(169)
Decrease / (increase) in creditors	**(145,794)**	2,064	**(149,504)**	8,278
Decrease / (increase) in provisions	**(5,715)**	21,492	**(7,214)**	29,350
Increase / (decrease) in prepayments and other assets	**(28,498)**	(12,740)	**(28,080)**	(12,216)
Net result	**70,523**	130,303	**67,743**	137,936

26. Trust Funds

FACS holds money in miscellaneous trust funds which are used ofr Wards and other persons in care and for natural disasters. These monies are excluded from the financial statements as FACS cannot use them for the achievement of its objectives. The following is a summary of the tranactions in the Trust accounts.

a) Wards Trust Fund

	PARENT 2014	PARENT 2013	CONSOLIDATED 2014	CONSOLIDATED 2013
Cash balance at the beginning of the financial year	**52**	50	**52**	50
Add: Receipts	**1**	2	**1**	2
Cash balance at the end of the financial year	**53**	52	**53**	52

b) Client Funds

FaCS 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

	PARENT 2014	PARENT 2013	CONSOLIDATED 2014	CONSOLIDATED 2013
Cash balance at the beginning of the financial year	**93**	93	**93**	93
Add: Receipts	**5,501**	6,028	**5,501**	6,028
Less Expenditure	**(5,567)**	(6,028)	**(5,567)**	(6,028)
Cash balance at the end of the financial year	**27**	93	**27**	93

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2014

Note 27. Impact on financial statements as a result of AASB 119

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

PARENT ENTITY	Notes	30/06/2013 previously reported $'000	AASB 119 adjustments $'000	30/06/2013 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	1,404,438	5,379	1,409,817
Total expenses excluding losses		4,763,733	5,379	4,769,112
Revenue				
Personnel services revenue - NSW Busineslink Pty Ltd		59,093	(2,613)	56,480
Personnel services revenue - Aborginal Housing Office		9,279	(182)	9,097
Total Revenue		4,869,738	(2,795)	4,866,943
Net result		138,477	(8,174)	130,303
Other comprehensive income				
Actuarial gains/(losses) on superannuation funds		14,378	8,174	22,552
Total other comprehensive income		14,378	8,174	22,552
TOTAL COMPREHENSIVE INCOME		152,855	-	152,855

CONSOLIDATED ENTITY	Notes	30/06/2013 previously reported $'000	AASB 119 adjustments $'000	30/06/2013 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	1,570,228	7,681	1,577,909
Total expenses excluding losses		4,897,087	7,681	4,904,768
Revenue				
Personnel services revenue - NSW Busineslink Pty Ltd		59,093	(2,613)	56,480
Personnel services revenue - Aborginal Housing Office		9,279	(182)	9,097
Total Revenue		5,012,687	(2,795)	5,009,892
Net result		148,412	(10,476)	137,936
Other comprehensive income				
Actuarial gains/(losses) on superannuation funds		18,119	11,388	29,507
Total other comprehensive income		18,119	11,388	29,507
TOTAL COMPREHENSIVE INCOME		166,531	912	167,443

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2014

Note 27. Impact on financial statements as a result of AASB 119

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

PARENT ENTITY	Notes	30/06/2014 previously reported $'000	AASB 119 adjustments $'000	30/06/2014 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	1,525,323	565	1,525,888
Total expenses excluding losses		5,141,393	565	5,141,958
Revenue				
Personnel services revenue - NSW Businesslink Pty Ltd		62,086	(233)	61,853
Personnel services revenue - Aborginal Housing Office		14,010	194	14,204
Total Revenue		5,171,245	(39)	5,171,206
Net result		71,127	(604)	70,523
Other comprehensive income				
Actuarial gains/(losses) on superannuation funds		2,095	604	2,699
Total other comprehensive income		2,095	604	2,699
TOTAL COMPREHENSIVE INCOME		73,222	-	73,222

CONSOLIDATED ENTITY	Notes	30/06/2014 previously reported $'000	AASB 119 adjustments $'000	30/06/2014 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	1,701,523	839	1,702,362
Total expenses excluding losses		5,288,129	839	5,288,968
Revenue				
Personnel services revenue - NSW Businesslink Pty Ltd		62,086	(233)	61,853
Personnel services revenue - Aborginal Housing Office		14,010	194	14,204
Total Revenue		5,315,254	(39)	5,315,215
Net result		68,621	(878)	67,743
Other comprehensive income				
Actuarial gains/(losses) on superannuation funds		3,208	1,043	4,251
Total other comprehensive income		3,208	1,043	4,251
TOTAL COMPREHENSIVE INCOME		71,829	165	71,994

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2014

Note 27. Impact on financial statements as a result of AASB 119

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

PARENT ENTITY	Notes	As at 01/07/2012 as previously reported $'000	AASB 119 adjustments $'000	As at 01/07/2012 as restated $'000
ASSETS				
Current Assets				
Receivables	9	195,760	10,378	206,138
Total Current Assets		373,576	10,378	383,954
Total Assets		1,293,076	10,378	1,303,454
LIABILITIES				
Non-Current Liabilities				
Provisions	17	79,555	10,378	89,933
Total Non-Current Liabilities		79,714	10,378	90,092
Total Liabilities		342,400	10,378	352,778
Net Assets		950,676	-	950,676

CONSOLIDATED ENTITY	Notes	As at 01/07/2012 as previously reported $'000	AASB 119 adjustments $'000	As at 01/07/2012 as restated $'000
ASSETS				
Current Assets				
Receivables	9	201,231	10,378	211,609
Total Current Assets		435,447	10,378	445,825
LIABILITIES				
Non-Current Liabilities				
Provisions	17	94,439	12,281	106,720
Total Non-Current Liabilities		94,598	12,281	106,879
Total Liabilities		395,327	12,281	407,608
Net Assets		989,655	(1,903)	987,752
EQUITY				
Accumulated Funds		989,655	(1,903)	987,752
Total Equity		989,655	(1,903)	987,752

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2014

Note 27. Impact on financial statements as a result of AASB 119

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

PARENT ENTITY	Notes	As at 30/06/2013 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2013 as restated $'000
ASSETS				
Current Assets				
Receivables	9	131,687	7,583	139,270
Total Current Assets		365,378	7,583	372,961
Total Assets		1,426,979	7,583	1,434,562
LIABILITIES				
Non-Current Liabilities				
Provisions	17	65,256	7,583	72,839
Total Non-Current Liabilities		70,065	7,583	77,648
Total Liabilities		323,448	7,583	331,031
Net Assets		1,103,531	-	1,103,531

CONSOLIDATED ENTITY	Notes	As at 30/06/2013 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2013 as restated $'000
ASSETS				
Current Assets				
Receivables	9	137,099	7,583	144,682
Total Current Assets		429,650	7,583	437,233
Total Assets		1,521,941	7,583	1,529,524
LIABILITIES				
Non-Current Liabilities				
Provisions	17	75,856	8,574	84,430
Total Non-Current Liabilities		80,665	8,574	89,239
Total Liabilities		365,755	8,574	374,329
Net Assets		1,156,186	(991)	1,155,195
EQUITY				
Accumulated Funds		1,156,186	(991)	1,155,195
Total Equity		1,156,186	(991)	1,155,195

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2014

Note 27. Impact on financial statements as a result of AASB 119

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

PARENT ENTITY	Notes	As at 30/06/2014 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2014 as restated $'000
ASSETS				
Current Assets				
Receivables	9	112,330	1,386	113,716
Total Current Assets		495,552	1,386	496,938
Total Assets		1,708,408	1,386	1,709,794
LIABILITIES				
Current Liabilities				
Payables	16	251,442	(1)	251,441
		406,803	(1)	406,802
Total Current Liabilities		406,803	(1)	406,802
Non-Current Liabilities				
Provisions	17	43,710	1,387	45,097
Total Non-Current Liabilities		43,710	1,387	45,097
Total Liabilities		450,513	1,386	451,899
Net Assets		1,257,895	-	1,257,895

CONSOLIDATED ENTITY	Notes	As at 30/06/2014 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2014 as restated $'000
ASSETS				
Current Assets				
Receivables	9	118,146	1,386	119,532
Total Current Assets		563,029	1,386	564,415
Total Assets		1,807,119	1,386	1,808,505
Non-Current Liabilities				
Provisions	17	52,045	2,211	54,256
Total Non-Current Liabilities		52,045	2,211	54,256
Total Liabilities		497,962	2,211	500,173
Net Assets		1,309,157	(825)	1,308,332
EQUITY				
Accumulated Funds		1,309,157	(825)	1,308,332
Total Equity		1,309,157	(825)	1,308,332

28. 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. The Secretary 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 Internal Auditor.

(a) Financial Instrument Categories

2014

			PARENT	CONSOLIDATED
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	8	N/A	382,950	444,611
Receivables (1)	9	Receivables (at amortised cost)	69,068	74,660
Financial assets at fair value	11	At fair value through profit or loss	-	21,564

Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	16	Financial liabilities measured at amortised cost	10,666	17,305
Other liabilities	16	Financial liabilities measured at amortised cost	233,883	238,095

2013

			PARENT	CONSOLIDATED
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	8	N/A	232,152	291,012
Receivables (1)	9	Receivables (at amortised cost)	109,844	114,702
Financial assets at fair value	11	At fair value through profit or loss	-	19,407

Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	16	Financial liabilities measured at amortised cost	19,662	20,610
Other liabilities	16	Financial liabilities measured at amortised cost	71,781	78,140

(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)

28. Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the 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.

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 (2014: $25.374 million; 2013: $24.228 million) and not less than 6 months past due (2014: $4.631 million; 2013: $4.787 million) are not considered impaired and together these represent 84% (2013: 77%) 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

	$'000	$'000	$'000
2014	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	2,497	2,458	39
3 months - 6 months overdue	235	116	119
> 6 months overdue	8,136	2,561	5,575

2013	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	3,068	3,046	22
3 months - 6 months overdue	738	341	397
> 6 months overdue	6,936	3,215	3,721

CONSOLIDATED

2014	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	4,366	4,144	222
3 months - 6 months overdue	425	162	263
> 6 months overdue	8,932	2,561	6,371

2013	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	4,495	4,358	137
3 months - 6 months overdue	953	429	524
> 6 months overdue	7,679	3,363	4,316

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.

28. 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 (2014: 2.65%; 2013: 3.00%) while over the year the weighted average interest rate was (2014: 2.65%; 2013: 3.18%) on a weighted average balance during the year of (2014: $52,698; 2013: $51,180). 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 Secretary may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.63%: 2013: 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 Interest Rate exposure	$'000 Maturity Dates	$'000
2014	**Weighted Average Effective Interest rate**	**Nominal Amount (1)**	**Non Interest Bearing**	**< 1 year**	**1-5 years**
PARENT					
Payables:					
Payables		10,666	10,666	10,666	-
Other		233,883	233,883	233,883	-
Total Financial Liabilities		**244,549**	**244,549**	**244,549**	**-**
CONSOLIDATED					
Payables:					
Payables		17,305	17,305	17,305	-
Other	-	238,095	238,095	238,095	-
Total Financial Liabilities		**255,400**	**255,400**	**255,400**	**-**

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

28. Financial Instruments (continued)

Maturity Analysis and interest rate exposure of financial liabilities

		$'000	$'000 Interest Rate exposure	$'000 Maturity Dates	$'000
2013	**Weighted Average Effective Interest rate**	**Nominal Amount (1)**	**Non Interest Bearing**	**< 1 year**	**1-5 years**
PARENT					
Payables:					
Payables		19,662	19,662	19,662	-
Other		68,642	68,642	68,642	-
Total Financial Liabilities		**88,304**	**88,304**	**88,304**	**-**
CONSOLIDATED					
Payables:					
Payables		20,610	20,610	20,610	-
Other		76,613	76,613	76,613	-
Total Financial Liabilities		**97,223**	**97,223**	**97,223**	**-**

(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 statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

28. Financial Instruments (continued)

(d) Market risk cont'd

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.

		$'000			
2014	**Carrying Amount**	**Profit**	**Equity**	**Profit**	**Equity**
		-1%		**+1%**	
PARENT					
Financial Assets					
Cash on hand	409	-	-	-	-
Cash at bank	382,541	(3,825)	(3,825)	3,825	3,825
Receivables	69,068	-	-	-	-
Financial assets at fair value	-	-	-	-	-
Financial Liabilities					
Payables	10,666	-	-	-	-
Other	233,883	-	-	-	-
CONSOLIDATED					
Financial Assets					
Cash on hand	421	-	-	-	-
Cash at bank	444,190	(4,442)	(4,442)	4,442	4,442
Receivables	74,660	-	-	-	-
Financial assets at fair value	21,564	(216)	(216)	216	216
Financial Liabilities					
Payables	17,305	-	-	-	-
Other	238,095	-	-	-	-

2013	**Carrying Amount**	**Profit**	**Equity**	**Profit**	**Equity**
		-1%		**+1%**	
PARENT					
Financial Assets					
Cash on hand	408	-	-	-	-
Cash at bank	231,744	(2,317)	(2,317)	2,317	2,317
Receivables	109,844	-	-	-	-
Financial assets at fair value	-	-	-	-	-
Financial Liabilities					
Payables	19,662	-	-	-	-
Other	68,642	-	-	-	-
CONSOLIDATED					
Financial Assets					
Cash on hand	420	-	-	-	-
Cash at bank	290,592	(2,906)	(2,906)	2,906	2,906
Receivables	114,702	-	-	-	-
Financial assets at fair value	19,407	(194)	(194)	194	194
Financial Liabilities					
Payables	20,610	-	-	-	-
Other	76,613	-	-	-	-

28. 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.

Facility	Investment Sectors	Investment Horizon	**Consolidated 2014 $'000**
Cash facility	Cash, money market instruments	Up to 1.5 years	**56,516**
Strategic cash facility	Cash, money market instruments	1.5 years to 3 years	-
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	**8,498**
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	**13,066**

Facility	Investment Sectors	Investment Horizon	**Consolidated 2013 $'000**
Cash facility	Cash, money market instruments	Up to 1.5 years	56,125
Strategic cash facility	Cash, money market instruments	1.5 years to 3 years	-
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	7,893
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	11,514

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 as trustee for each of the above facilites 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. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limts 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 proift (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).

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2014*

28. Financial Instruments (continued)

PARENT

	Change in unit price	Impact on profit/loss 2014 $'000	2013 $'000
Hour-Glass Investment - Cash facility	+/ - 1%	-	-
Hour-Glass Investment - Strategic cash facility		-	-
Hour-Glass Investment - Medium-term growth facility	+/ - 7%	-	-
Hour-Glass Investment - Long-term growth facility	+/ - 15%	-	-

CONSOLIDATED

	Change in unit price rate	Impact on profit/loss 2014 $'000	2013 $'000
Hour-Glass Investment - Cash facility	+/ - 1%	**+/- 565**	+/- 561
Hour-Glass Investment - Strategic cash facility	0	**-**	-
Hour-Glass Investment - Medium-term growth facility	+/ - 6%	**+/- 510**	+/- 474
Hour-Glass Investment - Long-term growth facility	+/ - 15%	**+/- 1960**	+/- 1727

(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 facilites 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 hierachy 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 direclty 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 $'000**	**Level 2 $'000**	**Level 3 $'000**	**2014 Total $'000**
Financial assets at fair value				
TCorp Hour Glass Investment Facility	-	78,080	-	78,080
	-	**78,080**	**-**	**78,080**

Consolidated	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**2013 Total $'000**
Financial assets at fair value				
TCorp Hour Glass Investment Facility	-	75,532	-	75,532
	-	**75,532**	**-**	**75,532**

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 2014 and 30 June 2013.

29. Events after the Reporting Period

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

End of Audited Financial Statements

Consolidated annual financial statements for the year ended 30 June 2014

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 statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Service 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 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 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 Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of the 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 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 Service'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 Service's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, 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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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 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 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 Barnes
Director, Financial Audit Services

18 September 2014
SYDNEY

HOME CARE SERVICE OF NSW

FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

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 Staff Agency's activities for the year ended 30 June 2014 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.

Michael Coutts-Trotter
Secretary
18 September 2014

Stephen Mudge
Chief Finance Officer
18 September 2014

Home Care Service of New South Wales
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Parent Actual 2014 $'000	Parent Actual 2013 $'000	Consolidated Actual 2014 $'000	Consolidated Budget 2014 $'000	Consolidated Actual 2013 $'000
Expenses excluding losses						
Operating expenses						
Employee related expenses	2(a) &18	-	-	176,475	179,527	168,089
Personnel services	2(a) & 18	174,948	161,152	-	-	-
Other operating expenses	2(b)	58,776	55,742	58,776	47,462	55,742
Depreciation and amortisation	2(c)	2,028	2,521	2,028	2,628	2,521
Total expenses excluding losses		235,752	219,415	237,279	229,617	226,352
Revenue						
Sale of goods and services	3(a)	26,932	28,038	26,932	28,267	28,038
Investment revenue	3(b)	4,582	5,222	4,582	5,370	5,222
Grants and contributions	3(c)	200,554	198,408	200,554	196,700	198,408
Other revenue	3(d)	2,364	2,099	2,364	635	2,099
Total revenue		234,432	233,767	234,432	230,972	233,767
Gain / (loss) on disposal	4	400	306	400	496	306
Other gains / (losses)	5	(354)	(255)	(379)	(191)	(273)
Net result		(1,274)	14,403	(2,826)	1,660	7,448
Other comprehensive income						
Net increase / (decrease) in property, plant and equipment revaluation surplus		(205)	27	(205)	-	27
Superannuation actuarial gain/(loss)		-	-	1,552	-	6,955
Total other comprehensive income		(205)	27	1,347	-	6,982
TOTAL COMPREHENSIVE INCOME		(1,479)	14,430	(1,479)	1,660	14,430

The accompanying notes form part of these financial statements

Home Care Service of New South Wales
Consolidated Statement of Financial Position
as at 30 June 2014

	Notes	Parent Actual 2014 $'000	Parent Actual 2013 $'000	Consolidated Actual 2014 $'000	Consolidated Budget 2014 $'000	Consolidated Actual 2013 $'000
ASSETS						
Current assets						
Cash and cash equivalents	7	**59,628**	56,316	**59,628**	**54,690**	56,316
Receivables	8	**5,372**	5,323	**5,816**	**5,232**	5,709
Total current assets		**65,000**	61,639	**65,444**	**59,922**	62,025
Non-current assets						
Financial assets at fair value	9	**21,564**	19,407	**21,564**	**22,143**	19,407
Property, plant and equipment	10					
Land and buildings		**631**	708	**631**	**698**	708
Plant and equipment		**1,683**	3,748	**1,683**	**3,524**	3,748
Total property, plant and equipment		**2,314**	4,456	**2,314**	**4,222**	4,456
Total non-current assets		**23,878**	23,863	**23,878**	**26,365**	23,863
TOTAL ASSETS		**88,878**	85,502	**89,322**	**86,287**	85,888
LIABILITIES						
Current liabilities						
Payables	12	**4,883**	2,543	**10,846**	**9,174**	7,371
Provisions	13	**33,772**	28,827	**28,252**	**29,289**	24,385
Other		**-**	-	**-**	**34**	-
Total current liabilities		**38,655**	31,370	**39,098**	**38,497**	31,756
Non-current liabilities						
Provisions	13 & 18	**9,160**	11,590	**9,161**	**15,275**	11,590
Total non-current liabilities		**9,160**	11,590	**9,161**	**15,275**	11,590
TOTAL LIABILITIES		**47,815**	42,960	**48,259**	**53,772**	43,346
NET ASSETS		**41,063**	42,542	**41,063**	**32,515**	42,542
Equity						
Reserves		**397**	602	**397**	**616**	602
Accumulated funds		**40,666**	41,940	**40,666**	**31,899**	41,940
TOTAL EQUITY		**41,063**	42,542	**41,063**	**32,515**	42,542

The accompanying notes form part of these financial statements

Home Care Service of New South Wales
Consolidated Statement of Changes in Equity
for the year ended 30 June 2014

	Parent			Consolidated		
	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2013	**41,940**	**602**	**42,542**	**41,940**	**602**	**42,542**
Net result for the year	**(1,274)**	**-**	**(1,274)**	**(2,826)**	**-**	**(2,826)**
Other comprehensive income:						
Net increase / (decrease) in property, plant and equipment	**-**	**(205)**	**(205)**	**-**	**(205)**	**(205)**
Superannuation actuarial gains/(losses)	**-**	**-**	**-**	**1,552**	**-**	**1,552**
Total other comprehensive income	**-**	**(205)**	**(205)**	**1,552**	**(205)**	**1,347**
Total comprehensive income for the year	**(1,274)**	**(205)**	**(1,479)**	**(1,274)**	**(205)**	**(1,479)**
Balance at 30 June 2014	**40,666**	**397**	**41,063**	**40,666**	**397**	**41,063**
Balance at 1 July 2012	27,537	575	28,112	27,537	575	28,112
Net result for the year	14,403	-	14,403	7,448	-	7,448
Other comprehensive income:						
Net increase / (decrease) in property, plant and equipment	-	27	27	-	27	27
Superannuation actuarial gains/(losses)	-	-	-	6,955	-	6,955
Total other comprehensive income	-	27	27	6,955	27	6,982
Total comprehensive income for the year	14,403	27	14,430	14,403	27	14,430
Balance at 30 June 2013	41,940	602	42,542	41,940	602	42,542

The accompanying notes form part of these financial statements.

Home Care Service of New South Wales
Consolidated Statement of Cash Flows
for the year ended 30 June 2014

	Notes	Parent Actual 2014 $'000	Parent Actual 2013 $'000	Consolidated Actual 2014 $'000	Consolidated Budget 2014 $'000	Consolidated Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel services		**(172,497)**	(169,823)	**-**	**-**	-
Employee related		**-**	-	**(172,497)**	**(184,395)**	(169,823)
Other		**(66,093)**	(68,381)	**(66,093)**	**(62,374)**	(68,382)
Total payments		**(238,590)**	(238,204)	**(238,590)**	**(246,769)**	(238,205)
Receipts						
Sale of goods and services		**27,645**	28,884	**27,645**	**28,076**	28,885
Interest received		**2,365**	2,494	**2,365**	**2,605**	2,494
Grants and contributions		**209,058**	206,949	**209,058**	**196,700**	206,949
Other		**2,364**	2,022	**2,364**	**22,160**	2,022
Total receipts		**241,432**	240,349	**241,432**	**249,541**	240,350
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**2,842**	2,145	**2,842**	**2,772**	2,145
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of land and buildings, plant and equipment		**870**	717	**870**	**924**	717
Purchases of land and buildings, plant and equipment		**(400)**	(491)	**(400)**	**(3,000)**	(491)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**470**	226	**470**	**(2,076)**	226
NET INCREASE/(DECREASE) IN CASH						
Opening cash and cash equivalents		**56,316**	53,945	**56,316**	**53,994**	53,945
Net increase/(decrease) in cash		3,312	2,371	**3,312**	**696**	2,371
CLOSING CASH AND CASH EQUIVALENTS	7	**59,628**	56,316	**59,628**	**54,690**	56,316

The accompanying notes form part of these financial statements.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies

(a) Reporting entity

Home Care Service of New South Wales (HCS) is a NSW statutory authority and a controlled entity of the Department of Family and Community Services (FACS). 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 Staff Agency (HCS Staff Agency). HCS Staff Agency is a controlled entity established pursuant to Part 2 of Schedule 1 to the *Government Sector Employment Act 2013 (GSE Act)*. The Staff Agency's objective is to provide personnel services to HCS. The HCS staff agency was formerly known as Home Care Service Division (HCS Division).The Administrative Arrangements Order 2014 in conjunction with the GSE Act required the renaming of HCS Division to Home Care Service Staff Agency effective 24 February,2014 without any impact to the former Division's operations.

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 2014 have been authorised for issue by the Secretary, Department of Family and Community Services on 18 September 2014.

(b) Basis of preparation

HCS's consolidated financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *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.

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. The full implementation of the National Disability Insurance Scheme (NDIS) by 2017-18 is anticipated to have a material impact on the operations and organisation structure of the Department in future reporting periods. To this date, the Department has not been notified of any significant decision that would materially affect its financial reporting. We believe that due to impending government decisions on the timing of implementing NDIS operational and structural changes, the time required to implement such major decisions and the uncertainty over the timing of such decisions, the Department's business during 2014-15 would be as usual as in the past. Management has prepared the financial statements based on this assumption.

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' insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

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

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which 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 2014

1. Summary of Significant Accounting Policies (continued)

(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. 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. Sale 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 *Financial Instruments: Recognition and Measurement*.

(g) Assets

i. Acquisition of assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. 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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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 14-01). This policy adopts fair value in accordance with *AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 10 and Note 11 for further information regarding fair value.

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 on 30 June 2014. 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 using cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation 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, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that - AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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 identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Motor vehicles	4 to 7
Plant, furniture and equipment – general and commercial	4 to 7
Plant, furniture and equipment – industrial	20
Leasehold improvements	Shorter of estimated useful life of improvements or term of the lease

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. In all other circumstances, the labour costs are expensed.

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 does not transfer substantially all the 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.

x. Receivables

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

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

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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1. Summary of Significant Accounting Policies (continued)

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 Executive 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 Executive 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 HCS 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 of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

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.

(h) 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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

ii. Employee benefits and other provisions

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(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 14/04) 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 2013, to approximate present value.

A defined benefit 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 total of current service cost and net interests as per AASB 119. 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.

(c) Consequential on-costs

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

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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.

(i) Fair value hierarchy

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

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

Refer Note 11 and 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(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(g)iii.

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 presented in respect of the previous period for all amounts reported in the financial statements. Comparative information has been restated for 2012-13 due to AASB 119 Employee Benefits – refer to Note 18 for the effect of the restatement.

(m) Changes in accounting policy, including new or revised Accounting Standards

i. Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2013-14, AASB 119 Employee Benefits and AASB 13 Fair Value Measurement. The impact of AASB 119 in the period of initial application is outlined in Note 18 and no material impact arises from AASB 13 except for an increased disclosure requirement as outlined in Note 11.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 14/03:

Standards/Interpretations	Operative Date
AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments	01-Jan-17 01-Jan-15 01-Jan-13
AASB 10 (NFP) *Consolidated Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 12 (NFP) *Disclosure of Interests in Other Entities* **(NFP entities only)**	01-Jul-13
AASB 127 (NFP) *Separate Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 1031 *Materiality*	01-Jan-14
AASB 1055 and AASB 2013-1 regarding budgetary reporting	01-Jul-14
AASB 2011-7 (NFP) regarding consolidation and joint arrangements **(NFP entities only)**	01-Jan-14
AASB 2012-3 regarding offsetting financial assets and financial liabilities	01-Jan-14
AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets	01-Jan-14
AASB 2013-6 regarding Reduced Disclosure Requirements	01-Jan-14
AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	01-Jan-14
AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).	Part A Conceptual Framework – 20-Dec-13; Part B Materiality – 1-Jan 14; Part C Financial Instruments – 1-Jan-15

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.

(n) Payroll Tax

HCS is exempt from paying payroll tax as legislated by *State Revenue Legislation (Miscellaneous Amendments) Act 1988 No104*, effective from 1 July 1998.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

2. Expenses excluding losses

(a) Employee related expenses

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
Salaries and wages (including annual leave)	**-**	-	**143,712**	140,966
Superannuation - defined benefit plans	**-**	-	**1,867**	2,403
Superannuation - defined contribution plans	**-**	-	**12,248**	11,882
Long service leave	**-**	-	**3,146**	795
Workers' compensation insurance	**-**	-	**15,451**	11,986
Fringe benefit tax	**-**	-	**51**	57
Personnel services	**174,948**	161,152	**-**	-
	174,948	161,152	**176,475**	168,089

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

(b) Other operating expenses include the following:

Auditor's remuneration - audit of financial statements	**167**	162	**167**	162
Shared services	**18,069**	17,927	**18,069**	17,927
Contract services	**15,277**	13,978	**15,277**	13,978
Administration expenses	**5,151**	4,836	**5,151**	4,836
Other service delivery	**1,029**	652	**1,029**	652
Insurance premiums	**288**	277	**288**	277
Travel	**12,149**	10,400	**12,149**	10,400
Operating lease rental expenses - minimum lease payments	**3,780**	3,955	**3,780**	3,955
Training	**2,866**	3,494	**2,866**	3,494
Consultants fees	**-**	61	**-**	61
	58,776	55,742	**58,776**	55,742
(i) Reconciliation - Total Maintenance				
Maintenance expense - contractor labour and other (non-employee related), as above	**61**	57	**61**	57
Employee related maintenance expense included in Note 2(a)	**-**	-	**-**	-
Total maintenance expenses included in Note 2(a) and 2(b)	**61**	57	**61**	57

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

2. Expenses excluding losses (continued)

(c) Depreciation and amortisation expense

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Depreciation				
Building	**30**	27	**30**	27
Plant and equipment	**135**	173	**135**	173
Motor vehicles	**824**	1,240	**824**	1,240
Amortisation				
Leasehold improvements	**1,039**	1,081	**1,039**	1,081
	2,028	2,521	**2,028**	2,521

3. Revenue

(a) Sale of goods and services

Home and Community Care (HACC) fees	**15,905**	15,627	**15,905**	15,627
Veterans' Home Care fees	**6,079**	7,121	**6,079**	7,121
Community Options program fees	**46**	57	**46**	57
Corporate client fees	**3,754**	3,830	**3,754**	3,830
Others	**1,148**	1,403	**1,148**	1,403
	26,932	28,038	**26,932**	28,038

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	**604**	409	**604**	409
TCorp Hour Glass Investment facilities designated as fair value through profit and loss	**3,978**	4,813	**3,978**	4,813
	4,582	5,222	**4,582**	5,222

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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

3. Revenue (continued)

(c) Grants and contributions

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Commonwealth Grants				
Home and Community Care program	**111,804**	109,441	**111,804**	109,441
Other Commonwealth Grants	**3,724**	3,552	**3,724**	3,552
State Grants				
Community Care Support Grants	**71,856**	72,443	**71,856**	72,443
Attendant Care program	**6,416**	6,514	**6,416**	6,514
Other government grants	**6,754**	6,458	**6,754**	6,458
	200,554	198,408	**200,554**	198,408

(d) Other revenue

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Sundry income	**2,364**	2,099	**2,364**	2,099
	2,364	2,099	**2,364**	2,099

4. Gain / (loss) on disposal

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Gain/(loss) on disposal of plant and equipment				
Proceeds from disposal	**870**	717	**870**	717
Less: Written down value of assets	**(470)**	(411)	**(470)**	(411)
Net gain/(loss) on disposal	**400**	306	**400**	306

5. Other gains / (losses)

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Gain/(loss) on impairment of receivables	**(354)**	(255)	**(379)**	(273)
Other gains / (losses)	**(354)**	(255)	**(379)**	(273)

6. Service groups of the entity

HCS has only one service group, therefore the financial statements would reflect the related expenses, income, assets and liabilities. HCS did not have any administered income, expenses, assets or liabilities.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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7. Current assets – cash and cash equivalents

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash at bank and on hand	**5,098**	2,607	**5,098**	2,607
Short-term deposits	**54,530**	53,709	**54,530**	53,709
	59,628	56,316	**59,628**	56,316

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)	**59,628**	56,316	**59,628**	56,316
Closing cash and cash equivalents (per statement of cash flows)	**59,628**	56,316	**59,628**	56,316

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – receivables

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Sale of goods and services	**6,061**	5,735	**6,484**	6,111
Less: allowance for impairment	**(915)**	(869)	**(1,123)**	(1,059)
	5,146	4,866	**5,361**	5,052
Prepayments	**-**	214	**-**	214
Sundry debtors	**226**	243	**455**	443
	5,372	5,323	**5,816**	5,709
Movement in allowance for impairment				
Balance at 1 July	**869**	859	**1,059**	1,032
Amounts written off during the year	**(244)**	(149)	**(251)**	(149)
Amounts recovered during the year	**-**	-	**-**	-
Increase/(decrease) in allowance recognised in profit or loss	**290**	159	**315**	176
Balance at 30 June	**915**	869	**1,123**	1,059

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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9. Non-current assets – financial assets at fair value

	Parent 2014 $'000	Parent 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
TCorp Hour-Glass Investment facilities				
Medium-Term Growth Facility Trust	**8,498**	7,893	**8,498**	7,893
Long-Term Growth Facility Trust	**13,066**	11,514	**13,066**	11,514
	21,564	19,407	**21,564**	19,407

Refer to Note 19 for further information regarding credit risk, liquidity risk and market risk rising from financial instruments.

10. Non-current assets – property, plant and equipment

Consolidated and parent	Land and buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
At 1 July 2013 - fair value						
Gross carrying amount	708	6,096	770	758	4,633	12,965
Accumulated depreciation	-	(4,412)	(748)	(565)	(2,784)	(8,509)
Net carrying amount	708	1,684	22	193	1,849	4,456
At 30 June 2014 - fair value						
Gross carrying amount	631	6,092	386	725	2,989	10,823
Accumulated depreciation	-	(5,125)	(385)	(646)	(2,353)	(8,509)
Net carrying amount	**631**	**967**	**1**	**79**	**636**	**2,314**

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 and parent Year ended 30 June 2014	Land and buildings $'000	Leasehold improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Net carrying amount 1 July 2013	708	1,684	22	193	1,849	4,456
Additions	158	323	-	-	80	561
Disposals	-	(1)	-	-	(469)	(470)
Depreciation expense	(30)	(1,039)	(21)	(114)	(824)	(2,028)
Net revaluation increments	(205)	-	-	-	-	(205)
Net carrying amount at 30 June 2014	**631**	**967**	**1**	**79**	**636**	**2,314**

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2014, the AUC included in land and building is $83k (2013: $10k); leasehold improvements $188k (2013: $250K).

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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10. Non-current assets – property, plant and equipment (continued)

Consolidated and parent	Land and buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
At 1 July 2012 - fair value						
Gross carrying amount	698	5,964	797	818	5,613	13,890
Accumulated depreciation	-	(3,457)	(739)	(485)	(2,416)	(7,097)
Net carrying amount	698	2,507	58	333	3,197	6,793
At 30 June 2013 - fair value						
Gross carrying amount	708	6,096	770	758	4,633	12,965
Accumulated depreciation	-	(4,412)	(748)	(565)	(2,784)	(8,509)
Net carrying amount	708	1,684	22	193	1,849	4,456

Reconciliation

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

Consolidated and parent Year ended 30 June 2013	Land and buildings $'000	Leasehold improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Net carrying amount 1 July 2012	698	2,507	58	333	3,197	6,793
Additions	10	258	-	-	223	491
Disposals	-	-	-	(3)	(408)	(411)
Depreciation expense	(27)	(1,081)	(36)	(137)	(1,240)	(2,521)
Net revaluation increments	27	-	-	-	-	27
Assets recognised for the first time	-	-	-	-	77	77
Net carrying amount at 30 June 2013	708	1,684	22	193	1,849	4,456

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2013, the AUC included in land and building is $10k (2012: $Nil); leasehold improvements $250k (2012: $190K) and furniture and equipment $Nil (2012: $18k).

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

11. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Consolidated and Parent 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Fair Value $'000
Property, plant and equipment				
Land and buildings	-	631	-	631
Non-current assets held for sale	-	-	-	-
	-	631	-	631

There were no transfers between Level 1 and 2 during the period.

(b) Valuation techniques, inputs and processes

Level	Asset class	Valuation technique	Inputs	Processes
2	Land - with buildings with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
2	Buildings - with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.

Home Care Service of New South Wales
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12. Current liabilities - payables

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
Accrued salaries, wages and on-costs	**-**	-	**5,846**	4,814
Creditors	**4,847**	2,471	**4,962**	2,485
Other creditors	**36**	72	**38**	72
	4,883	2,543	**10,846**	7,371

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 19.

13. Current/non-current liabilities - provisions

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
Current				
Employee benefits and related on-costs				
Annual leave	**-**	-	**13,400**	12,187
Long service leave	**-**	-	**14,162**	11,632
Personnel services liability	**33,082**	28,261	**-**	-
	33,082	28,261	**27,562**	23,819
Other provisions				
Provision for make good	**690**	566	**690**	566
	690	566	**690**	566
Total Current	**33,772**	28,827	**28,252**	24,385
Non-current				
Employee benefits and related on-costs				
Long service leave	**-**	-	**2,537**	3,769
Personnel services liability	**8,682**	11,051	**-**	-
Superannuation	**-**	-	**6,146**	7,282
	8,682	11,051	**8,683**	11,051
Other provisions				
Provision for make good	**478**	539	**478**	539
	478	539	**478**	539
Total Non-Current	**9,160**	11,590	**9,161**	11,590
Total Provisions	**42,932**	40,417	**37,413**	35,975
Movements in provisions (other than employee benefits)				
Carrying amount at the beginning of financial year	**1,105**	1,125	**1,105**	1,125
Additional provisions recognised	**162**	-	**162**	-
Amounts used	**(39)**	(36)	**(39)**	(36)
Change in discount rate	**(60)**	16	**(60)**	16
Carrying amount at the end of financial year	**1,168**	1,105	**1,168**	1,105
Aggregate employee benefits and related on-costs				
Provisions - current	**33,082**	28,261	**27,562**	23,819
Provisions - non-current	**8,682**	11,051	**8,683**	11,051
Accrued salaries, wages and on-costs (note 12)	**-**	**-**	**5,846**	4,814
	41,764	39,312	**42,091**	39,684

Details regarding the make good provision are disclosed in Note 1 (h)iii

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13. Current/non-current liabilities – provisions (continued)

Employee entitlements for current annual 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:

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
Short-term				
Annual leave	**-**	-	**11,851**	10,245
Long service leave	**-**	-	**6,806**	5,404
	-	**-**	**18,657**	15,649
Long-term				
Annual leave	**-**	-	**1,549**	1,942
Long service leave	**-**	-	**7,356**	6,228
	-	**-**	**8,905**	8,170

Annual and Long Service Leave

Employee entitlements for annual leave and long service leave amounting to $30.1m (30 June 2013: $27.6m) are partially funded by investments of $21.6m (30 June 2013: $19.4m) in the NSW Treasury Corporation's Hour-Glass Investment Facility Trust (Note 9) with the balance reflected in working capital.

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13. Current/non-current liabilities – provisions (continued)

Superannuation

Nature of the benefits provided by the fund

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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;

* Management and investment of the fund assets; and

* Compliance with other applicable regulations.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. Current/non-current liabilities – provisions (continued)

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.

* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Net Defined Benefit Liability/(Asset) at start of year	**5,801,581**	10,268,457	**776,741**	1,972,942	**704,347**	1,225,471	**7,282,669**	13,466,870
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Net Interest on the net defined benefit liability/(asset)	**197,046**	293,163	**25,331**	56,567	**26,765**	37,377	**249,142**	387,108
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/losses arising from settlements	**-**	-	**-**	-	**-**	-	**-**	-
Actual return on Fund assets less Interest income	**(4,078,403)**	(3,624,773)	**(394,353)**	(579,034)	**(25,089)**	(192,565)	**(4,497,845)**	(4,396,372)
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	113,085	**(0)**	29,717	**(0)**	73,667	**0**	216,469
Actuarial (gains)/losses arising from changes in financial assumptions	**604,216**	(1,110,945)	**157,264**	(270,712)	**85,224**	(301,233)	**846,704**	(1,682,890)
Actuarial (gains)/losses arising from liability experience	**2,158,880**	(454,323)	**(47,034)**	(485,365)	**(12,889)**	(152,526)	**2,098,957**	(1,092,213)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Employer contributions	**(1,232,316)**	(1,375,909)	**(220,284)**	(248,672)	**-**	(7,985)	**(1,452,600)**	(1,632,566)
Net Defined Benefit Liability/(Asset) at end of year	**4,828,779**	5,801,581	**521,396**	776,741	**795,265**	704,347	**6,145,439**	7,282,669

Home Care Service of New South Wales

Notes to and forming part of the financial statements

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13. Current/non-current liabilities – provisions (continued)

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%

Reconciliation of the Fair Value of Fund Assets

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$	$	**$**	$	**$**	$	**$**	$
Fair value of Fund assets at beginning of the year	**31,108,864**	34,200,969	**4,421,881**	4,508,840	**1,551,852**	1,275,801	**37,082,597**	39,985,610
Interest income	**1,071,081**	919,735	**152,453**	119,385	**57,691**	38,151	**1,281,225**	1,077,271
Actual return on Fund assets less Interest income	**4,078,403**	3,624,773	**394,353**	579,034	**25,089**	192,565	**4,497,845**	4,396,372
Employer contributions	**1,232,316**	1,375,909	**220,284**	248,672	**-**	7,985	**1,452,600**	1,632,566
Contributions by participants	**588,506**	711,798	**-**	-	**5,786**	5,943	**594,292**	717,741
Benefits paid	**(5,611,348)**	(9,467,907)	**(598,490)**	(1,288,776)	**(112,739)**	15,727	**(6,322,577)**	(10,740,956)
Taxes, premiums & expenses paid	**(175,884)**	(256,413)	**(20,150)**	254,726	**144,139**	15,680	**(51,894)**	13,993
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**32,291,939**	31,108,864	**4,570,331**	4,421,881	**1,671,818**	1,551,852	**38,534,088**	37,082,597

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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13. Current/non-current liabilities – provisions (continued)

Reconciliation of the Defined Benefit Obligation

	SASS 2014 $	SASS 2013 $	SANCS 2014 $	SANCS 2013 $	SSS 2014 $	SSS 2013 $	Total 2014 $	Total 2013 $
Present value of defined benefit obligations at beginning of the year	**36,910,445**	44,469,426	**5,198,622**	6,481,782	**2,256,200**	2,501,272	**44,365,266**	53,452,480
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Interest cost	**1,268,127**	1,212,898	**177,784**	175,952	**84,456**	75,528	**1,530,367**	1,464,379
Contributions by participants	**588,506**	711,798	**-**	-	**5,786**	5,943	**594,292**	717,741
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	113,085	**(0)**	29,717	**(0)**	73,667	**0**	216,469
Actuarial (gains)/losses arising from changes in financial assumptions	**604,216**	(1,110,945)	**157,264**	(270,712)	**85,224**	(301,233)	**846,704**	(1,682,890)
Actuarial (gains)/losses arising from liability experience	**2,158,880**	(454,323)	**(47,034)**	(485,365)	**(12,889)**	(152,526)	**2,098,957**	(1,092,213)
Benefits paid	**(5,611,348)**	(9,467,907)	**(598,490)**	(1,288,776)	**(112,739)**	15,727	**(6,322,577)**	(10,740,956)
Taxes, premiums & expenses paid	**(175,884)**	(256,413)	**(20,150)**	254,726	**144,139**	15,680	**(51,894)**	13,993
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**37,120,717**	36,910,445	**5,091,727**	5,198,622	**2,467,083**	2,256,200	**44,679,527**	44,365,266

Reconciliation of the effect of the Asset Ceiling

	SASS 2014 $	SASS 2013 $	SANCS 2014 $	SANCS 2013 $	SSS 2014 $	SSS 2013 $	Total 2014 $	Total 2013 $
Adjustment for effect of asset ceiling at beginning of the year	**-**	-	**-**	-	**-**	-	**-**	-
Change in the effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Adjustment for effect of asset ceiling at end of the year	**-**	-	**-**	-	**-**	-	**-**	-

Home Care Service of New South Wales

Notes to and forming part of the financial statements

for the year ended 30 June 2014

13. Current/non-current liabilities – provisions (continued)

Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

	2014 Total (A$'000)	**2014 Quoted prices in active markets for identical assets Level 1 (A$'000)**	**2014 Significant observable inputs Level 2 (A$'000)**	**2014 Unobservable inputs Level 3 (A$'000)**	2013 Total (A$'000)	2013 Quoted prices in active markets for identical assets Level 1 (A$'000)	2013 Significant observable inputs Level 2 (A$'000)	2013 Unobservable inputs Level 3 (A$'000)
Short Term Securities	**2,452,755**	**1,572,615**	**880,140**	**-**	-			
Australian Fixed Interest	**2,365,014**	**10,928**	**2,354,086**	**-**	-			
International Fixed Interest	**880,529**	**-**	**880,529**	**-**	-			
Australian Equities	**11,738,636**	**11,494,549**	**241,423**	**2,664**	-	Information not available		
International Equities	**10,953,329**	**8,172,677**	**2,780,531**	**121**	-			
Property	**3,272,986**	**894,113**	**692,296**	**1,686,577**	-			
Alternatives	**6,329,410**	**565,401**	**4,897,152**	**866,857**	-			
Total*	**37,992,659**	**22,710,283**	**12,726,157**	**2,556,219**	-			

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

	June 2014	June 2013
Short Term Securities	**6.5%**	-
Australian Fixed Interest	**6.2%**	6.9%
International Fixed Interest	**2.3%**	2.2%
Australian Equities	**30.9%**	30.4%
International Equities	**28.8%**	26.1%
Property	**8.6%**	8.3%
Cash	**-**	13.1%
Alternatives	**16.7%**	13.0%
Total	**100%**	100.0%

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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13. Current/non-current liabilities – provisions (continued)

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.2 billion, giving an estimated assets totalling around $4(billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge fu

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficie cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited us derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2014 of $173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date

	June 2014	June 2013
Discount rate	**3.57% pa**	3.80% pa
Salary increase rate (excluding promotional increases)	**2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter**	2.25% for 2013/2014 (2. for PSS); 2.25% pa fo 2014/2015; 2.00% pa f 2015/2016 to 2019/20 2.50% pa thereafter
Rate of CPI increase	**2.5% pa**	2.50% pa
Pensioner mortality	**as per the 2012 Actuarial Investigation of the Pooled Fund**	as per the 2012 Actuar Investigation of the Poo Fund

Home Care Service of New South Wales

Notes to and forming part of the financial statements

for the year ended 30 June 2014

13. Current/non-current liabilities – provisions (continued)

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	2014	**2014**	**2014**	2013	2013	2013
	Base Case	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**	Base Case	Scenario B +1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.57%	2.57%	4.57%		N/A	
Rate of CPI increase	as above	as above	as above			
Salary inflation rate	as above	as above	as above			
Defined benefit obligation ($'000)	44,679,527	46,342,190	43,192,799			
	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**	Base Case	Scenario D -0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above		N/A	
Rate of CPI increase	2.5%	3.0%	2.0%			
Salary inflation rate	as above	as above	as above			
Defined benefit obligation ($'000)	44,679,527	44,884,386	44,493,432			
	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**	Base Case	Scenario F -0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above		N/A	
Rate of CPI increase	as above	as above	as above			
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa			
Defined benefit obligation ($'000)	44,679,527	45,261,836	44,115,281			
	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**	Base Case	Scenario H -5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation ($'000)	44,679,527	44,654,149	44,706,347		N/A	

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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13. Current/non-current liabilities – provisions (continued)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Accrued benefits	**34,129,562**	34,039,659	**4,453,615**	4,601,313	**1,352,889**	1,245,939	**39,936,066**	39,886,911
Net market value of fund assets	**(32,291,939)**	(31,108,864)	**(4,570,331)**	(4,421,881)	**(1,671,818)**	(1,551,852)	**(38,534,088)**	(37,082,597)
Net (surplus)/deficit	**1,837,623**	2,930,795	**(116,716)**	179,432	**(318,929)**	(305,913)	**1,401,978**	2,804,314

Contribution recommendations

Recommended contribution rates for the entity are:

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

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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13. Current/non-current liabilities – provisions (continued)

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	**June 2014**	June 2013
Expected rate of return on fund assets backing current pension liabilities	**8.3% pa**	8.3% pa
Expected rate of return on fund assets backing other liabilities	**7.3% pa**	7.3% pa
Expected salary increase rate (excluding promotional salary increase)	**SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter**	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Expected contributions

	SASS 2015 $	SASS 2014 $	**SANCS 2015 $**	SANCS 2014 $	**SSS 2015 $**	SSS 2014 $	**Total 2015 $**	Total 2014 $
Expected employer contributions	**1,118,161**	1,352,416	**208,423**	246,395	**9,258**	9,509	**1,335,842**	1,608,320

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 4.7 (2013:4.9) years.

Home Care Service of New South Wales

Notes to and forming part of the financial statements

for the year ended 30 June 2014

13. Current/non-current liabilities – provisions (continued)

Profit and Loss Impact

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Net interest	**197,046**	293,163	**25,331**	56,567	**26,765**	37,377	**249,142**	387,108
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**1,574,820**	1,985,988	**249,063**	357,865	**43,671**	59,518	**1,867,554**	2,403,370

Other Comprehensive Income

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Actuarial (gains) losses on liabilities	**2,763,096**	(1,452,182)	**110,229**	(726,360)	**72,336**	(380,091)	**2,945,661**	(2,558,634)
Actual return on Fund assets less Interest income	**(4,078,403)**	(3,624,773)	**(394,353)**	(579,034)	**(25,089)**	(192,565)	**(4,497,845)**	(4,396,372)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Total remeasurement in Other Comprehensive Income	**(1,315,306)**	(5,076,955)	**(284,124)**	(1,305,394)	**47,247**	(572,656)	**(1,552,184)**	(6,955,006)

Refer to Note 19 for details on the impact of changes required by adoption of AASB 119 Employee Benefits.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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14. Commitments for expenditure

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
(a) Capital Commitments				
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	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
Total (including GST)	**-**	-	**-**	-
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	**2,334**	2,063	**2,334**	2,063
Later than one year and not later than five years	**1,223**	3,274	**1,223**	3,274
Later than five years	**15**	2,791	**15**	2,791
Total (including GST)	**3,572**	8,128	**3,572**	8,128

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 $0.3m (2013: $0.7m) that are expected to be recoverable from the Australian Taxation Office.

15. Contingent assets and contingent liabilities

HCS has no contingent liabilities and contingent assets at 30 June 2014 (2013: $NIL).

16. Budget Review

Net result

The net result at a loss of $2.8m was lower than budget by $4.5m primarily due to a $7.7m increase in expenses, mainly due to

- higher than budget workers compensation costs resulting from prior year claims experience related hindsight adjustments ($3m)
- higher than budget subcontractor costs ($8.0m) recorded as other operating expenses, offset by lower salary costs ($5.6m).

Higher than budget revenue ($3.4m) partially offset the increase in expenses. The increase was due primarily to higher than budget HACC grant funding ($2.0m), disability and attendant care grant funding ($0.8m) and grants from NSW Transport ($1.0m).

Assets and liabilities

Total assets at $89.3m were above budget by $3.0m. The increase is primarily due to higher cash and cash equivalent balance ($4.9m) which resulted from a higher than budgeted opening cash balance ($2.3m) and lower than budgeted capital expenditure payments ($2.6m). Offsetting the higher cash balances is a lower than budgeted property plant and equipment balance ($1.9m) mainly as a result of the lower than budgeted capital expenditure.
Total liabilities at $48.3m were $5.5m less than budget, mainly due to lower than budget superannuation liability balance mainly resulting from the continuing buoyancy of financial markets.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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16. Budget Review (continued)

Cash flows

Opening cash balance is higher than budget by $2.3m. The net increase in cash in 2013/14 was $2.6m above budget primarily due to the lower than budgeted cash outflow on investing activities, mainly as a result of the lower than budgeted capital expenditure ($2.6m). Net cash flows from operating activities was in line with budget. As result closing cash is $4.9m above budget.

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

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income.

	Parent 2014 $'000	Parent 2013 $'000	**Consolidated 2014 $'000**	Consolidated 2013 $'000
Net cash used in operating activities	**2,842**	2,145	**2,842**	2,145
Depreciation	**(2,028)**	(2,521)	**(2,028)**	(2,521)
Allowance for impairment	**(46)**	(10)	**(315)**	(27)
Gain/(loss) on investments	**2,157**	2,728	**2,157**	2,728
Decrease/(increase) in provisions	**(2,414)**	8,707	**(1,337)**	7,872
Increase/(decrease) in prepayments and other assets	**95**	376	**422**	265
Decrease/(increase) in creditors	**(2,340)**	2,611	**(3,475)**	3,574
Net gain/(loss) on sale of plant and equipment	**400**	306	**400**	306
Assets recognised for the first time	**-**	77	**-**	77
Unwinding of discount on makegood provision	**60**	(16)	**60**	(16)
Superannuation actuarial (gains)/losses	**-**	-	**(1,552)**	(6,955)
Net result for the year	**(1,274)**	14,403	**(2,826)**	7,448

Home Care Service of New South Wales
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18. Impact on financial statements as a result of AASB 119

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

	Notes	Consolidated 30/06/2013 previously reported $'000	Adjustments $'000	Consolidated 30/06/2013 as restated $'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a) & 18	165,787	2,302	168,089
Personnel services	2(a) & 18	-	-	-
Other operating expenses	2(b)	55,742	-	55,742
Depreciation and amortisation	2(c)	2,521	-	2,521
Total expenses excluding losses		224,050	2,302	226,352
Revenue				
Sale of goods and services	3(a)	28,038	-	28,038
Investment revenue	3(b)	5,222	-	5,222
Grants and contributions	3(c)	198,408	-	198,408
Other revenue	3(d)	2,099	-	2,099
Total revenue		233,767	-	233,767
Gain / (loss) on disposal	4	306	-	306
Other gains / (losses)	5	(273)	-	(273)
Net result		9,750	(2,302)	7,448
Other comprehensive income				
Net increase / (decrease) in property, plant and equipment revaluation surplus		27	-	27
Superannuation actuarial gain/(loss)		3,741	3,214	6,955
Total other comprehensive income		3,768	3,214	6,982
TOTAL COMPREHENSIVE INCOME		13,518	912	14,430

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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18. Impact on financial statements as a result of AASB 119 (continued)

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

	Consolidated Adjustments 2014 $'000
Expenses excluding losses	
Operating expenses	
Employee related expenses	1,879
Personnel services	-
Other operating expenses	-
Depreciation and amortisation	-
Total expenses excluding losses	1,879
Revenue	
Sale of goods and services	-
Investment revenue	-
Grants and contributions	-
Other revenue	-
Total revenue	-
Gain / (loss) on disposal	-
Other gains / (losses)	-
Net result	(1,879)
Other comprehensive income	
Net increase / (decrease) in property, plant and equipment revaluation surplus	-
Superannuation actuarial gain/(loss)	2,043
Total other comprehensive income	2,043
TOTAL COMPREHENSIVE INCOME	**164**

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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18. Impact on financial statements as a result of AASB 119 (continued)

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

	Notes	Consolidated As at 1/07/2012 as previously reported $'000	Adjustments $'000	Consolidated As at 01/07/2012 as restated $'000
ASSETS				
Current assets				
Cash and cash equivalents	7	53,945	-	53,945
Receivables	8	5,471	-	5,471
Total current assets		59,416	-	59,416
Non-current assets				
Financial assets at fair value	9	16,679	-	16,679
Property, plant and equipment	10			
Land and buildings		698	-	698
Plant and equipment		6,095	-	6,095
Total property, plant and equipment		6,793	-	6,793
Total non-current assets		23,472	-	23,472
TOTAL ASSETS		82,888	-	82,888
LIABILITIES				
Current liabilities				
Payables	12	10,933	-	10,933
Provisions	13	27,059	-	27,059
Other		-	-	-
Total current liabilities		37,992	-	37,992
Non-current liabilities				
Provisions	13 & 18	14,882	1,902	16,784
Total non-current liabilities		14,882	1,902	16,784
TOTAL LIABILITIES		52,874	1,902	54,776
NET ASSETS		30,014	(1,902)	28,112
Equity				
Reserves		575	-	575
Accumulated funds		29,439	(1,902)	27,537
TOTAL EQUITY		30,014	(1,902)	28,112

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Notes to and forming part of the financial statements
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18. Impact on financial statements as a result of AASB 119 (continued)

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	Notes	Consolidated As at 30/06/2013 as previously reported $'000	Adjustments $'000	Consolidated As at 30/06/2013 as restated $'000
ASSETS				
Current assets				
Cash and cash equivalents	7	56,316	-	56,316
Receivables	8	5,709	-	5,709
Total current assets		62,025	-	62,025
Non-current assets				
Financial assets at fair value	9	19,407	-	19,407
Property, plant and equipment	10			
Land and buildings		708	-	708
Plant and equipment		3,748	-	3,748
Total property, plant and equipment		4,456	-	4,456
Total non-current assets		23,863	-	23,863
TOTAL ASSETS		85,888	-	85,888
LIABILITIES				
Current liabilities				
Payables	12	7,371	-	7,371
Provisions	13	24,385	-	24,385
Other		-	-	-
Total current liabilities		31,756	-	31,756
Non-current liabilities				
Provisions	13 & 18	10,600	990	11,590
Total non-current liabilities		10,600	990	11,590
TOTAL LIABILITIES		42,356	990	43,346
NET ASSETS		43,532	(990)	42,542
Equity				
Reserves		602		602
Accumulated funds		42,930	(990)	41,940
TOTAL EQUITY		43,532	(990)	42,542

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18. Impact on financial statements as a result of AASB 119 (continued)

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	Consolidated Adjustments 2014 $'000
ASSETS	
Current assets	
Cash and cash equivalents	-
Receivables	-
Total current assets	-
Non-current assets	
Financial assets at fair value	-
Property, plant and equipment	
Land and buildings	-
Plant and equipment	-
Total property, plant and equipment	-
Total non-current assets	-
TOTAL ASSETS	-
LIABILITIES	
Current liabilities	
Payables	-
Provisions	-
Other	-
Total current liabilities	-
Non-current liabilities	
Provisions	825
Total non-current liabilities	825
TOTAL LIABILITIES	825
NET ASSETS	(825)
Equity	
Reserves	
Accumulated funds	825
TOTAL EQUITY	-

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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18. Impact on financial statements as a result of AASB 119 (continued)

Statement of financial position as at 30 June 2014

	Notes	Consolidated New June 2014 $'000	Consolidated Budget 2014 $'000	Consolidated New June 2013 $'000	Consolidated New 01 July 2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	59,628	54,690	56,316	53,945
Receivables	8	5,816	5,232	5,709	5,471
Total current assets		65,444	59,922	62,025	59,416
Non-current assets					
Financial assets at fair value	9	21,564	22,143	19,407	16,679
Property, plant and equipment	10			-	-
Land and buildings		631	698	708	698
Plant and equipment		1,683	3,524	3,748	6,095
Total property, plant and equipment		2,314	4,222	4,456	6,793
Total non-current assets		23,878	26,365	23,863	23,472
TOTAL ASSETS		89,322	86,287	85,888	82,888
LIABILITIES					
Current liabilities					
Payables	12	10,846	9,174	7,371	10,933
Provisions	13	28,252	29,289	24,385	27,059
Other		-	34	-	-
Total current liabilities		39,098	38,497	31,756	37,992
Non-current liabilities					
Provisions	13 & 18	9,161	15,275	11,590	16,784
Total non-current liabilities		9,161	15,275	11,590	16,784
TOTAL LIABILITIES		48,259	53,772	43,346	54,776
NET ASSETS		41,063	32,515	42,542	28,112
Equity					
Reserves		397	616	602	575
Accumulated funds		40,666	31,899	41,940	27,537
TOTAL EQUITY		41,063	32,515	42,542	28,112

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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18. Impact on financial statements as a result of AASB 119 (continued)

Statement of changes in equity for the year ended 30 June 2014

	Consolidated Accumulated Funds $'000	Consolidated Asset Revaluation Surplus $'000	Consolidated Total $'000
Balance at 1 July 2013	**42,930**	**602**	**42,542**
Changes in Accounting Policy	**(990)**	**-**	**(990)**
Restated total equity at 1 July 2013	**41,940**	**602**	**42,542**
Net result for the year	**(2,826)**	**-**	**(2,826)**
Other comprehensive income:			
Net increase / (decrease) in property, plant and equipment	**-**	**(205)**	**(205)**
Superannuation actuarial gains/(losses)	**1,552**	**-**	**1,552**
Total other comprehensive income	**1,552**	**(205)**	**1,347**
Total comprehensive income for the year	**(1,274)**	**(205)**	**(1,479)**
Balance at 30 June 2014	**40,666**	**397**	**41,063**
Balance at 1 July 2012	29,439	575	30,014
Changes in Accounting Policy	(1,902)	-	(1,902)
Restated total equity at 1 July 2012	27,537	575	28,112
Net result for the year	7,448	-	7,448
Other comprehensive income:			
Net increase / (decrease) in property, plant and equipment	-	27	27
Superannuation actuarial gains/(losses)	6,955	-	6,955
Total other comprehensive income	6,955	27	6,982
Total comprehensive income for the year	14,403	27	14,430
Balance at 30 June 2013	41,940	602	42,542

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2014

19. 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 ADHC 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 Executive on a continual basis.

(a) Financial instrument categories

Parent

Financial assets	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Class:				
Cash and cash equivalents	7	N/A	**59,628**	56,316
Receivables[1]	8	Loans and receivables (at amortised cost)	**5,148**	4,769
Financial assets at fair value	9	At fair value through profit or loss	**21,564**	19,407

Financial liabilities	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	**4,847**	2,543

Consolidated

Financial assets	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Class:				
Cash and cash equivalents	7	N/A	**59,628**	56,316
Receivables[1]	8	Loans and receivables (at amortised cost)	**5,591**	5,155
Financial assets at fair value	9	At fair value through profit or loss	**21,564**	19,407

Financial liabilities	Note	Category	Carrying amount 2014 $'000	Carrying amount 2013 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	**9,891**	7,371

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).

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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19. Financial instruments (continued)

(b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to 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 19(d) below.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the 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 (2014: $1.9m ; 2013: $2.6m) and less than 6 months past due (2014: $1.7m ; 2013: $1.4m) are not considered impaired and together these represent 80.2% (2013: 78.4%) 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.

Parent	**Total $'000**	**Past due but not impaired $'000**	**Considered impaired $'000**
2014			
< 3 months overdue	**1,869**	**1,686**	**183**
3 months - 6 months overdue	**191**	**47**	**144**
> 6 months overdue	**588**	**-**	**588**
2013			
< 3 months overdue	1,427	1,312	115
3 months - 6 months overdue	215	88	127
> 6 months overdue	743	148	595

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Notes to and forming part of the financial statements
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19. Financial instruments (continued)

Consolidated	**Total $'000**	**Past due but not impaired $'000**	**Considered impaired $'000**
2014			
< 3 months overdue	**1,869**	**1,686**	**183**
3 months - 6 months overdue	**191**	**47**	**144**
> 6 months overdue	**588**	**-**	**588**
2013			
< 3 months overdue	1,427	1,312	115
3 months - 6 months overdue	215	88	127
> 6 months overdue	743	148	595

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 Financial Instruments: Disclosures 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. The interest paid during 2013-2014 financial year was $0.4k (2013:$6k).

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

	2014 $'000	2013 $'000
Corporate card	400	400
Tape negotiation authority	12,000	12,000

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19. Financial instruments (continued)

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

			$'000					
			Interest rate exposure			Maturity dates		
Parent	**Weighted average effective int. rate**	**Nominal amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2014								
Financial Liabilities:								
Payables	**N/A**	**4,847**	**-**	**-**	**4,847**	**4,847**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Financial Liabilities		**4,847**	**-**	**-**	**4,847**	**4,847**	**-**	**-**
2013								
Financial Liabilities:								
Payables	N/A	2,543	-	-	2,543	2,543	-	-
Accrued Salaries, Wages and On-costs	N/A	-	-	-	-	-	-	-
Total Financial Liabilities		2,543	-	-	2,543	2,543	-	-

			$'000					
			Interest rate exposure			Maturity dates		
Consolidated	**Weighted average effective int. rate**	**Nominal amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2014								
Financial Liabilities:								
Payables	**N/A**	**4,949**	**-**	**-**	**4,949**	**4,949**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**4,942**	**-**	**-**	**4,942**	**4,942**	**-**	**-**
Total Financial Liabilities		**9,891**	**-**	**-**	**9,891**	**9,891**	**-**	**-**
2013								
Financial Liabilities:								
Payables	N/A	2,557	-	-	2,557	2,557	-	-
Accrued Salaries, Wages and On-costs	N/A	4,814	-	-	4,814	4,814	-	-
Total Financial Liabilities		7,371	-	-	7,371	7,371	-	-

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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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19. 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 2013. 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. HCS' exposure to interest rate risk is set out below.

Parent		**-1%**		**+1%**	
	Carrying amount	**Result**	**Equity**	**Result**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2014					
Financial Assets					
Cash and cash equivalents	**59,615**	**(596)**	**(596)**	**596**	**596**
Receivables	**5,148**	**-**	**-**	**-**	**-**
Financial assets at fair value	**21,564**	**(216)**	**(216)**	**216**	**216**
Financial liabilities					
Payables	**4,847**	**-**	**-**	**-**	**-**
2013					
Financial Assets					
Cash and cash equivalents	56,303	(563)	(563)	563	563
Receivables	4,769	-	-	-	-
Financial assets at fair value	19,407	(194)	(194)	194	194
Financial liabilities					
Payables	2,543	-	-	-	-

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19. Financial instruments (continued)

Consolidated		-1%		+1%	
	Carrying amount	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000
2014					
Financial Assets					
Cash and cash equivalents	**59,615**	**(596)**	**(596)**	**596**	**596**
Receivables	**5,591**	**-**	**-**	**-**	**-**
Financial assets at fair value	**21,564**	**(216)**	**(216)**	**216**	**216**
Financial liabilities					
Payables	**9,891**	**-**	**-**	**-**	**-**
2013					
Financial Assets					
Cash and cash equivalents	56,303	(563)	(563)	563	563
Receivables	5,155	-	-	-	-
Financial assets at fair value	19,407	(194)	(194)	194	194
Financial liabilities					
Payables	7,371	-	-	-	-

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	2014 $'000	2013 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years	**54,530**	53,709
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years	**8,498**	7,893
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	7 years and over	**13,066**	11,514

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

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

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Notes to and forming part of the financial statements
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19. Financial instruments (continued)

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	
			2014	2013
			$'000	$'000
Hour Glass Investment - Cash facility	**54,530**	**+/- 1%**	**+/- 545**	+/- 537
Hour Glass Investment - Medium-term growth facility	**8,498**	**+/- 6%**	**+/- 510**	+/- 474
Hour Glass Investment - Long-term growth facility	**13,066**	**+/- 15%**	**+/- 1960**	+/- 1727

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.

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

ii. Fair value recognised in 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 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2014				
Financial assets at fair value				
TCorp Hour-Glass Investment facility	**-**	**76,094**	**-**	**76,094**
30 June 2013				
Financial assets at fair value				
TCorp Hour-Glass Investment facility	-	73,116	-	73,116

There were no transfers between level 1 and 2 during the period ended 30 June 2014 (2013: none).The value of the Hour-Glass Investments is based on the entities share of the value of the underlying asset of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

20. Events after the reporting date

No events have occurred after the reporting date that would have a material impact on the financial statements.

End of audited financial statements

Annual financial statements for the year ended 30 June 2014

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Home Care Service Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Home Care Service Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2014, 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 Agency as at 30 June 2014, 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 Secretary's Responsibility for the Financial Statements

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

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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 Agency
- 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 Barnes
Director, Financial Audit Services

18 September 2014
SYDNEY

HOME CARE SERVICE STAFF AGENCY

YEAR ENDED 30 JUNE 2014

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 Staff Agency's activities for the year ended 30 June 2014 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 financial statements and notes exhibit a true and fair view of the financial position and transactions of the Home Care Service Staff Agency.

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

Michael Coutts-Trotter
Secretary
18 September 2014

Stephen Mudge
Chief Finance Officer
18 September 2014

Home Care Service Staff Agency
Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2 & 12	**176,476**	168,088
Total expenses excluding losses		**176,476**	168,088
Revenue			
Personnel services	3a & 12	**174,949**	161,151
Total revenue		**174,949**	161,151
Other gains / (losses)	4	**(25)**	(18)
Net result		**(1,552)**	(6,955)
Other comprehensive income			
Superannuation actuarial gains/(losses)		**1,552**	6,955
Total other comprehensive income		**1,552**	6,955
TOTAL COMPREHENSIVE INCOME		**-**	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Financial Position
as at 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
Assets			
Current assets			
Receivables	6	**33,525**	28,647
Total current assets		**33,525**	28,647
Non-current assets			
Receivables	6 & 12	**8,682**	11,051
Total non-current assets		**8,682**	11,051
Total assets		**42,207**	39,698
Liabilities			
Current liabilities			
Payables	7	**5,950**	4,814
Provisions	8	**27,575**	23,833
Total current liabilities		**33,525**	28,647
Non-current liabilities			
Provisions	8 &12	**8,682**	11,051
Total non-current liabilities		**8,682**	11,051
Total liabilities		**42,207**	39,698
Net assets		**-**	-
Equity			
Accumulated funds		**-**	-
Total equity		**-**	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Changes in Equity
for the year ended 30 June 2014

	Accumulated Funds $'000	Total Equity $'000
Balance at 1 July 2013	**-**	**-**
Net result for the year	**(1,552)**	**(1,552)**
Other comprehensive income:		
Superannuation actuarial gains/(losses)	**1,552**	**1,552**
Total other comprehensive income	**1,552**	**1,552**
Total comprehensive income for the year	**-**	**-**
Balance at 30 June 2014	**-**	**-**
Balance at 1 July 2012	-	-
Net result for the year	(6,955)	(6,955)
Other comprehensive income:		
Superannuation actuarial gains/(losses)	6,955	6,955
Total other comprehensive income	6,955	6,955
Total comprehensive income for the year	-	-
Balance at 30 June 2013	-	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Cash Flows
for the year ended 30 June 2014

	Actual 2014 $'000	Actual 2013 $'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**-**	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	-
NET INCREASE/(DECREASE) IN CASH	**-**	-
Opening cash and cash equivalents	**-**	-
CLOSING CASH AND CASH EQUIVALENTS	**-**	-

The HCS Staff Agency does not hold any cash or cash equivalent assets and therefore there are nil cash flows.
The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies

a. Reporting entity

Home Care Service Staff Agency (HCS Staff Agency) is a controlled entity established pursuant to Part 2 of Schedule 1 to the *Government Sector Employment Act 2013 (GSE Act)*. The Staff Agency's objective is to provide personnel services to Home Care Service of NSW (HCS).The HCS Staff Agency was formerly known as Home Care Service Division (HCS Division).The Administrative Arrangements Order 2014 in conjunction with the GSE Act required the renaming of HCS Division to HCS Staff Agency effective 24 February, 2014 without any impact to the former Division's operations.

HCS Staff Agency 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 2014 have been authorised for issue by the Secretary, Department of Family and Community Services on 18 September 2014.

b. Basis of preparation

HCS Staff Agency's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *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.

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. The full implementation of the National Disability Insurance Scheme (NDIS) by 2017-18 is anticipated to have a material impact on the operations and organisation structure of the Department in future reporting periods. To this date, the Department has not been notified of any significant decision that would materially affect its financial reporting. We believe that due to impending government decisions on the timing of implementing NDIS operational and structural changes, the time required to implement such major decisions and the uncertainty over the timing of such decisions, the Department's business during 2014-15 would be as usual as in the past. Management has prepared the financial statements based on this assumption.

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 Staff Agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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 Staff Agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an assets cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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 that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

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.

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 Staff Agency transfers the financial asset:

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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

A financial liability is derecognised when the obligation specified in the contract is discharged, 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 Staff Agency. 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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

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 14/04) 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 2013, to approximate present value.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

i. Defined benefit superannuation plans

A defined benefit 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 total of current service cost and net interest as per AASB 119. Actuarial gains and losses are charged directly to Equity in the year they occur.

ii. 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 an 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.

c) Consequential on-costs

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

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. Comparative information has been restated for 2012-13 due to AASB 119 Employee Benefits – refer to Note 12 for the effect of the restatement.

j. Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except for AASB 119 Employee Benefits applied for the first time in 2013-14. The impact of AASB 119 in the period of initial application is outlined in Note 12.

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 14/03:

Standards/Interpretations	Operative Date
AASB 9,	01-Jan-17

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

AASB 2010-7 and AASB 2012-6 regarding financial instruments	01-Jan-15 01-Jan-13
AASB 10 (NFP) *Consolidated Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 12 (NFP) *Disclosure of Interests in Other Entities* **(NFP entities only)**	01-Jul-13
AASB 127 (NFP) *Separate Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 1031 *Materiality*	01-Jan-14
AASB 1055 and AASB 2013-1 regarding budgetary reporting	01-Jul-14
AASB 2011-7 (NFP) regarding consolidation and joint arrangements **(NFP entities only)**	01-Jan-14
AASB 2012-3 regarding offsetting financial assets and financial liabilities	01-Jan-14
AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets	01-Jan-14
AASB 2013-6 regarding Reduced Disclosure Requirements	01-Jan-14
AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	01-Jan-14
AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).	Part A Conceptual Framework – 20-Dec-13; Part B Materiality – 1-Jan 14; Part C Financial Instruments – 1-Jan-15

HCS Staff Agency'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.

k. Payroll Tax

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

2. Expenses Excluding Losses

	2014 $'000	2013 $'000
Salaries and wages (including annual leave)	**143,712**	140,965
Defined benefit superannuation	**1,868**	2,403
Defined contribution superannuation	**12,248**	11,882
Long service leave	**3,146**	797
Workers' compensation insurance	**15,451**	11,985
Fringe benefit tax	**51**	56
	176,476	168,088

3. Revenue

Revenue from the sale of personnel services	**174,949**	161,151
	174,949	161,151

HCS Staff Agency provides personnel services to HCS of NSW, at cost.

4. Other Gains/(Losses)

Doubtful debts expense	**(25)**	(18)
	(25)	(18)

5. Service Groups of the Entity

HCS has only one service group, therefore the financial statements would reflect the related expenses, income, assets and liabilities. HCS did not have any administered income, expenses, assets or liabilities.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

6. Current/Non-Current – Receivables

	2014	2013
	$'000	$'000
Current		
Personnel services receivable	**33,082**	28,261
Workers' compensation debtor	**423**	376
Sundry debtors	**228**	200
Less: Allowance for impairment	**(208)**	(190)
Total Current	**33,525**	28,647
Non current		
Personnel services receivable	**8,682**	11,051
Total Non-Current	**8,682**	11,051
Total Receivables	**42,207**	39,698

Movements in the allowance for impairment		
Balance at 1 July	**190**	173
Amounts written off during the year	**(7)**	-
Amounts recovered during the year	**-**	-
Increase / (decrease) in allowance recognised in profit or loss	**25**	17
Balance at 30 June	**208**	190

7. Current Liabilities – Payables

	2014	2013
	$'000	$'000
Accrued salaries, wages and on-costs	**4,942**	4,814
Payable to Australian Taxation Office - PAYG	**903**	-
Other payables	**105**	-
Total	**5,950**	4,814

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 13.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

8. Current/Non-Current Liabilities – Provisions

	2014 $'000	2013 $'000
Current		
Employee Benefit and Related on-costs		
Annual leave	**13,400**	12,187
Long service leave	**14,162**	11,632
Fringe benefit tax	**13**	14
Total Current	**27,575**	23,833
Non-current		
Employee Benefit and Related on-costs		
Long service leave	**2,537**	3,769
Superannuation	**6,145**	7,282
Total Non-Current	**8,682**	11,051
Total Provisions	**36,257**	34,884
Aggregate employee benefits and related on-costs		
Provisions - current	**27,575**	23,833
Provisions - non-current	**8,682**	11,051
Accrued salaries, wages and on-costs (Note 7)	**4,942**	4,814
	41,199	39,698

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

	2014 $'000	2013 $'000
Short-term		
Annual leave	11,851	10,245
Long service leave	6,806	5,404
	18,657	15,649
Long-term		
Annual leave	1,549	1,942
Long service leave	7,356	6,228
	8,905	8,170

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

Superannuation

Nature of the benefits provided by the fund

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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;

* Management and investment of the fund assets; and

* Compliance with other applicable regulations.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.

* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Net Defined Benefit Liability/(Asset) at start of year	**5,801,581**	10,268,457	**776,741**	1,972,942	**704,347**	1,225,471	**7,282,669**	13,466,870
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Net Interest on the net defined benefit liability/(asset)	**197,046**	293,163	**25,331**	56,567	**26,765**	37,377	**249,142**	387,108
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/losses arising from settlements	**-**	-	**-**	-	**-**	-	**-**	-
Actual return on Fund assets less Interest income	**(4,078,403)**	(3,624,773)	**(394,353)**	(579,034)	**(25,089)**	(192,565)	**(4,497,845)**	(4,396,372)
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	113,085	**(0)**	29,717	**(0)**	73,667	**0**	216,469
Actuarial (gains)/losses arising from changes in financial assumptions	**604,216**	(1,110,945)	**157,264**	(270,712)	**85,224**	(301,233)	**846,704**	(1,682,890)
Actuarial (gains)/losses arising from liability experience	**2,158,880**	(454,323)	**(47,034)**	(485,365)	**(12,889)**	(152,526)	**2,098,957**	(1,092,213)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Employer contributions	**(1,232,316)**	(1,375,909)	**(220,284)**	(248,672)	**-**	(7,985)	**(1,452,600)**	(1,632,566)
Net Defined Benefit Liability/(Asset) at end of year	**4,828,779**	5,801,581	**521,396**	776,741	**795,265**	704,347	**6,145,439**	7,282,669

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

A contribution tax provision of zero is included as a contribution tax rate of zero is assumed. This is based on advice from NSW Treasury, following tax modelling carried out by their tax adviser, that, in the long term, the Fund is not expected to pay any significant tax.

Reconciliation of the Fair Value of Fund Assets

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$	$	**$**	$	**$**	$	**$**	$
Fair value of Fund assets at beginning of the year	**31,108,864**	34,200,969	**4,421,881**	4,508,840	**1,551,852**	1,275,801	**37,082,597**	39,985,610
Interest income	**1,071,081**	919,735	**152,453**	119,385	**57,691**	38,151	**1,281,225**	1,077,271
Actual return on Fund assets less Interest income	**4,078,403**	3,624,773	**394,353**	579,034	**25,089**	192,565	**4,497,845**	4,396,372
Employer contributions	**1,232,316**	1,375,909	**220,284**	248,672	**-**	7,985	**1,452,600**	1,632,566
Contributions by participants	**588,506**	711,798	**-**	-	**5,786**	5,943	**594,292**	717,741
Benefits paid	**(5,611,348)**	(9,467,907)	**(598,490)**	(1,288,776)	**(112,739)**	15,727	**(6,322,577)**	(10,740,956)
Taxes, premiums & expenses paid	**(175,884)**	(256,413)	**(20,150)**	254,726	**144,139**	15,680	**(51,894)**	13,993
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**32,291,939**	31,108,864	**4,570,331**	4,421,881	**1,671,818**	1,551,852	**38,534,088**	37,082,597

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Reconciliation of the Defined Benefit Obligation

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Present value of defined benefit obligations at beginning of the year	**36,910,445**	44,469,426	**5,198,622**	6,481,782	**2,256,200**	2,501,272	**44,365,266**	53,452,480
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Interest cost	**1,268,127**	1,212,898	**177,784**	175,952	**84,456**	75,528	**1,530,367**	1,464,379
Contributions by participants	**588,506**	711,798	**-**	-	**5,786**	5,943	**594,292**	717,741
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	113,085	**(0)**	29,717	**(0)**	73,667	**0**	216,469
Actuarial (gains)/losses arising from changes in financial assumptions	**604,216**	(1,110,945)	**157,264**	(270,712)	**85,224**	(301,233)	**846,704**	(1,682,890)
Actuarial (gains)/losses arising from liability experience	**2,158,880**	(454,323)	**(47,034)**	(485,365)	**(12,889)**	(152,526)	**2,098,957**	(1,092,213)
Benefits paid	**(5,611,348)**	(9,467,907)	**(598,490)**	(1,288,776)	**(112,739)**	15,727	**(6,322,577)**	(10,740,956)
Taxes, premiums & expenses paid	**(175,884)**	(256,413)	**(20,150)**	254,726	**144,139**	15,680	**(51,894)**	13,993
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**37,120,717**	36,910,445	**5,091,727**	5,198,622	**2,467,083**	2,256,200	**44,679,527**	44,365,266

Reconciliation of the effect of the Asset Ceiling

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Adjustment for effect of asset ceiling at beginning of the year	**-**	-	**-**	-	**-**	-	**-**	-
Change in the effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Adjustment for effect of asset ceiling at end of the year	**-**	-	**-**	-	**-**	-	**-**	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

	2014 Total (A$'000)	**2014** Quoted prices in active markets for identical assets Level 1 (A$'000)	**2014** Significant observable inputs Level 2 (A$'000)	**2014** Unobservable inputs Level 3 (A$'000)	2013 Total (A$'000)	2013 Quoted prices in active markets for identical assets Level 1 (A$'000)	2013 Significant observable inputs Level 2 (A$'000)	2013 Unobservable inputs Level 3 (A$'000)
Short Term Securities	**2,452,755**	**1,572,615**	**880,140**	**-**	-			
Australian Fixed Interest	**2,365,014**	**10,928**	**2,354,086**	**-**	-			
International Fixed Interest	**880,529**	**-**	**880,529**	**-**	-			
Australian Equities	**11,738,636**	**11,494,549**	**241,423**	**2,664**	-		Information not available	
International Equities	**10,953,329**	**8,172,677**	**2,780,531**	**121**	-			
Property	**3,272,986**	**894,113**	**692,296**	**1,686,577**	-			
Alternatives	**6,329,410**	**565,401**	**4,897,152**	**866,857**	-			
Total*	**37,992,659**	**22,710,283**	**12,726,157**	**2,556,219**	-			

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

	June 2014	June 2013
Short Term Securities	**6.5%**	-
Australian Fixed Interest	**6.2%**	6.9%
International Fixed Interest	**2.3%**	2.2%
Australian Equities	**30.9%**	30.4%
International Equities	**28.8%**	26.1%
Property	**8.6%**	8.3%
Cash	**-**	13.1%
Alternatives	**16.7%**	13.0%
Total	**100%**	100.0%

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.2 billion, giving an estimated assets totalling around $40.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2014 of $173.9 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date

	June 2014	June 2013
Discount rate	**3.57% pa**	3.80% pa
Salary increase rate (excluding promotional increases)	**2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter**	2.25% for 2013/2014 (2.95% for PSS); 2.25% pa for 2014/2015; 2.00% pa for 2015/2016 to 2019/2020; 2.50% pa thereafter
Rate of CPI increase	**2.5% pa**	2.50% pa
Pensioner mortality	**as per the 2012 Actuarial Investigation of the Pooled Fund**	as per the 2012 Actuarial Investigation of the Pooled Fund

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	2014	**2014**	**2014**	2013	2013	2013
	Base Case	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**	Base Case	Scenario B +1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.57%	2.57%	4.57%			
Rate of CPI increase	as above	as above	as above		N/A	
Salary inflation rate	as above	as above	as above			
Defined benefit obligation ($'000)	44,679,527	46,342,190	43,192,799			
	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**	Base Case	Scenario D -0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above			
Rate of CPI increase	2.5%	3.0%	2.0%		N/A	
Salary inflation rate	as above	as above	as above			
Defined benefit obligation ($'000)	44,679,527	44,884,386	44,493,432			
	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**	Base Case	Scenario F -0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above			
Rate of CPI increase	as above	as above	as above		N/A	
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa			
Defined benefit obligation ($'000)	44,679,527	45,261,836	44,115,281			
	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**	Base Case	Scenario G -5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation ($'000)	44,679,527	44,654,149	44,706,347		N/A	

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Accrued benefits	**34,129,562**	34,039,659	**4,453,615**	4,601,313	**1,352,889**	1,245,939	**39,936,066**	39,886,911
Net market value of fund assets	**(32,291,939)**	(31,108,864)	**(4,570,331)**	(4,421,881)	**(1,671,818)**	(1,551,852)	**(38,534,088)**	(37,082,597)
Net (surplus)/deficit	**1,837,623**	2,930,795	**(116,716)**	179,432	**(318,929)**	(305,913)	**1,401,978**	2,804,314

Contribution recommendations

Recommended contribution rates for the entity are:

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	**June 2014**	June 2013
Expected rate of return on fund assets backing current pension liabilities	**8.3% pa**	8.3% pa
Expected rate of return on fund assets backing other liabilities	**7.3% pa**	7.3% pa
Expected salary increase rate (excluding promotional salary increase)	**SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter**	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Expected contributions

	SASS 2015 $	SASS 2014 $	**SANCS 2015 $**	SANCS 2014 $	**SSS 2015 $**	SSS 2014 $	**Total 2015 $**	Total 2014 $
Expected employer contributions	**1,118,161**	1,352,416	**208,423**	246,395	**9,258**	9,509	**1,335,842**	1,608,320

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 4.7 (2013:4.9) years.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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

Profit and Loss Impact

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Current service cost	**1,377,774**	1,692,824	**223,732**	301,297	**16,906**	22,141	**1,618,412**	2,016,262
Net interest	**197,046**	293,163	**25,331**	56,567	**26,765**	37,377	**249,142**	387,108
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**1,574,820**	1,985,988	**249,063**	357,865	**43,671**	59,518	**1,867,554**	2,403,370

Other Comprehensive Income

	SASS 2014 $	SASS 2013 $	**SANCS 2014 $**	SANCS 2013 $	**SSS 2014 $**	SSS 2013 $	**Total 2014 $**	Total 2013 $
Actuarial (gains) losses on liabilities	**2,763,096**	(1,452,182)	**110,229**	(726,360)	**72,336**	(380,091)	**2,945,661**	(2,558,634)
Actual return on Fund assets less Interest income	**(4,078,403)**	(3,624,773)	**(394,353)**	(579,034)	**(25,089)**	(192,565)	**(4,497,845)**	(4,396,372)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Total remeasurement in Other Comprehensive Income	**(1,315,306)**	(5,076,955)	**(284,124)**	(1,305,394)	**47,247**	(572,656)	**(1,552,184)**	(6,955,006)

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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9. Contingent Liabilities and Contingent Assets

HCS Staff Agency has no contingent liabilities and contingent assets at 30 June 2014 (30 June 2013:Nil)

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

	2014	2013
	$'000	$'000
Net cash used on operating activities	**-**	-
Decrease/(increase) in provisions	**(1,373)**	6,922
Increase / (decrease) in receivables	**2,509**	(7,887)
Decrease/(increase) in creditors	**(1,136)**	965
Superannuation actuarial losses	**(1,552)**	(6,955)
Net result	**(1,552)**	(6,955)

11. Commitments for Expenditure

HCS Staff Agency has no commitments as at 30 June 2014 (30 June 2013: Nil)

12. Impact on financial statements as a result of AASB 119 Employee Benefits

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

	Notes	**30/06/2013 previously reported $'000**	**Adjustments $'000**	**30/06/2013 as restated $'000**
Expenses excluding losses				
Operating expenses				
Employee related expenses	2 & 12	165,787	2,301	168,088
Total expenses excluding losses		165,787	2,301	168,088
Revenue				
Personnel services	3a & 12	162,064	(913)	161,151
Total revenue		162,064	(913)	161,151
Other gains / (losses)	4	(18)	-	(18)
Net result		(3,741)	(3,214)	(6,955)
Other comprehensive income				
Superannuation actuarial gains/(losses)		3,741	3,214	6,955
Total other comprehensive income		3,741	3,214	6,955
TOTAL COMPREHENSIVE INCOME		-	-	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

12. Impact on financial statements as a result of AASB 119 Employee Benefits (continued)

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

	Adjustments 2014 $'000
Expenses excluding losses	
Operating expenses	
Employee related expenses	1,879
Total expenses excluding losses	1,879
Revenue	
Personnel services	(164)
Total revenue	(164)
Other gains / (losses)	-
Net result	(2,043)
Other comprehensive income	
Superannuation actuarial gains/(losses)	2,043
Total other comprehensive income	2,043
TOTAL COMPREHENSIVE INCOME	-

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

	Notes	As at 1/07/2012 as previously reported $'000	Adjustments $'000	As at 01/07/2012 as restated $'000
Assets				
Current assets				
Receivables	6	32,496	-	32,496
Total current assets		32,496	-	32,496
Non-current assets				
Receivables	6 & 12	14,099	1,902	16,001
Total non-current assets		14,099	1,902	16,001
Total assets		46,595	1,902	48,497
Liabilities				
Current liabilities				
Payables	7	5,779	-	5,779
Provisions	8	26,718	-	26,718
Total current liabilities		32,497	-	32,497
Non-current liabilities				
Provisions	8 & 12	14,098	1,902	16,000
Total non-current liabilities		14,098	1,902	16,000
Total liabilities		46,595	1,902	48,497
Net assets		-	-	-
Equity				
Accumulated funds		-	-	-
Total equity		-	-	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

12. Impact on financial statements as a result of AASB 119 Employee Benefits (continued)

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	Notes	As at 30/06/2013 as previously reported $'000	Adjustments $'000	As at 30/06/2013 as restated $'000
Assets				
Current assets				
Receivables	6	28,647	-	28,647
Total current assets		28,647	-	28,647
Non-current assets				
Receivables	6 & 12	10,061	990	11,051
Total non-current assets		10,061	990	11,051
Total assets		38,708	990	39,698
Liabilities				
Current liabilities				
Payables	7	4,814	-	4,814
Provisions	8	23,833	-	23,833
Total current liabilities		28,647	-	28,647
Non-current liabilities				
Provisions	8 & 12	10,061	990	11,051
Total non-current liabilities		10,061	990	11,051
Total liabilities		38,708	990	39,698
Net assets		-	-	-
Equity				
Accumulated funds		-	-	-
Total equity		-	-	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

12. Impact on financial statements as a result of AASB 119 Employee Benefits (continued)

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

	Adjustments 2014 $'000
Assets	
Current assets	
Receivables	-
Total current assets	-
Non-current assets	
Receivables	825
Total non-current assets	825
Total assets	825
Liabilities	
Current liabilities	
Payables	-
Provisions	-
Total current liabilities	-
Non-current liabilities	
Provisions	825
Total non-current liabilities	825
Total liabilities	825
Net assets	-
Equity	
Accumulated funds	-
Total equity	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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12. Impact on financial statements as a result of AASB 119 Employee Benefits (continued)

Statement of financial position as at 30 June 2014

	Notes	New June 2014 $'000	New June 2013 $'000	New 01 July 2013 $'000
Assets				
Current assets				
Receivables	6	33,525	28,647	32,496
Total current assets		33,525	28,647	32,496
Non-current assets				
Receivables	6 & 12	8,682	11,051	16,001
Total non-current assets		8,682	11,051	16,001
Total assets		42,207	39,698	48,497
Liabilities				
Current liabilities				
Payables	7	5,950	4,814	5,779
Provisions	8	27,575	23,833	26,718
Total current liabilities		33,525	28,647	32,497
Non-current liabilities				
Provisions	8 &12	8,682	11,051	16,000
Total non-current liabilities		8,682	11,051	16,000
Total liabilities		42,207	39,698	48,497
Net assets		-	-	-
Equity				
Accumulated funds		-	-	
Total equity		-	-	-

Statement of changes in equity for the year ended 30 June 2014

	Accumulated Funds $'000	Total Equity $'000
Balance at 1 July 2013	-	-
Changes in Accounting Policy	-	-
Restated total equity at 1 July 2013	-	-
Net result for the year	(1,552)	(1,552)
Other comprehensive income:		
Superannuation actuarial gains/(losses)	1,552	1,552
Total other comprehensive income	1,552	1,552
Total comprehensive income for the year	-	-
Balance at 30 June 2014	-	-
Balance at 1 July 2012	-	-
Changes in Accounting Policy	-	-
Restated total equity at 1 July 2012	-	-
Net result for the year	(6,955)	(6,955)
Other comprehensive income:		
Superannuation actuarial gains/(losses)	6,955	6,955
Total other comprehensive income	6,955	6,955
Total comprehensive income for the year	-	-
Balance at 30 June 2013	-	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. Financial Instruments

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

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

The ADHC 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 Staff Agency, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Executive on a continual basis.

a. Financial Instrument Categories

Financial Assets	**Note**	**Category**	**2014**	2013
Class:			**$'000**	$'000
Receivables [(1)]	6	Loans and receivables (at amortised cost)	**42,207**	39,698

Financial Liabilities	**Note**	**Category**	**2014**	2013
Class:			**$'000**	$'000
Payables [(2)]	7	Financial liabilities measured at amortised cost	**5,044**	4,814

(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 that the counterparty will default on their contractual obligations, resulting in a financial loss to HCS Staff Agency. The maximum exposure to credit risk is generally represented by the carrying amount to the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of HCS Staff Agency, including receivables. No collateral is held by HCS Staff Agency. HCS Staff Agency 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 Staff Agency'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 Staff Agency will be unable to meet its payment obligations when they fall due. HCS Staff Agency continuously manages risk through monitoring future cash flows. HCS Staff Agency 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 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 2014 (2013: $Nil).

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. Financial Instruments (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount (1) $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest Bearing $'000	Maturity Dates: < 1 year $'000	1 -5 years $'000	> 5 years $'000
2014								
Financial Liabilities:								
Payables	**N/A**	**102**	**-**	**-**	**102**	**102**	**-**	**-**
Accrued Salaries, Wages and on-costs	**N/A**	**4,942**			**4,942**	**4,942**		
Total Financial Liabilities		**5,044**	**-**	**-**	**5,044**	**5,044**	**-**	**-**
2013								
Financial Liabilities:								
Payables	N/A	-	-	-	-	-	-	-
Accrued Salaries, Wages and on-costs	N/A	4,814	-	-	4,814	4,814	-	-
Total Financial Liabilities		4,814	-	-	4,814	4,814	-	-

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which HCS Staff Agency 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 Staff Agency 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 Staff Agency 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.

14. Events after the reporting period

HCS Staff Agency 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.

Annual financial statements for the year ended 30 June 2014

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 John Williams Memorial Charitable Trust (the Trust), which comprise the statement of financial position as at 30 June 2014, 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 Trust as at 30 June 2014, 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 Secretary's Responsibility for the Financial Statements

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

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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 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/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 Barnes
Director Financial Audit

3 October 2014
SYDNEY

JOHN WILLIAMS MEMORIAL CHARITABLE TRUST

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

CERTIFICATION OF ACOUNTS

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

a) the accompanying financial statements for the year ended 30 June 2014 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983,* the applicable clauses of the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

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

Michael Coutts-Trotter
Secretary
02 **October 2014**

Stephen Mudge
Chief Financial Officer
01 **October 2014**

John Williams Memorial Charitable Trust
Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
Expenses excluding losses			
Auditors remuneration - audit of financial statements		**6**	6
Maintenance expenses		**125**	106
Depreciation	2	**112**	119
Total Expenses excluding losses		**243**	231
Revenue			
Investment revenue	3a	**73**	89
In-kind contribution revenue	3b	**14**	26
Total Revenue		**87**	115
Gain/(loss) on disposal of assets	4	**-**	-
Other gains / (losses)	5	**406**	281
Net result		**250**	165
Total other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**250**	165

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Financial Position
as at 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,035**	2,544
Total Current Assets		**2,035**	2,544
Non-Current Assets			
Property, plant and equipment	7		
- Land and buildings		**7,356**	6,826
- Plant and equipment		**-**	-
Total Property, plant and equipment		**7,356**	6,826
Total Non-Current Assets		**7,356**	6,826
TOTAL ASSETS		**9,391**	9,370
LIABILITIES			
Current Liabilities			
Payables	9	**19**	248
Total Current Liabilities		**19**	248
TOTAL LIABILITIES		**19**	248
NET ASSETS		**9,372**	9,122
EQUITY			
Accumulated funds		**9,372**	9,122
TOTAL EQUITY		**9,372**	9,122

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Changes in Equity
for the year ended 30 June 2014

	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total Equity $'000
Balance at 1 July 2013		**9,122**	**-**	**9,122**
Net result for the year		**250**	**-**	**250**
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**250**	**-**	**250**
Balance at 30 June 2014		**9,372**	**-**	**9,372**
Balance at 1 July 2012		8,957	-	8,957
Net result for the year		165	-	165
Total other comprehensive income		-	-	-
Total comprehensive income for the year		165	-	165
Balance at 30 June 2013		9,122	-	9,122

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Cash Flows
for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other		**(346)**	-
Total Payments		**(346)**	-
Receipts			
Interest received		**73**	89
Total Receipts		**73**	89
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	**(273)**	89
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		**(236)**	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(236)**	-
NET INCREASE/(DECREASE) IN CASH			
Opening cash and cash equivalents		**2,544**	2,455
Net increase/(decrease) in cash		**(509)**	89
CLOSING CASH AND CASH EQUIVALENTS	6	**2,035**	2,544

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

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 Department of Family and Community Services, 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 (Department Amalgamations) Order 2009.* In December 2010, pursuant to S12 of the *Charitable Trusts Act 1993,* the administration of the Trust was transferred from the Director General of DHS to the Chief Executive of ADHC.

On 3 April 2011, DHS changed its name to the Department of Family and Community Services (FACS) 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 FACS financial statements and the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2014 have been authorised for issue by the Secretary, Department of Family and Community Services, on 19 September 2014.

b. Basis of preparation

The Trust's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (including Australian Accounting Interpretations).
- the requirements of the *Public Finance and Audit Act 1983* (PFAA) and the *Public Finance and Audit Regulation 2010*.
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or directions issued by the NSW Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit and 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 claims experience.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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

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

- 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 an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which 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*.

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 2013–14 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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent: i.e. 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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement,* AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 7 and Note 8 for further information regarding fair value.

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 using the cost approach ,the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation 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.

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, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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

Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Plant, furniture and equipment – general and commercial	4 to 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. In all other circumstances, the labour costs are expensed.

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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

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.

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. 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. Fair value hierarchy

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

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

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

Refer Note 8 and Note 13 for further disclosures regarding fair value measurements of financial and non-financial assets.

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 the Trust's policy on the revaluation of property, plant and equipment as discussed in note 1(g) (iii).

ii. Accumulated funds

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

k. 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 disclosed in the financial statements.

l. Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2013-14

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except for AASB13 Fair Value Measurement been applied for the first time in 2013-14. The impact of this Standard in the period of initial application is not material.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1. Summary of Significant Accounting Policies (continued)

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.
The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 14/03:

Standards/Interpretations	Operative Date
AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments	01-Jan-17 01-Jan-15 01-Jan-13
AASB 10 (NFP) *Consolidated Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 12 (NFP) *Disclosure of Interests in Other Entities* **(NFP entities only)**	01-Jul-13
AASB 127 (NFP) *Separate Financial Statements* **(NFP entities only)**	01-Jul-13
AASB 1031 *Materiality*	01-Jan-14
AASB 1055 and AASB 2013-1 regarding budgetary reporting	01-Jul-14
AASB 2011-7 (NFP) regarding consolidation and joint arrangements **(NFP entities only)**	01-Jan-14
AASB 2012-3 regarding offsetting financial assets and financial liabilities	01-Jan-14
AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets	01-Jan-14
AASB 2013-6 regarding Reduced Disclosure Requirements	01-Jan-14
AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	01-Jan-14
AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).	Part A Conceptual Framework – 20-Dec-13; Part B Materiality – 1-Jan 14; Part C Financial Instruments – 1-Jan-15

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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

2. Depreciation

	2014	2013
	$'000	$'000
Buildings	112	101
Furniture, fixtures and fittings	-	18
	112	119

3. Revenue

a. Investment revenue

	2014	2013
	$'000	$'000
Interest received on bank accounts	2	3
TCorp Hour Glass cash facilities designated at fair value through profit or loss	71	86
	73	89

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	14	26
	14	26

4. Gain / (Loss) on Disposal

	2014	2013
	$'000	$'000
Gain / (loss) on disposal of plant and equipment		
Proceeds from disposal	-	-
Less: Written down value of assets	-	-
Net gain / (loss) on disposal	-	-

5. Other Gains / (Losses)

	2014	2013
	$'000	$'000
Property, plant and equipment revaluation gains/(losses)	406	281
Other gains/(losses)	406	281

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

6. Current Assets – Cash and Cash Equivalents

	2014 $'000	2013 $'000
Treasury Corporation	1,986	2,416
Cash at bank	49	128
	2,035	2,544

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, 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)	2,035	2,544
Closing cash and cash equivalents (per Statement of Cash Flows)	2,035	2,544

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Non-Current Assets – Property, plant and equipment

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2013 - At fair value			
Gross carrying amount	7,117	144	7,261
Accumulated depreciation and impairment	(291)	(144)	(435)
Net carrying amount	6,826	-	6,826
At 30 June 2014 - At fair value			
Gross carrying amount	7,735	142	7,877
Accumulated depreciation and impairment	(379)	(142)	(521)
Net carrying amount	7,356	-	7,356
Year ended 30 June 2014			
Net carrying amount at start of year	6,826	-	6,826
Additions	236	-	236
Disposals	-	-	-
Depreciation expense	(112)	-	(112)
Net revaluation increments	406	-	406
Net carrying amount at end of year	7,356	-	7,356

Asset under construction (AUC) included in the asset balances above are $Nil (2013: $Nil)

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

7. Non-Current Assets – Property, plant and equipment (continued)

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 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
At 30 June 2013 - At fair value			
Gross carrying amount	7,117	144	7,261
Accumulated depreciation and impairment	(291)	(144)	(435)
Net carrying amount	6,826	-	6,826
Year ended 30 June 2013			
Net carrying amount at start of year	6,547	18	6,565
Additions	99	-	99
Disposals	-	-	-
Depreciation expense	(101)	(18)	(119)
Net revaluation increments	281	-	281
Net carrying amount at end of year	6,826	-	6,826

Asset under construction (AUC) included in the asset balances above are $Nil (2013: $Nil)

8. Fair value measurement of non-financial assets

a. Fair value hierarchy

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Property, plant and equipment				
Land and buildings	**-**	**3,772**	**3,584**	**7,356**
Non-current assets held for sale	**-**	**-**	**-**	**-**
	-	**3,772**	**3,584**	**7,356**

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

8. Fair value measurement of non-financial assets (continued)

b. Valuation techniques, inputs and processes

Level	Asset class	Valuation technique	Inputs	Processes
2	Land - homes - with buildings with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
3	Land - homes - with purpose built or significantly modified buildings	Market approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. The unobservable level 3 inputs are not considered to impact on the values determined by the market approach considering existing use of the asset
2	Buildings - homes with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.
3	Buildings - purpose built or significantly modified homes	Cost approach using costs incurred in the construction of purpose built or significantly modified properties	Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings located on residential land.	Actual construction costs are checked against Rawlinson's Construction Handbook 2014

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

8. Fair value measurement of non-financial assets (continued)

c. Reconciliation of recurring Level 3 fair value measurements

2014	Land and Buildings $'000	Plant and Equipment $'000	Non-current asset held for sale $'000	Total $'000
Fair value as at 1 July 2013	**3,336**	**-**	**-**	**3,336**
Additions	**129**	**-**	**-**	**129**
Revaluation increments/decrements recognised in Net result - included in the line items 'Other gains/(losses)'	**-**	**-**	**-**	**-**
Revaluation increments/decrements recognised in other comprehensive income - included in 'Net increase / (decrease) in property, plant and equipment'	**175**	**-**	**-**	**175**
Transfers from Level 2	**-**	**-**	**-**	**-**
Transfers to Level 2	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**
Depreciation	**(56)**	**-**	**-**	**(56)**
	3,584	**-**	**-**	**3,465**

9. Current Liabilities – Payables

	2014 $'000	2013 $'000
Creditors	**19**	248
	19	248

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 13.

10. Contingent Liabilities and Contingent Assets

The Trust has no contingent liability and contingent assets at 30 June 2014 (2013: $Nil).

11. Reconciliation of Cash Flows from Operating Activities to Net Result

	2014 $'000	2013 $'000
Net cash used on operating activities	**(273)**	89
Depreciation	**(112)**	(119)
Decrease/(increase) in creditors	**229**	(86)
Net gain/(loss) on sale of plant and equipment	**-**	-
Property, plant and equipment revaluation gains/(losses)	**406**	281
Surplus/(deficit) for the year	**250**	165

12. Commitments for Expenditure

The Trust has no expenditure commitments as at 30 June 2014 (2013: $Nil).

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. 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.

a. Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
			2014	2013
			$'000	$'000
Class:				
Cash and cash equivalents[1]	6	N/A	**2,035**	2,544

Financial Liabilities	Note	Category	Carrying Amount	
			2014	2013
			$'000	$'000
Class:				
Payables[2]	9	Financial liabilities measured at amortised cost	**19**	248

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 that the counterparty will default 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. 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

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. Financial instruments (continued)

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 (2014: $Nil; 2013: $Nil) and less than three months past due (2014: $Nil; 2013:$Nil) are not considered impaired and together these represent 100.0% (2013: 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.

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 2014 (2013: $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

	Weighted Average Effective Int.Rate	Interest Rate Exposure $'000 Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	Maturity Dates < 1 year	1 -5 years	> years
2014								
Financial Liabilities:								
Payables	**N/A**	**19**	**-**	**-**	**19**	**19**	**-**	**-**
Total Financial Liabilities		**19**	**-**	**-**	**19**	**19**	**-**	**-**
2013								
Financial Liabilities:								
Payables	N/A	248	-	-	248	248	-	-
Total Financial Liabilities		248	-	-	248	248	-	-

Notes:
1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which John Williams Memorial Charitable Trust 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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. 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 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 2013. 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Trust's exposure to interest rate risk is set out below.

		$'000			
	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
2014					
Financial assets					
Cash and cash equivalents	**2,035**	**(20)**	**(20)**	**20**	**20**
Receivables	**-**		**-**	**-**	**-**
Financial Liabilities					
Payables	**19**	**-**	**-**	**-**	**-**
2013					
Financial assets					
Cash and cash equivalents	2,544	(25)	(25)	25	25
Receivables	-	-	-	-	-
Financial liabilities					
Payables	248	-	-	-	-

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:

Facility	Investment Sectors	Investment Horizon	**2014** **$'000**	2013 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years	**1,986**	2,416

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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2014

13. Financial instruments (continued)

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

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).

		Impact on profit/loss	
	Change in unit price	**2014 $'000**	2013 $'000
Hour Glass Investment - Cash facility	+/-1%	**+/-20**	+/-24

e. Fair value measurement

i. Fair value compared to carrying amount

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

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

14. 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.

Financial statements 30 June 2014

INDEPENDENT AUDITOR'S REPORT

Aboriginal Housing Office

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Aboriginal Housing Office (the Office), which comprise the statement of financial position as at 30 June 2014, 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 Office as at 30 June 2014, 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 Secretary's Responsibility for the Financial Statements

The Secretary of 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 Secretary 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 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 Office'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 Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, 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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My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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 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.

James Sugumar
Director, Financial Audit Services

19 September 2014
SYDNEY

ABORIGINAL HOUSING OFFICE

STATEMENT BY THE SECRETARY

For and on behalf of the ABORIGINAL HOUSING OFFICE

Pursuant to section 41C of the *Public Finance and Audit Act 1983* , I, state that in my opinion the accompanying financial statements and note thereto:

1. exhibit a true and fair view of the financial position of the Aboriginal Housing Office as at 30 June 2014 and its financial performance for the year then ended; and
2. have been prepared in accordance with the Australian Accounting Standards (which include Australian Accounting Interpretations) 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.

I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
For on and behalf of
Aboriginal Housing Office

18 September 2014

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Start of Audited Financial Statements

Aboriginal Housing Office

Statement of comprehensive income for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Expenses excluding losses				
Operating expenses				
Personnel Services	2(a)	14,203	11,187	9,097
Other operating expenses	2(b)	56,302	49,802	48,398
Depreciation and amortisation	2(c)	12,873	14,058	12,199
Grants and Subsidies	2(d)	36,371	39,450	28,035
Total Expenses excluding losses		119,749	114,497	97,729
Revenue				
Rent and other tenant charges	3(a)	49,682	43,027	45,266
Investment revenue	3(b)	1,740	720	1,206
Grants and contributions	3(c)	97,349	102,368	80,753
Other	3(d)	26,693	26,850	37,299
Total Revenue		175,464	172,965	164,524
Gain / (loss) on disposal of property, plant and equipment	4	(3,648)	200	(204)
Other losses	5	(632)	-	(148)
Net result		51,435	58,668	66,443
Other comprehensive income				
Items that will not be reclassified to net result				
Net increase / (decrease) in property, plant and equipment revaluation surplus		133,321	-	(32,078)
Total other comprehensive income for the year		133,321	-	(32,078)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		184,756	58,668	34,365

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of financial position as at 30 June 2014

	Notes	Actual 2014 $'000	Budget 2014 $'000	Restated 2013 $'000	Restated 1 July 2012 $'000
ASSETS					
Current Assets					
Cash and cash equivalents	6	51,406	33,455	48,785	26,416
Receivables	7	5,642	2,361	5,051	3,789
Total Current Assets		57,048	35,816	53,836	30,205
Non-Current Assets					
Receivables	7	-	4,685	4,685	4,685
Property, plant and equipment	8	1,418,498	1,320,211	1,222,554	1,199,433
Total Non-Current Assets		1,418,498	1,324,896	1,227,239	1,204,118
Total Assets		1,475,546	1,360,712	1,281,075	1,234,323
LIABILITIES					
Current Liabilities					
Payables	11	44,984	25,141	35,335	23,096
Provisions	12	22	152	22	152
		45,006	25,293	35,357	23,248
Total Current Liabilities		45,006	25,293	35,357	23,248
Non-Current Liabilities					
Provisions	12	384	40	318	40
Total Non-Current Liabilities		384	40	318	40
Total Liabilities		45,390	25,333	35,675	23,288
Net Assets		1,430,156	1,335,379	1,245,400	1,211,035
EQUITY					
Reserves		537,492	449,018	406,321	438,669
Accumulated funds		892,664	886,361	839,079	772,366
Total Equity		1,430,156	1,335,379	1,245,400	1,211,035

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of cash flows for the year ended 30 June 2014

	Notes	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services and other expenses		(14,010)	(11,187)	(9,279)
Suppliers		(54,537)	(49,375)	(35,699)
Grants and subsidies paid		(36,371)	(39,450)	(28,035)
Total Payments		(104,918)	(100,012)	(73,013)
Receipts				
Rent and other tenant charges received		49,718	43,027	43,725
Interest received		1,740	720	1,206
Grants and contributions received		97,349	102,368	80,753
Other		-	(500)	435
Total Receipts		148,807	145,615	126,119
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	43,889	45,603	53,106
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and plant and equipment		610	3,000	1,158
Acquisitions of property and plant and equipment		(41,878)	(49,042)	(31,895)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(41,268)	(46,042)	(30,737)
NET INCREASE/(DECREASE) IN CASH		2,621	(439)	22,369
Opening cash and cash equivalents		48,785	33,894	26,416
CLOSING CASH AND CASH EQUIVALENTS	6	51,406	33,455	48,785

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of changes in equity for the year ended 30 June 2014

2014	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2013		840,272	406,321	1,246,593
Implementation of new accounting standard requirement	19	(1,193)	-	(1,193)
Restated at 1 July 2013		839,079	406,321	1,245,400
Net result for the year		51,435	-	51,435
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	133,321	133,321
Total other comprehensive income		-	133,321	133,321
Total comprehensive income for the year		51,435	133,321	184,756
Transfer between equity items				
Transfer arising from disposals of property plant and equipment		2,150	(2,150)	-
Balance at 30 June 2014		892,664	537,492	1,430,156

2013	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2012		773,741	438,669	1,212,410
Implementation of new accounting standard requirement	19	(1,375)	-	(1,375)
Restated at 1 July 2012		772,366	438,669	1,211,035
Net result for the year		66,443	-	66,443
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	(32,078)	(32,078)
Total other comprehensive income		-	(32,078)	(32,078)
Total comprehensive income for the year		66,443	(32,078)	34,365
Transfer between equity items				
Transfer arising from disposals of property plant and equipment		270	(270)	-
Balance at 30 June 2013		839,079	406,321	1,245,400

The accompanying notes form part of these financial statements

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 The Reporting Entity

(a) The Aboriginal Housing Office (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 any controlled entities.

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 Chief Executive/Secretary has determined the AHO as a not-for-profit entity for financial reporting purposes (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

AHO is within the cluster of the Department of Family and Community Services and is not a controlled entity.

The financial statements for the year ended 30 June 2014 have been authorised for issue by the Secretary on 18 September 2014.

(b) Basis of Preparation

The AHO's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations) 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.

(c) Statement of compliance

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

(d) 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.

(e) Currency presentation

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest thousand dollars.

(f) Use of estimates and judgements

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

(g) Revenue recognition

Revenue 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 revenue on an accrual basis.

The AHO charges rent for tenants, subject to individual limitations. Tenants, however, are only charged an amount equivalent to a pre-determined percentage of their household income. The difference between the market rent and the amount tenants are charged is referred to as a rental rebate. Estimated market rent and other tenant related charges, net of estimated rental rebates, are recognised and reported in the Statement of comprehensive income as Rent and other tenant charges.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Grants and contributions

Government grants and contributions are recognised as revenue when the AHO gains control over the grants and contributions. Control is normally obtained when cash is received.

(iii) Investment revenue

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

(iv) Sale of assets

Sale of assets is recognised when the conditions set out in paragraph 14 of AASB 118 *Revenue* are met. When property assets are sold, revenue from the sale is recognised at the contract settlement date.

(h) Personnel services and payable for personnel services

AHO does not have any employees. Personnel services to the AHO are provided and charged by the Department of Family and Community Services. These charges include:

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.
Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave and superannuation

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.

Post-employment benefits
Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. In the case of the AHO, this refers specifically to benefits provided to employees through superannuation schemes. Superannuation schemes are classified as either defined contribution or defined benefit.

- Defined contribution superannuation schemes
AHO contributes to the First State Superannuation Scheme, a defined contribution scheme in the NSW public sector, as well as other private schemes to a lesser extent. Contributions to these schemes are recognised as an expense in net result as incurred. The liability recognised at the reporting date represents the contributions to be paid to these schemes in the following month.

- Defined benefit superannuation schemes
AHO contributes to three defined benefit superannuation schemes in the NSW public sector Pooled Fund. These are: State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-contributory Superannuation Scheme (SANCS).

The AHO's net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods. That benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on Government bonds that have maturity dates approximating to the terms of the AHO's obligations. Calculations are performed by the Pooled Fund's actuary using the projected unit credit method and they are advised to individual agencies for recognition and disclosure purposes in their financial statements.

Where the present value of the defined benefit obligation in respect of a scheme exceeds the fair value of the scheme's assets, a liability for the difference is recognised in the statement of financial position. Where the fair value of a scheme's assets exceeds the present value of the scheme's defined benefit obligation, an asset is recognised in the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any superannuation asset recognised is limited to 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 schemes or reductions in future contributions to the schemes, as advised by the Pooled Fund's actuary.

Remeasurements of the net defined benefit liability or asset are recognised in other comprehensive income (directly through accumulated funds in the reporting period in which they occur. Such remeasurements include actuarial gains or losses, the return on plan assets (excluding amounts included in net interest on the defined benefit liability or asset) and any change in effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability or asset).

(iii) Consequential on-costs

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

(i) 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 and property portfolio.

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.

(j) 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.

(k) 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 net result for the year when impaired, derecognised or through the amortisation process.

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

(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.

(l) De-recognition of financial assets and liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets 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.

(m) 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.

(ii) Recognition and measurement

The cost method of accounting is used in the initial 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 capitalised as addition to the asset, 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, except where they relate to replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Value of unpaid repairs and maintenance at reporting date are accrued. The AHO estimates this accrual by applying a pre-determined percentage of the value of works orders issued to maintenance contractors. The pre-determined percentage is assessed every year depending on the status of the works orders as at reporting date.

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

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 10 for further information regarding fair value.

Registered professional valuers are engaged to value benchmark properties and their valuation is used to develop a reference matrix. The valuations comprising this matrix are extrapolated to all residential properties, taking into account the particular characteristics of each property.

The entity revalues each class of property, plant and equipment every year. The last revaluation was completed on 30 June 2014 and was based on an independent assessment.

For non-specialised property, plant and equipment with short useful lives, historical cost is considered approximately fair value.

When revaluing non-current assets the accumulated depreciation of an asset at the revaluation date is credited to the asset's account. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

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. The remaining balance is directly credited to the revaluation surplus.

Revaluation decrements 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 net result reported in the Statement of Comprehensive Income.

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

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

(v) 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:

	2014 % Rate	2013 % 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) Transfer of Assets

On a regular basis, the NSW Land and Housing Corporation (LAHC) transfers properties (including legal title) to the AHO to assist in meeting Aboriginal housing needs. AHO 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.

(n) 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.

(o) 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.

(p) 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 net result reported in the Statement of comprehensive income.

Where there is objective evidence, 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.

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 one of the following conditions in the Treasurer's Directions 450.05 *Recovery of Debts to the State* is 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Property, plant and equipment and intangible assets

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

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

(q) 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 AHO 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.

(r) Equity transfer

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian 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.

Transfers arising from an administrative restructure 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. Subject to below, in most instances this will approximate fair value.

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

(s) Application of new and revised Accounting Standards

Except for the changes described below the Aboriginal Housing Office has consistently applied the accounting policies set out at Note 1 to all periods presented in these financial statements.

AASB 119 'Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119'.

The AHO has no employees but has entered into an agreement for personnel services. The entity's provider has adopted the revised AASB 119 'Employee Benefits' with an application date of 1 July 2013.

The main changes to accounting policy as a result of changes to AASB 119 'Employee Benefits' are:

* The interest income component has replaced the expected return on assets. Interest income is calculated using a discount rate to expected return on assets, which has led to an increase to the expense reported in the Statement of Comprehensive Income.

* The standard does not allow investment credits to be netted off against the superannuation contributions tax. This has changed the calculation of the defined benefits liability/asset presented in the statement of financial position. As a result the defined benefit liability and expense related to the defined benefit cost have increased.

The effects on the Financial Statements of AHO as a result of personnel services provider's application of the new and revised accounting standards are reflected in Note 19.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New Australian Accounting Standards Issued but not Effective

NSW public sector entities are not permitted to early adopt new Australian accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards and interpretations have not been applied and are not yet effective.

	Operative Date
AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments	1-Jan-15
AASB 10 Consolidated Financial Statements *	1-Jan-14
AASB 11 Joint Arrangements *	1-Jan-14
AASB 12 Disclosure of Interests in Other Entities *	1-Jan-14
AASB 127 Separate Financial Statements *	1-Jul-13
AASB 128 Investments in Associates and Joint Ventures	1-Jul-13
AASB 1031 Materiality	1-Jan-14
AASB 1055 and AASB 2013-1 regarding budgetary reporting	1-Jan-14
AASB 2011-7 regarding consolidation and joint arrangements	1-Jan-14
AASB 2012-3 regarding offsetting financial assets and financial liabilities	1-Jan-14
AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	1-Jan-14
AASB 2013-4 regarding financial instruments - Novation of Derivatives and Continuation of Hedge Accounting	1-Jan-14
AASB 2013-5 regarding accounting for Investment Entities	1-Jan-14
AASB 2013-6 regarding Reduced Disclosure Requirements	1-Jan-14
AASB 2013-7 regarding accounting for life insurance contracts	1-Jan-14
AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities	1-Jan-14
AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C)	1-Jan-14

* For profit entities only

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.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

		2014 $'000	2013 $'000
2.	**Expenses Excluding Losses**		
(a)	**Personnel services**		
	Salaries and wages (including recreation leave)	**8,479**	6,744
	Superannuation - defined contribution plans	**562**	721
	Superannuation - defined benefit plans	**1,639**	(160)
	Salary and wages (Temporary Staff)	**2,189**	650
	Long service leave	**513**	373
	Workers' compensation insurance	**59**	51
	Payroll tax and fringe benefit tax	**566**	522
	Redundancy payments	**194**	188
	Other	**2**	8
	Fee for personnel services from AHO Group of Staff (DFaCS)	**14,203**	9,097

		2014 $'000	2013 $'000
(b)	**Other operating expenses**		
	Auditor's remuneration - audit of the financial report	**75**	48
	Auditor's remuneration - other services	**21**	73
	Advertising and promotions	**61**	43
	Data processing services	**39**	20
	Consultancy	**314**	46
	Other contractors	**2,160**	1,701
	NSW Businesslink fees	**1,340**	1,200
	Fee for services rendered	**7,198**	2,497
	Insurance	**761**	8
	Legal costs	**-**	39
	Office maintenance (i)	**6**	4
	Minor equipment purchases	**43**	19
	Motor vehicle expenses	**72**	45
	Motor vehicle leasing costs	**104**	109
	Rent and accommodation expense	**773**	639
	Telephone	**140**	149
	Postage and freight	**12**	7
	Printing and stationery	**79**	111
	Training and development expense	**131**	216
	Travelling, removal and subsistence	**455**	468
	Building maintenance and utilities expense	**42,136**	40,586
	Other	**382**	370
		56,302	48,398
	(i) Reconciliation - Total Maintenance		
	Maintenance expense - contractor labour and other	**6**	4
	Personnel Services - maintenance related	**-**	-
	Total maintenance expenses (Note 2 (b))	**6**	4

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

	2014 $'000	2013 $'000
(c) Depreciation and amortisation expense		
Depreciation		
Buildings	**12,798**	11,990
Computer equipment	**5**	15
Leasehold improvements	**65**	192
Furniture and equipment	**4**	-
Plant and equipment	**1**	2
	12,873	12,199
Amortisation		
Intangibles	**-**	-
	12,873	12,199

(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 NSW Land and Housing Corporation (LAHC) 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.

	2014 $'000	2013 $'000
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**31,211**	22,296
Other grants	**5,160**	5,739
	36,371	28,035

	2014 $'000	2013 $'000
3. Revenues		
(a) Rent and other tenant charges		
Market rental	**67,402**	61,709
Less: Rental rebates	**(20,783)**	(19,148)
	46,619	42,561
Tenant charges	**3,063**	2,705
	49,682	45,266
(b) Investment revenue		
Interest received on bank accounts	**1,740**	1,206
	1,740	1,206
(c) Grants and contributions		
State Social Housing	**5,030**	5,745
National Affordable Housing Agreement (NAHA)	**27,150**	32,559
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**65,169**	42,449
	97,349	80,753

Grants are received through NSW Treasury from the Commonwealth government under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) and National Affordable Housing Agreement (NAHA). Additional contribution is also received from the State Government under State Social Housing.

	2014 $'000	2013 $'000
(d) Other revenue		
Assets acquired free of liability	**26,693**	36,864
Other	**-**	435
	26,693	37,299

Assets are acquired free from NSW Land and Housing Corporation under an approved property transfer program. These totalled $23,322,000. Three other properties with a fair value of $2,134,000 were recognised for the first time.
A further 40 properties valued at $1,237,000 were acquired as a result of the liquidation of Nyampa Local Aboriginal Land Council. More details are shown in note 8 reconciliations.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

	2014 $'000	2013 $'000
4. Gain/(Loss) on disposal of property, plant and equipment		
(i) Gain/ (Loss) on disposal of property		
Proceeds from disposal	**625**	1,342
Disposal costs	**(15)**	(20)
Carrying amount of assets disposed	**(640)**	(1,178)
Net Gain/(Loss) on disposal of property	**(30)**	144
(ii) Loss on transfers/demolitions and retirements		
Carrying amount of assets demolished	**(1,906)**	(207)
Carrying amount of assets transferred	**(675)**	(113)
Carrying amount value of assets retired	**(286)**	(28)
Carrying amount value of assets written-off	**(751)**	-
	(3,618)	(348)
Total Loss on transfers / demolitions and retirements	**(3,648)**	(204)
5. Other losses		
Allowance for impairment of receivables	**632**	148
	632	148

6. Current assets - cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank and on hand	**51,406**	48,785
	51,406	48,785

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:

	2014 $'000	2013 $'000
Cash and cash equivalents (per statement of financial position)	**51,406**	48,785
Closing cash and cash equivalents (per statement of cash flows)	**51,406**	48,785

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current/non-current assets - receivables

	2014 $'000	2013 $'000
Current		
Rental debtors	**4,592**	3,989
Less : allowance for impairment	**(2,905)**	(2,512)
Sundry debtors	**(91)**	563
Receivables from related parties	**3,261**	2,853
	4,857	4,893
Prepayments - Other	**690**	-
GST receivable (net)	**95**	158
	5,642	5,051
Non-current		
Sundry receivables - NSW Land and Housing Corporation	**-**	4,685
	-	4,685
Total receivables	**5,642**	9,736
Movement in the allowance for impairment		
Balance at 1 July	**(2,512)**	(2,630)
Amounts written off during the year	**239**	266
Increase/(decrease) in allowance recognised in comprehensive income	**(632)**	(148)
Balance at 30 June	**(2,905)**	(2,512)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

8. Non-current assets -property, plant and equipment

2014	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 2013 -fair value				
Gross carrying amount	1,198,183	2,192	24,593	1,224,968
Accumulated depreciation and impairment	(398)	(2,016)	-	(2,414)
Net Carrying Amount	1,197,785	176	24,593	1,222,554
At 30 June 2014 - fair value				
Gross carrying amount	1,380,261	2,290	38,161	1,420,712
Accumulated depreciation and impairment	(123)	(2,091)	-	(2,214)
Net Carrying Amount	1,380,138	199	38,161	1,418,498

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:

2014 Period ended 30 June 2014	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Net Carrying Amount at start of year	1,197,785	176	24,593	1,222,554
Additions	-	41	50,062	50,103
Assets recognised for the first time	2,134	-	-	2,134
Make good/Non cash	-	57	-	57
Transfers to NSW Land and Housing Corporation	(675)	-	-	(675)
Transfers from NSW Land and Housing Corporation	23,322	-	-	23,322
Recovery of Non current receivables against Fixed assets	2,901	-	-	2,901
Transfers from work in progress	36,208	-	(36,208)	-
Transfers Others	1,237	-	-	1,237
Disposals	(640)	-	-	(640)
Write-off	(751)	-	(286)	(1,037)
Demolition	(1,906)	-	-	(1,906)
Net revaluation increment	133,321	-	-	133,321
Depreciation expense	(12,798)	(75)	-	(12,873)
Net Carrying Amount at end of year	1,380,138	199	38,161	1,418,498

2013	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 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
At 30 June 2013 - fair value				
Gross carrying amount	1,198,183	2,192	24,593	1,224,968
Accumulated depreciation and impairment	(398)	(2,016)	-	(2,414)
Net Carrying Amount	1,197,785	176	24,593	1,222,554

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:

2013 Year ended 30 June 2013	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Net Carrying Amount at start of year	1,182,013	219	17,201	1,199,433
Additions	-	-	31,895	31,895
Assets recognised for the first time	1	-	892	893
Make good	-	166	-	166
Transfers to NSW Land and Housing Corporation	(113)	-	-	(113)
Transfers from NSW Land and Housing Corporation	35,971	-	-	35,971
Transfers from work in progress	25,366	-	(25,366)	-
Transfers from work in progress to operating expenses (abandoned projects)	-	-	(29)	(29)
Disposals	(1,178)	-	-	(1,178)
Demolition	(207)	-	-	(207)
Net revaluation decrement	(32,078)	-	-	(32,078)
Depreciation expense	(11,990)	(209)	-	(12,199)
Net Carrying Amount at end of year	1,197,785	176	24,593	1,222,554

9. Intangible assets

	2014 Software $'000	Total $'000
At 1 July 2013		
Cost (gross carrying amount)	84	84
Accumulated amortisation and impairment	(84)	(84)
Net Carrying Amount	-	-

	Software $'000	Total $'000
At 30 June 2014		
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 2014	Software $'000	Total $'000
Net Carrying Amount at start of year	-	-
Amortisation expense	-	-
	-	-

2013

	2013 Software $'000	Total $'000
At 1 July 2012		
Cost (gross carrying amount)	84	84
Accumulated amortisation and impairment	(84)	(84)
Net Carrying Amount	-	-

	Software $'000	Total $'000
At 30 June 2013		
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 2013	Software $'000	Total $'000
Net Carrying Amount at start of year	-	-
Amortisation expense	-	-
	-	-

10. Fair value measurement of non-financial assets

a) Fair value hierarchy

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	8	-	-	1,418,299	1,418,299
		-	-	1,418,299	1,418,299

There were no transfers between Level 1 or 2 during the period.

b) Valuation techniques, inputs and processes

Management determined that the AHO's land and building portfolio should be valued adopting the same methodology of its major service provider - NSW Land and Housing Corporation (LAHC). This ensured a consistent approach for similar assets. In developing this valuation methodology, the LAHC and AHO have minimised the use of unobservable significant inputs. The following shows the valuation technique used in the determination of fair values as well as significant inputs used in the valuation model:

Valuation approach

Fair values are determined by applying an annual rolling benchmark valuation approach whereby a third of the benchmark properties are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is then applied to the entire property portfolio. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is performed annually as at 31 December. As such, an uplift market movement factor is provided from a registered valuer for the six months period ending 30 June.

Reason for new methodology

This methodology was changed as it now involves a physical independent valuation **each year** of one-third of the benchmark properties, as opposed to the previous approach, which valued all benchmark properties, but only every three years and then a market indexation for the following two years. This has the advantage of engaging an independent assessment annually.

Significant inputs

- Market sales comparison approach utilising recent sales of comparable properties.
- Adjustments for any different attributes to benchmark properties- number of bedrooms, street appeal, aspect, dwelling size, yard size, internal condition and car accommodation to create a property value reference matrix.
- Where a single title exists over multiple properties, a block title adjustment is made to reflect the required costs for sub-division.
- Uplift market movement for six months ended 30 June. Please note that Sydney Metropolitan properties were uplifted by 3%, and the remaining properties being in regional and remote areas were left unchanged based upon data provided by NSW Department of Finance and Services - Land and Properties Information (LPI).

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- Better / lesser attributes for location, condition, size, aspect and street appeal over benchmark properties result in higher / (lower) valuation.
- Depending on the complexity of the conversion to single title, valuations are reduced by conversion costs.
- Higher / (lower) six monthly uplift market movement will result in higher / (lower) valuation. To illustrate the sensitivity of this uplift factor, a 1% increase/decrease in the valuation of the overall land and building portfolio would result in a movement of $13.6m.

Significant unobservable inputs

- the extent of extrapolation in the rolling benchmark valuation process
- the uplift market movement for the six months to 30 June
- the block title adjustments. This adjustment is dependent upon 4 variable factors to effect the sub-division and individual separation of a unique property from a 'super lot' or group block of properties.

  These factors are:
  - Title costs ($): including estimates for legal fees and council fees (ranging from $3,000 to $22,000)
  - Remedial works ($): including an allowance for costs for separate services such as water and sewerage, and compliance with environment codes (ranging from $1,300 to $4,000)
  - Developer's selling costs (%) : this includes allowances for agents selling commissions and marketing costs (2% to 3%)
  - Profit and risk allowance (%): including an allowance for a profit margin for a developer to undertake the required subdivision (ranging from 9% to 25%)

Determination of input level under AASB13

AASB 13 cl.73 states that in the cases where multiple inputs are used in determining fair value then it should be the lowest level input that is significant to the entire measurement. In reviewing the valuation techniques above, it is apparent that although many of the inputs are observable (sales comparisons, property attributes, replacement cost), the significant unobservable inputs illustrate a degree of subjectivity in determining the final fair market values, and as such, management considers that an **overall type 3 input level is appropriate**.

11. Current / non-current liabilities - payables

	2014 $'000	2013 $'000
Current liabilities - payables		
Payable for personnel services (i)	**12,830**	11,376
Creditors - trade	**35**	140
Creditors - sundry	**2,178**	1,979
Accrued operating expenditure	**6,020**	6,144
NSW Land and Housing Corporation	**23,921**	15,696
	44,984	35,335

	2014 $'000	2013 $'000
(i) Payables for personnel services included:		
Liabilities for defined benefit superannuation schemes (Note 20)	**9,563**	8,198
Liabilities for LSL	**1,947**	1,858
Liabilities for Annual Leave	**888**	885
Liabilities for Payroll Tax	**168**	186
Liabilities for Accrued Salaries and Payroll Deductions	**261**	231
Liabilitiess for Accrued FBT	**3**	18
	12,830	**11,376**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are included in Note 16.

12. Current / non-current liabilities - provisions

	2014 $'000	2013 $'000
Current		
Other provisions		
Restoration	**22**	22
	22	22
Non-current		
Other provisions		
Restoration	**384**	318
	384	318
Total Provisions	**406**	340

Restoration 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)

2014	**Restoration $'000**	**Total $'000**
Carrying amount at the beginning of the financial year	**340**	**340**
Additional provision recognised	**57**	**57**
Unused amounts reversed	**1**	**1**
Change in discount rate	**8**	**8**
Carrying amount at the end of the financial year	**406**	**406**

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

	2014 $'000	2013 $'000
13. Commitments for expenditure		
(a) Capital commitments		

Aggregate capital expenditure contracted for the purpose of providing housing for Aboriginal people at balance date and not provided for:

	2014 $'000	2013 $'000
Not later than one year	5,757	3,542
Total (including GST)	**5,757**	3,542

(b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2014 $'000	2013 $'000
Not later than one year	852	926
Later than one year but not later than five years	634	1,360
Total (including GST)	**1,486**	2,286

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 $0.518m (2013: - $0.414m) that are expected to be recovered from the Australian Taxation Office.

14. Contingent Liabilities and Contingent Assets

AHO does not have any contingent assets or liabilities to be reported as at 30 June 2014 (2013 - $Nil)

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

	2014 $'000	2013 $'000
Net cash from operating activities	**43,889**	53,106
Net gain / (loss) on disposal of assets	**(3,648)**	(204)
Depreciation and amortisation	**(12,873)**	(12,199)
Assets acquired free of liabilities	**26,693**	36,864
Allowance for impairment	**(632)**	(148)
Unwinding of discount on make good provision	**(8)**	(2)
Write back of unused make good provision	**-**	-
(Increase) / decrease in receivables	**(2,062)**	1,262
(Decrease) / increase in creditors	**-**	-
(Decrease) / increase in payables	**1,037**	(12,236)
(Increase) / decrease in prepayments and other assets	**(960)**	**-**
Net result	**51,436**	66,443

16. 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

			2014	2013
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	6	N/A	51,406	48,785
Receivables (1)	7	Loans and receivables (at amortised cost)	4,857	9,578
Total financial assets			56,263	58,363

Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	11	Financial liabilities measured (at amortised cost)	44,984	35,335
Total financial liabilities			44,984	35,335

(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. 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.

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.

16. Financial Instruments (continued)

(b) Credit risk (continued)

The only financial assets that are past due or impaired are rent and other tenant charges in the 'receivables' category of the statement of financial position.

	$'000	$'000	$'000
2014	**Total (1,2)**	**Past due but not impaired (1,2)**	**Considered Impaired (1,2)**
< 3 months overdue	1,596	1,596	-
3 months - 6 months overdue	2,905	-	2,905
> 6 months overdue	-	-	-

2013	**Total (1,2)**	**Past due but not impaired (1,2)**	**Considered Impaired (1,2)**
< 3 months overdue	2,228	2,040	188
3 months - 6 months overdue	221	-	221
> 6 months overdue	2,103	-	2,103

(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.

(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 NSW TC 11/12. 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. NSW TC 11/12 allows the Minister to award interest for late payment. An amount of $nil interest for late payment was made during the 2014 year (2013: $2,000).

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

At 30 June 2014	Interest Rate Exposure	Maturity Dates			
	Nominal Amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payable for personnel services	12,830	12,830	-	-	12,830
Creditors	32,154	32,154	-	-	32,154
Total	44,984	44,984	-	-	44,984

At 30 June 2013	Interest Rate Exposure	Maturity Dates			
	Nominal Amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payable for personnel services	11,376	11,376	-	-	11,376
Creditors	23,959	23,959	-	-	23,959
Total	35,335	35,335	-	-	35,335

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.

16. Financial Instruments (continued)

The AHO has access to the following line of credit with Westpac Bank

	2014 $'000	2013 $'000
Tape Negotiation Authority	**20,000**	20,000

This facility authorises the bank to debit the Aboriginal Housing Office's operating bank account up to the above limit when processing the electronic payroll and accounts payables.

	2014	2013
The AHO has access to the following credit card facility with Westpac Bank	**90**	100

This facility was approved under the Public Authorities Financial Arrangements Act by the Treasurer on 15 January 2014 as a maximum limit for the AHO's corporate credit cards.

(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%	
30 June 2014	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	51,406	(514)	(514)	514	514
Trade and other receivables	4,857	-	-	-	-
Financial liabilities					
Trade and other payables	44,984	-	-	-	-
Total increase/(decrease)		(514)	(514)	514	514

		-1.0%		+1.0%	
30 June 2013	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	48,785	(488)	(488)	488	488
Trade and other receivables	9,578	-	-	-	-
Financial liabilities					
Trade and other payables	35,335	-	-	-	-
Total increase/(decrease)		(488)	(488)	488	488

(e) Fair Value compared to carrying amount

The carrying value of AHO's financial instruments is a reasonable approximation of their fair value due to their short term nature.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

17. Budget review

Net Result

The Net Result for the AHO was $51.4m surplus against the budget of $58.7m.

Total revenue had a favourable variance of $2.5m to budget, through higher rental incomes, and interest income whic due to the larger cash balance.

This was partially offset by lower NPARIH grants income from the Commonwealth due to the recovery of a previous year's overpayment and the delay in payment of funds for the capital program until 2014/15.

Please note that the NPARIH grants revenue was higher than 2013 due to the expanded NPARIH capital program which delivered an additional 59 properties (2014 - 100 properties, 2013 - 41 properties).

Total expenditures were over the budget by $5.2m due to increased property related expenses, including tenancy management fees, repairs and maintenance, council fees and insurance. This was partly offset by a lower than budget depreciation expense on buildings.

As part of its ongoing operations in managing its land and buildings portfolio, the AHO also had to demolish $1.9m of buildings that suffered termite or other damage, as it was not economic to carry

Assets and Liabilities

The cash balance as at 30 June 2014 was $18.0m higher than budget. Cash reserves were left temporarily inflated at June due to capital program, which was heavily weighted to the last quarter of the financial year. This is reflected in the large increase in year end payables.

Property, Plant and Equipment was higher than budget due to the significant asset revaluation increment of $133m. This increase in values reflects the robust real estate market of the last 12 months.

The payables balance was $19.8m over the budget. The vast bulk ($18.3m) of this was due to the large capital program which was completed in late June and will not be paid for until July and August. The other major variance to budget was due to an increase in personnel services (employee) related payables as a result of the impact of AASB 119.

The increase in the relative size of payables compared to 2013 also reflects the larger NPARIH capital program on year on year basis.

Cash Flows

As per the analysis above, the cash position is significantly higher than budget and year-end due to the back-ended nature of the completion of the capital programs. This left the AHO with higher than expected payables balances.

All other payments and receipts reflect the flows detailed in the analysis of the income and expenditure above.

18. Service group statement

AHO operates and reports in one service group. The Statement of Comprehensive Income and Statement of Financial Position show the service group information of AHO.

19. Impact on financial statements as a result of AASB 119

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

	Notes	30/06/2013 previously reported $'000	AASB 119 adjustments $'000	30/06/2013 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	9,279	(182)	9,097
Total expenses excluding losses		97,911	(182)	97,729
Net result		66,261	182	66,443
TOTAL COMPREHENSIVE INCOME		34,183	182	34,365

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

	Notes	30/06/2014 previously reported $'000	AASB 119 adjustments $'000	30/06/2014 as restated $'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	14,010	193	14,203
Total expenses excluding losses		119,555	193	119,748
Net result		51,629	(193)	51,436
TOTAL COMPREHENSIVE INCOME		184,950	(193)	184,757

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

	Notes	As at 01/07/2012 as previously reported $'000	AASB 119 adjustments $'000	As at 01/07/2012 as restated $'000
LIABILITIES				
Current Liabilities				
Payables	13	21,721	1,375	23,096
Total Current Liabilities		21,873	1,375	23,248
Total Liabilities		21,873	1,375	23,248
Net Assets		1,212,410	(1,375)	1,211,035
EQUITY				
Accumulated Funds		773,741	(1,375)	772,366
Total Equity		1,212,410	(1,375)	1,211,035

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2014
(continued)

19. Impact on financial statements as a result of AASB 119 (continued)

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	Notes	As at 30/06/2013 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2013 as restated $'000
LIABILITIES				
Current Liabilities				
Payables	10	34,142	1,193	35,335
Total Current Liabilities		34,164	1,193	35,357
Total Liabilities		34,482	1,193	35,675
Net Assets		1,246,593	(1,193)	1,245,400
EQUITY				
Accumulated Funds		840,272	(1,193)	839,079
Total Equity		1,246,593	(1,193)	1,245,400

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

	Notes	As at 30/06/2014 as previously reported $'000	AASB 119 adjustments $'000	As at 30/06/2014 as restated $'000
LIABILITIES				
Current Liabilities				
Payables	11	43,597	1,387	44,984
Total Current Liabilities		43,619	1,387	45,006
Total Liabilities		44,003	1,387	45,390
Net Assets		1,431,543	(1,387)	1,430,156
EQUITY				
Accumulated Funds		894,051	(1,387)	892,664
Total Equity		1,431,543	(1,387)	1,430,156

20. Defined Benefit Superannuation Plans

(a) Defined benefit superannuation payable to Department Family and Community Services (DFACS)

	SASS		SANCS		SSS		TOTAL	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Member Numbers								
Contributors	4	4	8	8	4	4	16	16
Deferred benefits	-	-	-	-	-	-	-	-
Pensioners	-	-	-	-	5	3	5	3
Pensions fully commuted	-	-	-	-	-	-	-	-
Superannuation Position	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accrued liability	1,325	1,146	716	692	14,213	11,378	16,254	13,216
Estimated reserve account balance	(529)	(417)	(377)	(342)	(5,785)	(4,259)	(6,691)	(5,018)
Net liability recognised in statement of financial position	796	729	339	350	8,428	7,119	9,563	8,198

Details of the schemes and key assumptions on the actuarial assessments of the above superannuation position are disclosed in the financial statements of DFACS as employer of these employees.
DFACS provides personnel services to AHO as AHO does not have employees.

21. Events after the reporting period

There are no events subsequent to balance date which affect the financial statements.

END OF AUDITED FINANCIAL STATEMENTS

Financial statements for the year ended 30 June 2014

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

NSW Land and Housing Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of NSW Land and Housing Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, 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 Corporation as at 30 June 2014, 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 Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary 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 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, 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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My opinion does *not* provide assurance:

- about the future viability of the Corporation
- 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.

James Sugumar

James Sugumar
Director, Financial Audit Services

16 September 2014
SYDNEY

NSW LAND AND HOUSING CORPORATION

STATEMENT BY THE SECRETARY

For and on behalf of the NSW LAND AND HOUSING CORPORATION

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I, Michael Coutts-Trotter, Secretary, state that in my opinion the accompanying financial statements and notes:

1. Exhibit a true and fair view of the financial position of the NSW Land and Housing Corporation as at 30 June 2014 and its financial performance for the year ended; and

2. Have been prepared in accordance with the Australian Accounting Standards (which includes Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
Secretary
For and on behalf of the NSW Land and Housing Corporation
15 September 2014

NSW LAND AND HOUSING CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Revenue			
Rent and other tenant charges	4	820 502	767 726
Government grants	5	167 329	144 699
Investment revenue	6	11 024	6 328
Management fees	7	23 326	16 691
Other revenue	8	35 139	67 772
Total Revenue		**1 057 320**	**1 003 216**
Expenses			
Repairs and maintenance	9	223 040	202 722
Council rates		116 965	112 832
Water rates		100 064	97 501
Tenancy management		117 360	114 513
Personnel services	10	53 414	49 746
Depreciation and amortisation	12	326 774	321 506
Grants and subsidies	13	487 770	42 140
Finance costs	14	68 211	72 355
Allowance for impairment	18*(iii)* ,19	23 179	7 294
Other expenses	11	123 806	132 630
Total Expenses excluding losses		**1 640 583**	**1 153 239**
Loss on disposals	15	43 621	45 222
NET RESULT		**(626 884)**	**(195 245)**
Other comprehensive income			
Items that will not be reclassified to net result:			
Net increase in property, plant and equipment asset revaluation reserve	21	1 867 122	2 031 672
Other comprehensive income for the year		**1 867 122**	**2 031 672**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1 240 238**	**1 836 427**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	88 300	162 905
Receivables	17	37 924	34 805
Other financial assets	18	191 232	71 798
Other	19	3 084	8 121
Total Current Assets (excluding assets held for sale)		320 540	277 629
Assets held for sale	20	30 182	23 112
Total Current Assets		**350 722**	**300 741**
Non-Current Assets			
Receivables	17	-	4 783
Other financial assets	18	1 390	1 593
Property, plant and equipment	21	35 251 713	34 090 274
Intangible assets	22	235	272
Other	19	9 178	28 223
Total Non-Current Assets		**35 262 516**	**34 125 145**
TOTAL ASSETS		**35 613 238**	**34 425 886**
LIABILITIES			
Current Liabilities			
Payables	23	233 734	208 535
Borrowings	24	57 546	31 310
Provisions	25	5 518	5 000
Total Current Liabilities		**296 798**	**244 845**
Non-Current Liabilities			
Payables	23	127	51 314
Borrowings	24	623 268	676 746
Provisions	25	25	199
Total Non-Current Liabilities		**623 420**	**728 259**
TOTAL LIABILITIES		**920 218**	**973 104**
NET ASSETS		**34 693 020**	**33 452 782**
EQUITY			
Reserves		24 483 219	22 379 826
Accumulated Funds		10 209 801	11 072 956
TOTAL EQUITY		**34 693 020**	**33 452 782**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

		Accumulated Funds		Asset Revaluation Reserve		Total	
		2014	2013	2014	2013	2014	2013
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July		11 072 956	11 047 098	22 379 826	20 569 257	33 452 782	31 616 355
Net result for the year		(626 884)	(195 245)	-	-	(626 884)	(195 245)
Other Comprehensive Income:							
Net increase in property, plant and equipment asset valuations	21*(i),(ii)*	-	-	1 867 122	2 031 672	1 867 122	2 031 672
Total other comprehensive income		-	-	1 867 122	2 031 672	1 867 122	2 031 672
Total comprehensive income for the year		(626 884)	(195 245)	1 867 122	2 031 672	1 240 238	1 836 427
Transfer between equity items:							
Transfers on disposal		(236 271)	221 103	236 271	(221 103)	-	-
Total Transfer between equity items		(236 271)	221 103	236 271	(221 103)	-	-
Balance at 30 June		**10 209 801**	**11 072 956**	**24 483 219**	**22 379 826**	**34 693 020**	**33 452 782**

The accompanying notes form part of these financial statements.

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NSW LAND AND HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		821 075	762 042
Government grants - Commonwealth		641	18 898
Government grants - other NSW government agencies		166 688	125 801
Interest received		10 086	6 323
Management fees		23 326	16 691
Other		29 094	43 823
Total receipts		**1 050 910**	**973 578**
Payments			
Property and residential tenancy		(546 177)	(454 357)
Personnel services		(47 969)	(54 434)
Finance costs		(52 099)	(50 716)
Grants and subsidies		(3 000)	(3 456)
Other		(159 608)	(163 972)
Total payments		**(808 853)**	**(726 935)**
Net cash flows from Operating Activities	29	**242 057**	**246 643**
Cash flows from Investing Activities			
Receipts			
Proceeds from sale of property, plant and equipment		125 797	195 677
Total receipts		**125 797**	**195 677**
Payments			
Purchase of property, plant and equipment		(282 583)	(264 536)
Purchase of investments		(118 621)	(4 548)
Total payments		**(401 204)**	**(269 084)**
Net cash flows from Investing Activities		**(275 407)**	**(73 407)**
Cash flows from Financing Activities			
Payments			
Repayments of borrowings		(41 255)	(40 206)
Net cash flows from Financing Activities		**(41 255)**	**(40 206)**
Net increase in cash and cash equivalents		**(74 605)**	**133 030**
Opening cash and cash equivalents		162 905	29 875
CLOSING CASH AND CASH EQUIVALENTS	16	**88 300**	**162 905**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: THE REPORTING ENTITY

The NSW Land and Housing Corporation (LAHC), as a reporting entity, is a Statutory Authority and has no controlled entities.

The LAHC is a *not-for-profit* entity. It administers the *Housing Act 2001* (Housing Act) and its principal objective is to manage the State's housing portfolio on behalf of the New South Wales Government. In addition, LAHC administers the Housing Reserve Fund (HRF) which was established by the Home Purchase Assistance Authority (HPAA) Act of 1993, and is now incorporated into the Housing Act.

As a result of the Administrative Order (Public Sector Employment and Management (Housing) Order 2013) issued on the 2nd August 2013 (the Administrative Order), LAHC became a member of the Department of Family and Community Services (FACS) cluster of agencies. However, for accounting and reporting purposes, LAHC is not controlled by FACS. The financial statements of LAHC are consolidated with the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2014 have been authorised by the Secretary on 15 September 2014.

NOTE 2: BASIS OF PREPARATION

The LAHC's financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulations 2010; and
- Treasurer's Directions.

a) Statement of Compliance

The LAHC's financial statements and notes comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except:

- Property, plant and equipment are measured at fair value;
- Assets held for sale are measured at the lower of carrying amount and fair value less cost to sell;
- Interest free or low interest borrowings are initially measured at fair value and at amortised cost, thereafter.

c) Currency presentation

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest one thousand dollars.

d) 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.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: BASIS OF PREPARATION (continued)

e) 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.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting periods presented in these financial statements.

a) Revenue recognition

Revenue 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

Rent and other tenant charges are recognised in accordance with AASB 117 *Leases* on a straight line basis over the term of the lease.

Public housing

Rental revenue is accrued one week in advance and recognised as income on a straight-line basis.

The LAHC calculates rent for tenants, subject to individual limitations. Tenants, however, are only required to pay an amount equivalent to a pre-determined percentage of their household income. The difference between market rent and the amount tenants are required to pay is referred to as a rental subsidy. Market rent and other tenant related charges, net of rental subsidies, are recognised as income and reported in the Statement of Comprehensive Income as Rent and other tenant charges.

Community housing

The LAHC enters into lease agreements with registered community housing providers, generally for a period of 3 years, at a nominal rent of $1. During the term of the lease, the LAHC retains control over the leased residential properties. Ownership of the leased dwellings is not transferred to the lessees (community housing providers) at the end of the lease term.

(ii) Government grants

Government grants are recognised as income when the LAHC gains control over the grants. Control is normally obtained when cash is received.

(iii) Investment revenue

Investment revenue is recognised as it accrues using the effective interest method.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue recognition *(continued)*

(iv) Management fees and other revenue

Management fees and other revenue are recognised on an accrual basis.

(v) 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.

b) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

AASB 123 *Borrowing Costs* provides options for *not-for-profit* public sector entities, to either expense or capitalise borrowing costs relating to qualifying assets. Whilst NSW Treasury has mandated that all general government sector *not-for-profit* entities expense borrowing costs, it has allowed *not-for-profit* public trading enterprises, such as the LAHC to adopt either option. The LAHC has opted to continue expensing borrowing costs.

c) Insurance

The LAHC manages its insurance activities through insurance brokers. Insurance premiums are paid annually and are expensed on a straight line basis over the period covered by the insurance policies.

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

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

(i) the amount of GST incurred by the LAHC 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;

(ii) 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. The GST components of cash flows arising from operating, investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

(i) Non-derivative financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits in NSW Treasury Corporation's Hour Glass Cash Facility.

Loans, investments and receivables

Loans, investments and other receivables are financial assets that are not quoted in an active market and with fixed or determinable payments. Such assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, loans, investments and other receivables are measured at amortised cost using the effective interest method, less any impairment loss (see Note 18). Changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

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

(ii) Non-derivative Financial liabilities

Trade and other payables

These represent liabilities for goods and services provided to the LAHC. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, trade and other payables are measured 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.

Borrowings

Borrowings, including low interest loans, are measured initially at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Gains or losses arising from subsequent valuation are recognised in the net result for the period.

f) De-recognition of financial assets and financial liabilities

(i) Financial assets

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

a) where substantially all the risks and rewards have been transferred; or

b) where the LAHC has not transferred substantially all the risks and rewards, if LAHC has not retained control.

Where the LAHC has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of the LAHC's continuing involvement in the assets.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) De-recognition of financial assets and financial liabilities (continued)

(ii) Financial liabilities

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

g) Property, plant and equipment

(i) Capitalisation

Property, plant and equipment, including leasehold improvements over $5,000 are capitalised if it is probable that future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured.

(ii) Recognition and measurement

The cost method of accounting is used in the initial recording of all asset acquisitions controlled by the LAHC.

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 self-constructed assets includes:
- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use; and
- the costs of dismantling and removing the items and restoring the site on which they are located.

The LAHC will recognise a liability when it has a legal or constructive obligation to restore an 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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 discounted at a rate that appropriately applies to each specific asset.

When completed residential properties are acquired, they are brought to account as property, plant and equipment upon unconditional exchange of contracts.

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.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment *(continued)*

(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 asset recognition criteria are satisfied.

b) Repairs and maintenance

The LAHC expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards, except where they relate to the replacement of a part or component of an asset in which case the costs are capitalised and depreciated.

c) Capital improvements

The LAHC incurs costs necessary to bring older dwellings within its property portfolio to the LAHC's benchmark condition for maintained standard. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

(iv) Revaluation

After initial recognition, the LAHC values property, plant and equipment in accordance with the NSW Treasury and Guidelines Policy Paper, TPP 14-01 *Valuation of Physical Non-Current Assets at Fair Value.* This policy paper adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 21 for further information regarding fair value.

LAHC revalues each class of property, plant and equipment annually to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

For non-specialised property, plant and equipment with short useful lives, historical cost is considered to approximate fair value.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment *(continued)*

(iv) Revaluation (continued)

Revaluation increments/decrements

When revaluing non-current assets the accumulated depreciation balance of an asset as at the revaluation date, 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 LAHC 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 an income in the net result reported in the Statement of Comprehensive Income up to the value of the previously recognised expense. The remaining balance is directly credited to the Asset Revaluation Reserve account.

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

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

(v) Depreciation

Property, plant and equipment, other than land are depreciated on a straight line basis. The residual values and useful lives of assets are reviewed at each balance date and adjusted, if appropriate. The LAHC undertakes ongoing maintenance and upgrading in order to maintain properties at an acceptable standard. The estimated useful lives of the depreciable assets are:

Asset class	Estimated useful life for the current and previous year
Residential properties	50 years
Residential properties marked for demolition	1 to 5 years
Commercial properties	50 years
Community purpose built properties	50 years
Motor vehicles	3 years
Computer hardware	3 years
Office furniture and equipment	3 years
Intangible assets	3 years

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

(vi) Vested assets

Assets which are vested to community housing providers are only de-recognised when all government approvals are obtained. Vested properties are expensed as government grants once de-recognised.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible assets

Intangible assets costing $5,000 and above are capitalised if it is probable that future economic benefits will flow to the LAHC 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 or developed by the LAHC. However, intangible assets acquired at no or nominal cost, are measured at fair value.

For computer software developed internally by the LAHC, research costs are expensed while development costs that meet specific criteria are capitalised provided they are directly attributable to the asset. Where externally acquired computer software forms an integral part of the 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, otherwise, they are carried at cost less accumulated amortisation.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed each year. The current estimated useful life for intangible assets is 3 years.

i) Leased assets

(i) Finance leases

Leases where the LAHC 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.

When public housing properties are completed, the LAHC brings them to account as finance leases on the basis that on completion date, all the risks and rewards attributable to these properties are transferred to the LAHC.

Long term leases of land

As a lessor, the LAHC classifies a long term lease of land as a finance lease if the risks and rewards incidental to ownership of the land are substantially transferred to the lessee.

Where a lessee makes up-front lease payments in respect of a lease that is classified as a finance lease, this arrangement is accounted for as a sale and the leased asset is de-recognised.

(ii) Operating leases

Other leases, where the LAHC does not assume substantially all the risks and rewards of ownership, are classified as operating leases and not recognised in the LAHC'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.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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 LAHC 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 net result reported in the Statement of Comprehensive Income.

Where there is objective evidence, 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.

Short term receivables, loans and other receivables

The allowance for estimated impairment 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 one of the following conditions in the Treasurer's Directions *450.05 Recovery of Debts to the State* is 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, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash generating asset for not-for-profit entities to the higher of fair value less costs to sell and depreciated replacement costs, where depreciated replacement cost is also fair value.

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

k) Non-current assets classified as held for sale

The LAHC classifies non-current assets as held for sale, when their carrying amount will be recovered principally through a sale transaction and not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less cost to sell.

Any loss on initial classification of a non-current asset as held for sale and subsequent gains or losses on re-measurement are recognised in the net result. Gains on re-measurement are recognised in the net result only to the extent of the cumulative impairment loss that has been recognised.

Assets classified as held for sale are not depreciated while the held for sale classification criteria continues to be met.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Liabilities

(i) Personnel Services

The Department of Family and Community Services Services provides personnel services to the LAHC using the following components:

a) Salaries and wages, annual leave and sick leave.

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

Where material, annual leave that is not expected to be taken within twelve months after the end of the annual reporting period is measured at present value in accordance with AASB 119 Employee Benefits.

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.

b) Long service leave and superannuation

The LAHC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. LAHC accounts for the liabilities as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue items described as 'accepted by the Crown'.

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 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

The defined contribution superannuation expense is calculated based on the Government Super Guarantee Charge percentage and the employee's salary. For financial year 2013-14, the rate is 9.25%.

c) Consequential on-costs

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

(ii) Other Provisions

A provision is recognised if, as a result of a past event, the LAHC 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.

A provision for restructuring is recognised when the LAHC has a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly, resulting in a valid expectation in those affected that the restructuring plan will be implemented.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Fair value hierarchy

A number of the LAHC's accounting policies and disclosures require the measurement of fair values in accordance with AASB 13. When measuring fair value, the LAHC uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

1. Level 1: quoted prices (unadjusted) in active markets for identical or similar assets or liabilities.
2. Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly (observable inputs).
3. Level 3: inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements. In accordance with the transitional provisions of AASB 13, LAHC has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of LAHC's assets and liabilities.

Further information about the assets and liabilities measured at fair value is included in the following notes:

- Note 21 – Non-current assets – Property, Plant and Equipment; and
- Note 31 – Financial Instruments

n) Equity and reserves

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from the revaluation of non-current assets. This is in accordance with the LAHC's accounting policy of the revaluation of property, plant and equipment as discussed in note 3 g) *iv)*.

(ii) Accumulated Funds

Accumulated funds - includes all current and prior periods retained funds.

o) Equity transfers

In accordance with AASB 1004 *Contributions and* Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*, the transfer of net assets between NSW public sector entities 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 not-for-profit and for-profit government entities 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.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised by the transferor at (amortised) cost because there is no active market, LAHC recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, no asset is recognised by LAHC.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) New Australian accounting standards and interpretations issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. In accordance with NSW Treasury Circular 14/03 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards,* the following new or revised Accounting Standards and Interpretations have not been early adopted.

AASB No.	Operative Date	Title
9, 2010-7 and 2012-6	1 January 2015	Financial Instruments; Amendments to Australian Accounting Standards arising from AASB 9 (December 2010); Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures
10	1 January 2014	Consolidated Financial Statements
11	1 January 2014	Joint Arrangements
12	1 January 2014	Disclosure of Interests in Other Entities
127	1 January 2014	Separate Financial Statements
128	1 January 2014	Investments in Associates and Joint Ventures
1031	1 January 2014	Materiality
1055	1 July 2014	Budgetary Reporting
2013 -1	1 July 2014	Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements
2011-7	1 January 2014	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Venture Arrangements Standards
2012-3	1 January 2014	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
2013-3	1 January 2014	Amendments to Australian Accounting Standards AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
2013-4	1 January 2014	Regarding Financial instruments – Novation of Derivatives and Continuation of Hedge Accounting
2013-5	1 January 2014	Regarding accounting for Investment Entities
2013-6	1 January 2014	Regarding reduced disclosure requirements
2013-7	1 January 2014	Regarding accounting for life insurance contracts
2013-8	1 January 2014	Regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
2013-9	20 December 2013	Regarding the Conceptual Framework, Materiality and Financial Instruments (Part B and C)

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4: RENT AND OTHER TENANT CHARGES

	2014 $'000	2013 $'000
Market rent and other tenant charges (notional)	1 757 851	1 628 650
Less: rental subsidies to tenants (notional)	(975 039)	(897 019)
Water usage charges	37 690	36 095
Total rent and other tenant charges	**820 502**	**767 726**

NOTE 5: GOVERNMENT GRANTS

The LAHC receives Commonwealth and State grants for initiatives not covered by the National Affordable Housing Agreement (NAHA). It also receives grants from other government agencies.

During the year, the LAHC received grants from the following:

Commonwealth		
Housing Affordability Fund *(i)*	641	18 898
Total Commonwealth grants	**641**	**18 898**
Other government agencies		
Department of Family & Community Services - Community Services	1 427	1 392
Department of Family & Community Services *(ii)*	165 261	124 409
Total grants from other government agencies	**166 688**	**125 801**
Total Government grants	**167 329**	**144 699**

(i) The LAHC has entered into a number of Housing Affordability Fund (HAF) agreements with the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. HAF is an investment by the Australian Government which aims to stimulate the supply of new houses and improve housing affordability. The Commonwealth grants will be used by the LAHC to fund a program of works in ten different sites. The HAF agreements stipulate that savings generated by the Commonwealth grant contributions must be passed on to new home buyers.

(ii) These include grants that are applied to programs such as head leasing, repairs & maintenance on crisis accommodation and capital works.

NOTE 6: INVESTMENT REVENUE

Interest earned by the LAHC is in respect of the following investments:

NSW Treasury Corporation - Hour Glass cash facilities	441	2 241
Bank deposits	10 506	3 690
Other	77	397
Total investment revenue	**11 024**	**6 328**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: MANAGEMENT FEES

	2014 $'000	2013 $'000
Project management fees	21 402	14 813
Property management fees	1 924	1 878
Total management fees	**23 326**	**16 691**

NOTE 8: OTHER REVENUE

Environmental Program recoveries *(i)*	143	345
Long service leave - accepted by the Crown	3 738	2 060
Superannuation - defined benefit plan accepted by the Crown	1 500	555
Bad debts recovered	585	752
Insurance recovery	202	3 339
Transfer of assets from Aboriginal Housing Office (note 21 *(i)* & *(ii)*)	639	113
Tenant damage recovered	1 875	1 620
Initial recognition of land & buildings	258	8 916
GST input taxed credits *(ii)*	11 222	38 750
Vesting and input tax credits	3 179	7 578
Liquidation damages realised	1 582	1 531
Re-measurement for finance leased properties	2 261	-
Service allowance contributions	3 510	-
Sundry *(iii)*	4 445	2 213
Total other revenue	**35 139**	**67 772**

(i) LAHC is actively implementing a range of programs to improve the environmental performance of the asset portfolio in accordance with the environmental sustainability strategy. These programs include installing ceiling insulation, solar hot water heating systems, solar panels and rainwater tanks. This revenue represents amounts received from the transfer of rights over renewable energy certificates, solar and other rebates.

(ii) This amount represents GST input tax credits which have been claimed in relation to certain categories of costs incurred by LAHC (including specific National Building Economic Stimulus Plan expenditure) during the period December 2005 to June 2011, which were identified as a result of a review undertaken post the implementation of the Administrative Order in 2011. This amount has now been recognised as revenue.

(iii) Included as part of Sundry revenue are "stale cheques" which are cheques drawn by the LAHC that have not been claimed by the payee after fifteen months. In 1990 the NSW Treasury granted LAHC an exemption from the Treasurer's Directions relating to the "treatment of stale cheques". In general, the LAHC is allowed to not remit unclaimed cheques to Treasury and recognise them as sundry revenue. However unclaimed cheques that relate to a refund of advance rent paid by the LAHC's tenants are governed by the *Unclaimed Moneys Act 1995*. In accordance with this Act, an unclaimed advance rent refund cheque can only be recognised as sundry revenue, if it is less than $100 or has been held by the LAHC for more than six years and only after all reasonable attempts have been made to locate the tenants. Otherwise the unclaimed cheque is recognised as a liability which is included in "rent received in advance" reported in Note 23.

NOTE 9: REPAIRS AND MAINTENANCE

Residential properties	222 782	202 354
Commercial properties	166	254
Other	92	114
Total repairs and maintenance	**223 040**	**202 722**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10: PERSONNEL SERVICES

	2014 $'000	2013 $'000
Salaries	36 338	36 964
Annual leave and leave loading	4 619	3 294
Long service leave - assumed by the Crown	3 738	2 060
Superannuation - defined benefit plan assumed by the Crown	1 500	555
Superannuation - defined contribution plan	3 739	3 387
Workers' compensation insurance	303	346
Payroll and fringe benefit tax	3 150	3 114
Other	27	26
Total personnel services	**53 414**	**49 746**

During the year, personnel services were provided by staff employed by the Department of Finance and Services covering the period 1 July 2013 to 1 August 2013, and by the Department of Family and Community Services as from 2 August 2013.

Temporary assistance has been reclassified from personnel services to other expenses refer note 11 *(iii).*

NOTE 11: OTHER EXPENSES

	2014 $'000	2013 $'000
Management and other fees *(i)*	20 505	17 084
Rent on head leased properties *(ii)*	56 528	59 930
Office accommodation	2 819	3 397
Insurance	5 180	5 510
Temporary assistance *(iii)*	4 678	5 636
Staff development	344	217
Building maintenance	257	263
Utilities	5 808	6 571
Computer maintenance and software licences	199	446
Printing, postage and stationery	354	380
Motor vehicle	926	460
Auditors' remuneration	363	352
Travel	688	686
Telecommunication	426	367
Compensation payments	4 374	3 343
Consultants' fees	80	687
Professional services	4 758	12 466
Tenant relocation	269	366
Businesslink costs (iv)	13 670	13 285
Other	1 580	1 184
Total other expenses	**123 806**	**132 630**

(i) Management and other fees include service fees in respect of the Bonnyrigg Living Communities Project (refer note 19 *(i)).*

(ii) The LAHC leases residential properties from the private market to supplement its housing stock in order to meet client demand for social housing. These leased residential properties are sub-let to eligible clients.

(iii) Temporary assistance was previously classified in Note 10 Personnel Services in the prior year.

(iv) NSW Businesslink Pty Ltd is the shared service provider for the LAHC. The services provided include corporate support services in respect of finance, information technology and human resource functions.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: DEPRECIATION AND AMORTISATION

	2014 $'000	2013 $'000
Depreciation		
Residential properties	324 961	319 575
Commercial properties	458	453
Community purpose built properties	268	322
Finance leased properties	572	286
Computer hardware	21	113
Office furniture and equipment	1	8
Motor vehicles	389	694
Total depreciation	**326 670**	**321 451**
Amortisation		
Intangible assets	104	48
Leasehold improvements	-	7
Total amortisation	**104**	**55**
Total depreciation and amortisation	**326 774**	**321 506**

NOTE 13: GRANTS AND SUBSIDIES

Grants to community groups - vested properties *(a)* (note 21 *(i)*)	461 234	-
Property transfers to Aboriginal Housing Office (note 21 *(i)* & *(ii)*)	23 321	35 971
Property transfers to Department of Family and Community Services (note 21 *(ii)*)	-	2 712
Amortisation of write down on borrowing (note 24 *(i)*)	215	273
Other	3 000	3 184
Total grants and subsidies expense	**487 770**	**42 140**

(a) In order to support the Government's priority to improve housing affordability, properties are being vested to community housing providers that will leverage these assets to borrow funds from the private sector and invest in additional housing stock. During the year the Governor approved the vesting of 2,721 properties with a carrying value of $461.2 million. In previous years 3,099 properties with a carrying value of $945.7 million were vested to community housing providers.

NOTE 14: FINANCE COSTS

Finance costs comprise:		
Interest on interest bearing liabilities:		
State Advances – Commonwealth loans	49 549	50 547
NSW Treasury Corporation	11 364	11 475
Crown Entity	1 745	2 275
Loss on re-measurement of finance lease Liability	1 634	4 717
Other	3 919	3 341
Total finance costs	**68 211**	**72 355**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: GAIN/(LOSS) ON DISPOSAL

(i) **Sale of assets**	**2014 $'000**	**2013 $'000**
Residential properties		
Sales proceeds	97 123	152 325
Less: selling expenses	(4 622)	(12 327)
Net proceeds	92 501	139 998
Less: carrying amount of assets sold	(98 303)	(156 518)
Loss	**(5 802)**	**(16 520)**
Commercial properties		
Sales proceeds	-	1 419
Less: selling expenses	-	(58)
Net proceeds	-	1 361
Less: carrying amount of assets sold	-	(897)
Gain	**-**	**464**
Community Purpose Properties		
Sales proceeds	370	-
Less: selling expenses	(19)	-
Net proceeds	351	-
Less: carrying amount of assets sold	(389)	-
Loss	**(38)**	**-**
Land		
Sales proceeds	27 627	44 153
Less: selling expenses	(268)	(1 365)
Net proceeds	27 359	42 788
Less: carrying amount of assets sold	(15 912)	(37 138)
Gain	**11 447**	**5 650**
Motor Vehicles		
Sales proceeds	752	636
Less: selling expenses	(8)	(2)
Net proceeds	744	634
Less: carrying amount of assets sold	(831)	(740)
Loss	**(87)**	**(106)**
Computer equipment		
Sales proceeds	-	1
Less: selling expenses	-	-
Net proceeds	-	1
Less: carrying amount of assets sold	-	(39)
Loss	**-**	**(38)**
Gain/(Loss)	**5 520**	**(10 550)**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: GAIN/(LOSS) ON DISPOSAL (continued)

	2014 $'000	2013 $'000
Total asset sales of property, plant and equipment		
Sales proceeds	125 872	198 534
Less: selling expenses	(4 917)	(13 752)
Net proceeds	120 955	184 782
Less: carrying amount of assets sold (note 21 (i) & (ii))	(115 435)	(195 332)
Gain/(Loss)	**5 520**	**(10 550)**

(ii) **Assets demolished**

Carrying amount of demolished properties (note 21 (i) & (ii))	**(23 791)**	**(24 025)**

In accordance with the LAHC's strategic asset management program, properties that meet certain criteria may be demolished to provide appropriate housing facilities in a cost effective manner.

(iii) **Assets written off and impaired**

Property, plant and equipment (note 21 *(i) & (ii))*	(29 315)	(9 544)
Intangibles (note 22*(i)*)	(1)	-
Impairment – non-current assets classified as held for sale (note 20)	(1 120)	(495)
Assets written off and impaired	**(30 436)**	**(10 039)**
Loss on disposal of property, plant and equipment	**(48 707)**	**(44 614)**

(iv) **Sale of assets held for sale**

Residential properties		
Sales proceeds	18 546	9 507
Less: selling expenses	(697)	(56)
Net proceeds	17 849	9 451
Less: carrying amount of assets sold	(15 335)	(10 097)
Gain/(Loss)	**2 514**	**(646)**
Vacant Land		
Sales proceeds	9 249	2 530
Less: selling expenses	(286)	-
Net proceeds	8 963	2 530
Less: carrying amount of assets sold	(6 391)	(2 492)
Gain	**2 572**	**38**
Gain/(Loss) on sale of assets held for sale	**5 086**	**(608)**
Total sales of assets held for sale		
Sales proceeds	27 795	12 037
Less: selling expenses	(983)	(56)
Net proceeds	26 812	11 981
Less: carrying amount of assets sold (note 20)	(21 726)	(12 589)
Gain/(Loss) on sale of assets held for sale	**5 086**	**(608)**
Total loss on disposals	**(43 621)**	**(45 222)**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash on hand and at bank	70 147	154 366
Deposits at call - NSW Treasury Corporation – Hour Glass cash facilities	18 153	8 539
Total cash and cash equivalents *(i)*	**88 300**	**162 905**

(i) Cash and cash equivalents include amounts that have been restricted in terms of their use as follows:

Housing Reserve Fund (HRF) (note 1)	2 491	457
Housing Affordability Fund (HAF) (note 5 *(i)*)	17 756	21 814
Restricted cash and cash equivalents	**20 247**	**22 271**

NOTE 17: CURRENT / NON-CURRENT ASSETS – RECEIVABLES

Current		
Rental debtors	30 489	28 681
Less: allowance for impairment *(i)*	(25 497)	(23 053)
Net rental debtors	4 992	5 628
Property sales debtors	447	2 565
Commercial property sales debtors	261	302
Sundry debtors	3 362	6 206
Less: allowance for impairment *(ii)*	(83)	(193)
Net Sundry Debtors	3 279	6 013
Receivables – other government departments	28 945	20 297
Total current receivables	**37 924**	**34 805**
Non-current		
Receivables – other government departments	-	4 783
Total non-current receivables	-	4 783
Total receivables	**37 924**	**39 588**

(i) The movement in the allowance for impairment of rental debtors is as follows:

Balance, beginning of year	23 053	18 226
Debts written off	(1 334)	(2 427)
Increase in allowance for impairment	3 778	7 254
Balance, end of year	**25 497**	**23 053**

(ii) The movement in the allowance for impairment of sundry debtors is as follows:

Balance, beginning of year	193	376
Debts written off	(1)	(131)
Decrease in allowance for impairment	(109)	(52)
Balance, end of year	**83**	**193**

(iii) The movement in the aggregate allowance for impairment in receivables is as follows:

Balance, beginning of year	23 246	18 602
Debts written off	(1 335)	(2 558)
Increase in allowance for impairment	3 669	7 202
Balance, end of year	**25 580**	**23 246**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: CURRENT/NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

LAHC derives its investment powers from Part 2, Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987.* Other financial assets comprise the following:

	2014 $'000	2013 $'000
Current		
Loans and Investments		
Bank bills and deposits *(i)*	190 826	71 295
Mortgage Assistance Scheme	439	525
Less: allowance for impairment *(ii)*	(33)	(22)
Net	406	503
Total loans and investments	191 232	71 798
Total current other financial assets	**191 232**	**71 798**
Non-current		
Loans and Investments		
Mortgage Assistance Scheme	1 390	1 593
Total loans and investments	1 390	1 593
Total non-current other financial assets	**1 390**	**1 593**
Total other financial assets	**192 622**	**73 391**

(i) Other financial assets include deposits that are restricted in terms of their use as follows:

Housing Reserve Fund (HRF) (note 1)	69 303	64 117
Total	**69 303**	**64 117**

(ii) The movement in the allowance impairment in loans under the Mortgage Assistance Scheme is below:

Current		
Balance, beginning of year	22	-
Debts written off	-	(70)
Increase in allowance for impairment	11	92
Balance, end of year	33	22

(iii) Total movement in allowance for impairment in receivables and loans under the Mortgage Assistance Scheme is as follows:

Current		
Balance, beginning of year	23 268	18 602
Debts written off	(1 335)	(2 628)
Allowance for impairment (note 17*(iii)* and note 18*(ii)*)	3 680	7 294
Balance, end of year	**25 613**	**23 268**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: CURRENT / NON-CURRENT ASSETS – OTHER

	2014 $'000	2013 $'000
Current		
Head leasing	2 476	5 440
Other	608	2 681
Total current other	**3 084**	**8 121**
Non-current		
Other	28 677	28 223
Less: allowance for impairment	(19 499)	-
Total non-current other	**9 178**	**28 223**
Total other	**12 262**	**36 344**

NOTE 20: ASSETS HELD FOR SALE

Residential properties	13 742	16 379
Vacant land	16 440	6 733
Total assets classified as held for sale	**30 182**	**23 112**

These assets are expected to be sold in the following financial year through a number of disposal options including auctioning the properties. An impairment loss on the measurement of assets classified as held for sale to fair value less cost to sell has been recognised and is included in Assets Written Off (note 15 *(iii)*). The impairment loss comprises:

Residential properties -		
Net carrying amount at the time of reclassification	13 230	16 640
Less: Fair value less cost to sell	(12 699)	(16 351)
Impairment loss	531	289
Vacant land -		
Net carrying amount at the time of reclassification	16 686	6 868
Less: Fair value less cost to sell	(16 097)	(6 644)
Impairment loss	589	224
Impairment loss on measurement of assets held for sale	**1 120**	**513**
Impairment writeback on reinstatement of non-current assets	-	(18)
Impairment – non-current assets classified as held for sale (note 15 *(iii)*)	**1 120**	**495**

Reconciliations

Reconciliations of the total carrying amounts of assets classified as held for sale at the beginning and end of the current and previous financial year are set out below:

Carrying amount at start of year	23 112	13 482
Sale of assets – carrying amount (note 15 *(iv)*)	(21 726)	(12 589)
Impairment loss	(1 120)	(513)
Impairment writeback on reinstatement of non-current assets	-	18
Reclassified from non-current assets to assets held for sale (note 21 *(i)* & *(ii)*)	29 916	23 508
Reclassified from assets held for sale to non-current assets (note 21 *(i)* & *(ii)*)	-	(794)
Carrying amount at end of year	**30 182**	**23 112**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2014 $'000	2013 $'000
Property		
Residential properties		
Land, at gross carrying amount	17 734 503	17 550 414
Buildings, at gross carrying amount	16 723 432	15 795 081
Less: Accumulated depreciation	(21 125)	(26 209)
	16 702 307	15 768 872
Residential properties - net carrying amount	**34 436 810**	**33 319 286**
Commercial properties		
Land, at gross carrying amount	26 610	24 770
Buildings, at gross carrying amount	23 492	22 306
Less: Accumulated depreciation	(235)	(331)
	23 257	21 975
Commercial properties – net carrying amount	**49 867**	**46 745**
Finance leased properties - Bonnyrigg Living Communities (note 3i)*(i)*)		
Land, at gross carrying amount	13 402	9 820
Buildings, at gross carrying amount	29 042	20 059
Less: Accumulated amortisation	-	(11)
	29 042	20 048
Finance leased properties - net carrying amount	**42 444**	**29 868**
Community purpose built properties		
Land, at gross carrying amount	37 158	34 294
Buildings, at gross carrying amount	13 273	13 587
Less: Accumulated depreciation	(133)	(136)
	13 140	13 451
Community purpose built properties – net carrying amount	**50 298**	**47 745**
Land for redevelopment	**304 894**	**295 745**
Vacant land	**45 065**	**41 705**
Land under roads	**54 009**	**51 446**
Work in progress, at gross carrying amount	**266 035**	**252 372**
Leasehold improvements		
Leasehold improvements, at cost	10 997	10 624
Assets Written off (note 21*(i)*)	(2 240)	-
Less: Accumulated amortisation	(7 390)	(7 390)
Leasehold improvements	**1 367**	**3 234**
Total property – net carrying amount	**35 250 789**	**34 088 146**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	2014 $'000	2013 $'000
Plant and Equipment		
Computer hardware, at gross carrying amount	75	90
Less: Accumulated depreciation	(46)	(53)
	29	**37**
Office furniture and equipment, at gross carrying amount	514	537
Less: Accumulated depreciation	(514)	(536)
	-	**1**
Motor vehicles, at gross carrying amount	1 673	3 260
Less: Accumulated depreciation	(778)	(1 170)
	895	**2 090**
Total plant and equipment – net carrying amount	**924**	**2 128**
Total property, plant and equipment – net carrying amount	**35 251 713**	**34 090 274**

In accordance with the LAHC's capitalisation policy as stated in note 3 g) *(i),(ii) & (iii)* , costs directly attributable to the acquisition of assets have been capitalised. These costs include personnel services amounting to $7.9 million (2013: $8.2 million). The cost of personnel services reported in note 10 is net of this capitalised amount.

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NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(i) ***Reconciliations:*** *of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.*

Level 3 Fair Value Hierarchy Refer Note 21 *(iii)* **2014**	**Residential Properties** **$'000**	**Commercial Properties** **$'000**	**Finance Leased Properties** **$'000**	**Community Purpose Built Properties** **$'000**	**Land held for Redevelop-ment** **$'000**	**Vacant Land** **$'000**	**Land under Roads** **$'000**	**Work in Progress** **$'000**	**Leasehold Improve-ments** **$'000**	**Computer Hardware, Office Furniture & Equipment** **$'000**	**Motor Vehicle** **$'000**	**Total** **$'000**
Net carrying amount at start of year	33 319 286	46 745	29 868	47 745	295 745	41 705	51 446	252 372	3 234	38	2 090	34 090 274
Additions/capital improvements	144 908	9	5 365	-	1 612	140	-	158 283	373	13	25	310 728
Input tax credits - vested properties	(95)	-	-	-	-	-	-	-	-	-	-	(95)
Transfers to completed properties	161 880	-	-	-	-	17 634	-	(179 514)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(13 230)	-	-	-	(1 938)	(14 748)	-	-	-	-	-	(29 916)
Carrying amount of assets sold (note 15)	(98 303)	-	-	(389)	(15 099)	(813)	-	-	-	-	(831)	(115 435)
Transfers to Aboriginal Housing Office (note 13)	(23 319)	-	-	-	(2)	-	-	-	-	-	-	(23 321)
Property return to Aboriginal Housing Office	(2 775)	-	-	(92)	-	-	-	-	-	-	-	(2 867)
Transfers from Aboriginal Housing Office (note 8)	639	-	-	-	-	-	-	-	-	-	-	639
Transfers between classes:												
- Residential Properties	(42 330)	-	-	-	42 330	-	-	-	-	-	-	-
- Finance Lease Properties	(671)	-	671	-	-	-	-	-	-	-	-	-
- Community Purpose Built Properties	219	-	-	(219)	-	-	-	-	-	-	-	-
- Land Held for Redevelopment	3 008	-	-	-	(3 008)	-	-	-	-	-	-	-
- Work in Progress	-	-	-	-	(39 342)	-	-	39 342	-	-	-	-
Transfers to Bonnyrigg Project Company	-	-	-	-	(4 406)	-	-	-	-	-	-	(4 406)
Demolitions (note 15 *(ii)*)	(23 791)	-	-	-	-	-	-	-	-	-	-	(23 791)
Write-off (note 15 *(iii)*)	(16 016)	(263)	-	-	(317)	(70)	-	(10 409)	(2 240)	-	-	(29 315)
Community Housing vested properties (note 13)	(467 195)	-	-	-	-	-	-	5 961	-	-	-	(461 234)
Revaluation increment	1 819 556	3 834	7 112	3 521	29 319	1 217	2 563	-	-	-	-	1 867 122
Depreciation expense (note 12)	(324 961)	(458)	(572)	(268)	-	-	-	-	-	(22)	(389)	(326 670)
Net carrying amount at end of year	**34 436 810**	**49 867**	**42 444**	**50 298**	**304 894**	**45 065**	**54 009**	**266 035**	**1 367**	**29**	**895**	**35 251 713**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(i) ***Disclosure:*** *of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment at the beginning and end of the reporting period:*

	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop-ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve-ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2013 - fair value												
Gross carrying amount	33 345 495	47 076	29 879	47 881	295 745	41 705	51 446	252 372	10 624	627	3 260	34 126 110
Accumulated depreciation and impairment	(26 209)	(331)	(11)	(136)	-	-	-	-	(7 390)	(589)	(1 170)	(35 836)
Net carrying amount	33 319 286	46 745	29 868	47 745	295 745	41 705	51 446	252 372	3 234	38	2 090	34 090 274
At 30 June 2014 - fair value												
Gross carrying amount	34 457 935	50 102	42 444	50 431	304 894	45 065	54 009	266 035	10 997	589	1 673	35 284 174
Accumulated depreciation and impairment	(21 125)	(235)	-	(133)	-	-	-	-	(9 630)	(560)	(778)	(32 461)
Net carrying amount	34 436 810	49 867	42 444	50 298	304 894	45 065	54 009	266 035	1 367	29	895	35 251 713

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) ***Reconciliations:*** *of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.*

2013	Residential Properties $'000	Commercial Properties $'000	Finance Leased Properties $'000	Community Purpose Built Properties $'000	Land held for Redevelop-ment $'000	Vacant Land $'000	Land under Roads $'000	Work in Progress $'000	Leasehold Improve-ments $'000	Computer Hardware, Office Furniture & Equipment $'000	Motor Vehicle $'000	Total $'000
Net carrying amount at start of year	31 571 274	48 086	21 346	60 345	264 753	41 549	49 685	343 661	-	157	3 338	32 404 194
Additions/capital improvements	114 270	1	8 626	283	9 707	26	1 197	140 649	3 241	41	186	278 227
Input tax credits - vested properties	(7 404)	-	-	-	-	-	-	-	-	-	-	(7 404)
Transfers to completed properties	258 709	-	-	-	36 291	-	-	(295 000)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(16 640)	-	-	-	(6 833)	(35)	-	-	-	-	-	(23 508)
Reclassified from assets held for sale to non-current assets (Note 20)	794	-	-	-	-	-	-	-	-	-	-	794
Carrying amount of assets sold (note 15)	(156 518)	(897)	-	-	(36 726)	(412)	-	-	-	(39)	(740)	(195 332)
Transfers to Aboriginal Housing Office (note 13)	(35 802)	-	-	-	-	(169)	-	-	-	-	-	(35 971)
Transfers from Aboriginal Housing Office (note 8)	113	-	-	-	-	-	-	-	-	-	-	113
Transfers between classes	(99 451)	-	182	(229)	32 015	-	-	67 483	-	-	-	-
Transfers to Bonnyrigg Project Company	-	-	-	-	(4 772)	-	-	-	-	-	-	(4 772)
Demolitions (note 15 (ii))	(24 025)	-	-	-	-	-	-	-	-	-	-	(24 025)
Write-off (note 15 (iii))	(3 998)	-	-	-	(1 125)	-	-	(4 421)	-	-	-	(9 544)
Transfer to DFACS (note 13)	(2 513)	-	-	(199)	-	-	-	-	-	-	-	(2 712)
Revaluation increment	2 040 052	8	-	(12 133)	2 435	746	564	-	-	-	-	2 031 672
Depreciation expense (note 12)	(319 575)	(453)	(286)	(322)	-	-	-	-	(7)	(121)	(694)	(321 458)
Net carrying amount at end of year	**33 319 286**	**46 745**	**29 868**	**47 745**	**295 745**	**41 705**	**51 446**	**252 372**	**3 234**	**38**	**2 090**	**34 090 274**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) ***Disclosure:*** *of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment at the beginning and end of the reporting period:*

	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop-ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve-ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2012 - fair value												
Gross carrying amount	31 597 410	48 325	21 346	60 531	264 753	41 549	49 685	343 661	7 390	7 317	4 392	32 446 359
Accumulated depreciation and impairment	(26 136)	(239)	-	(186)	-	-	-	-	(7 390)	(7 160)	(1 054)	(42 165)
Net carrying amount	31 571 274	48 086	21 346	60 345	264 753	41 549	49 685	343 661	-	157	3 338	32 404 194
At 30 June 2013 - fair value												
Gross carrying amount	33 345 495	47 076	29 879	47 881	295 745	41 705	51 446	252 372	10 624	627	3 260	34 126 110
Accumulated depreciation and impairment	(26 209)	(331)	(11)	(136)	-	-	-	-	(7 390)	(589)	(1 170)	(35 836)
Net carrying amount	33 319 286	46 745	29 868	47 745	295 745	41 705	51 446	252 372	3 234	38	2 090	34 090 274

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Property revaluation methodology by asset class

a) Land and Building

The LAHC property portfolio is a large and dynamic portfolio with properties constantly being bought, sold, redeveloped and refurbished. In developing the valuation methodology for each asset class, LAHC minimises the use of unobservable significant inputs. The table below shows the valuation techniques used in the determination of fair values as well as the significant inputs used in the valuation models. Management has determined that as the application of the mass appraisal methodology applies to residential properties (which represents over 97% of the asset class), all assets in this class will be categorised within Level 3 of the fair value hierarchy table. Management considers it unlikely that any change to the inputs will significantly affect the net result for the year. Instead the impact will be on the asset revaluation reserve and the underlying asset class.

Residential
Valuation Approach Fair values are determined by applying an annual rolling benchmark valuation approach whereby a third of the LAHC's benchmark properties (approximately 1,800) are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is applied to the entire property portfolio of the group. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is performed annually as at 31 December. An uplift market movement factor is provided from a registered valuer for the six months period ending 30 June.
Significant inputs • Market sales comparison utilising recent sales of comparable properties. • Adjustments for any different attributes to benchmark properties- number of bedrooms, street appeal, aspect, dwelling size, yard size, internal condition and car accommodation to create the LAHC property value reference matrix. • Where a single title exists over multiple properties, a block title adjustment is made to reflect the required costs for sub-division. • For partial interests in properties, the valuation is calculated by applying the ownership percentage. • Uplift market movement for six months ended 30 June 2014 (3% increase was applied to metropolitan Sydney east and metropolitan Sydney west and 0% movement for all other areas).
Inter-relationship between significant inputs and fair value measurement • Higher (lower) market sales values reflect higher (lower) valuations. • Better / lesser attributes for location, condition, size, aspect and street appeal over benchmark properties result in higher / (lower) valuation. • Depending on the complexity of the conversion to single title, valuations are reduced by conversion costs. • Valuation will only reflect proportion of ownership. • Higher / (lower) six monthly uplift market movement will result in higher / (lower) valuation. A market movement change of +/- 1% would result in an estimated change of +/- of $338.8 million to the residential portfolio valuation and the asset revaluation reserve.
Significant unobservable inputs • The block title adjustment has been applied to approximately 60% of the properties in the residential portfolio with an estimated discount to the overall valuation of $5,839.1 million. The adjustment is dependant on a cost matrix of four variable factors to effect the sub-division and individual separation of a unique property from a super lot or group block of properties. The four variables are a combination of fixed dollar amounts ($) and percent costs (%). o These are: ▪ Title costs ($) – including estimates for legal fees and council fees (ranging from $3,000 to $22,000) ; ▪ Remedial works ($) - including costs for separate facilities such as water and sewerage plus costs to support current environmental council codes (ranging from $1,300 to $4,000) ; ▪ Developer's selling costs (%) – including agents commission and marketing costs (ranging from 2.0% to 3.0%); and ▪ Profit and risk allowance (%) – including an allowance for profit margin for a developer undertaking the required sub-division (ranging from 9.0% to 25.0%). o The dollar and percentage costs vary depending on the size of the block to be sub-divided and the number of properties on the super lot or group lot of properties. o Title costs and remedial works are fixed costs related to unit numbers and are not directly impacted by the valuation of the property. o Developer's selling costs and profit and risk allowance are derived as a percentage of property values and have a strong correlation to the valuation. o As valuations increase, the greater the impact of selling costs and profit and risk allowance on the block title adjustment. o An increase / (decrease) in any one of the above costs will lead to a (decrease) / increase in valuation of the property.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Commercial

Valuation Approach

The fair value of each asset within this class is determined annually by external independent registered property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparisons and capitalisation rate. All methodologies adjust fair values for any differences in quality or nature of the building, location, occupancy rate and lease / tenant profile.

Significant inputs

- Market sales comparison: The sales comparison approach utilises recent sales of comparable properties.
- Capitalisation rate: The valuation adopts an assessment of the capitalised gross income in perpetuity based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market sales evidence.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- The estimated fair value would increase (decrease) if:
    - expected market rental growth were higher (lower);
    - void periods were shorter (longer);
    - the occupancy rates were higher (lower);
    - the rent-free periods were shorter (longer); or
    - the capitalisation rate is lower (higher)

Significant unobservable inputs

Capitalisation rates range from 6.0% to 9.0%

Community Purpose

Valuation Approach

This group of properties consist of specialised properties which are across various asset types, equity interest and concession lease arrangements and undertakings. Due to the special purpose for which these properties are held, each asset within this class is valued annually by independent registered valuers. The methodology to value each asset varies and includes market sales comparison or replacement cost.

Significant inputs

- Market sales comparison: The market sales comparison approach utilises recent sales of comparable properties.
- Replacement cost: In the absence of other valuation methodologies, fair value will be determined with reference to the current replacement cost after allowance for any encumbrance or deterioration (functional or financial). Land is based on the Valuer General property information contained in the valuation database for rating and taxation purposes.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- The estimated fair value would increase (decrease) if:
    - The replacement cost is higher (lower)
    - Obsolescence is lower (higher).

Significant unobservable inputs

Replacement cost rates for building construction based on industry experts.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Land held for redevelopment / Vacant land
Valuation Approach Land held for redevelopment and vacant land (which has a registered title) is revalued annually and is based on the Valuer General property information contained in the valuation database for rating and taxation purposes.
Significant inputs • Valuer General's unimproved capital value.
Inter-relationship between significant inputs and fair value measurement • The estimated fair value would increase / (decrease) if the Valuer General's unimproved capital value would increase / (decrease).
Significant unobservable inputs • Nil.

b) Plant and Equipment

As plant and equipment are non-specialised assets with short useful lives, recognition at depreciated historical cost is considered as an acceptable surrogate for fair value in accordance with NSW TPP 14-01. This is because any difference between the fair value and depreciated historical cost is unlikely to be material.

c) Fair value hierarchy of Property, Plant and Equipment

Management has determined that as a result of a range of significant inputs in the property portfolio being classified as unobservable plus the substantial value of the residential portfolio, the entire assets class of property, plant and equipment will be categorised as level 3 for the purpose of the fair value hierarchy table. The table in note 21 (i) reflects transfers between all property, plant and equipment.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: INTANGIBLE ASSETS

	2014 $'000	2013 $'000
Software, cost	421	375
Less: accumulated amortisation	(186)	(103)
Total intangible assets	**235**	**272**

(i) Reconciliations

Reconciliations of the carrying amounts of software at the beginning and end of the current and previous financial year are set out below.

	2014 $'000	2013 $'000
Carrying amount at start of year	272	6
Additions/capital improvements	68	314
Write-off (note 15 *(iii)*)	(1)	-
Amortisation (note 12)	(104)	(48)
Carrying amount at end of year	**235**	**272**

Disclosure for each class of intangible assets, the gross carrying amount and accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period is below:

	Software $'000	Total $'000
At 1 July 2012		
Cost (gross carrying amount)	54	54
Accumulated amortisation and impairment	(48)	(48)
Net carrying amount	6	6
At 30 June 2013 and 1 July 2013		
Cost (gross carrying amount)	375	375
Accumulated amortisation and impairment	(103)	(103)
Net carrying amount	272	272
At 30 June 2014		
Cost (gross carrying amount)	421	421
Accumulated amortisation and impairment	(186)	(186)
Net carrying amount	235	235

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23: CURRENT/NON-CURRENT LIABILITIES – PAYABLES

	2014 $'000	2013 $'000
Current		
Trade creditors	40 685	25 578
Rent received in advance	38 359	35 315
Other creditors – credit balances in sundry debtors	2 042	429
Department of Finance & Services - personnel services	-	9 617
Department of Family & Community Services - personnel	9 744	-
Accrued operating expenditure	72 657	73 764
Accrued capital expenditure	55 428	49 875
Department of Family & Community Services - HNSW	5 212	5 687
Other creditors	9 607	8 270
Total current payables	**233 734**	**208 535**
Non-current		
Department of Finance & Services - personnel services	-	108
Department of Family & Community Services - personnel	127	-
Department of Family & Community Services	-	46 521
Other creditors	-	4 685
Total non-current payables	**127**	**51 314**
Total payables	**233 861**	**259 849**

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24: CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	2014 $'000	2013 $'000
Current - unsecured		
State advances – Commonwealth loans	15 052	14 834
NSW Treasury Corporation	27 958	2 071
Crown Entity *(i)*	12 240	11 685
Finance lease - Bonnyrigg	1 880	2 318
Other	416	402
Total current interest bearing liabilities	**57 546**	**31 310**
Non-current - unsecured		
State advances – Commonwealth loans	419 402	434 455
NSW Treasury Corporation	157 737	183 435
Crown Entity *(i)*	12 590	24 615
Finance lease - Bonnyrigg	26 942	27 228
Other	6 597	7 013
Total non-current interest bearing liabilities	**623 268**	**676 746**
Total interest bearing liabilities *(ii)*	**680 814**	**708 056**

(i) Previously, LAHC entered into a loan agreement with the Crown Entity for the amount of $58.5 million at an interest rate of 4.75% p.a. payable over 5 years. The first repayment commenced on 30 June 2012.

As part of the arrangement, the Crown Entity assumed the long service leave liabilities as it existed at the time prior to the administrative restructure.

In accordance with LAHC's accounting policy the loan was measured at fair value on initial recognition and subsequently re-measured at amortised cost. On initial recognition the $4.4 million difference between the fair value ($58.5 million) and the carrying amount ($54.1 million) of the liability was charged against operating results. The re-measurement of this loan following initial recognition resulted in a write down of $1.04 million, which is amortised over the five year life of the loan, commencing 2011–12 ($0.32 million amortisation).

(ii) The nominal value of borrowings are reconciled to the balance reported in the Statement of Financial Position as follows:

Nominal values of borrowings	991 324	1 033 163
Less: Re-measurement adjustment	(310 510)	(325 107)
Balance reported in Statement of Financial Position	**680 814**	**708 056**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24: CURRENT/NON-CURRENT LIABILITIES - BORROWINGS (continued)

(iii) The nominal value of borrowings is expected to be repaid as follows:

	Principal 2014 $'000	Interest 2014 $'000	2014 Total $'000
Not later than one year	72 134	50 909	123 043
Later than one year but no later than five years	250 337	164 220	414 557
Later than five years	668 853	310 474	979 327
Total cash outflow	**991 324**	**525 603**	**1 516 927**

	Principal 2013 $'000	Interest 2013 $'000	2013 Total $'000
Not later than one year	45 644	53 261	98 905
Later than one year but no later than five years	283 914	173 100	457 014
Later than five years	703 605	342 559	1 046 164
Total cash outflow	**1 033 163**	**568 920**	**1 602 083**

Interest payable, excluding interest payable to the Crown Entity, was accrued on the basis of prevailing interest rates as at 30 June 2014. Furthermore, it was assumed that the loans payable to NSW Treasury Corporation will be paid as and when they fall due. Interest payable on the Crown Entity borrowing represents 4.75% of the unpaid balance of the principal.

(iv) The finance lease liability in respect of the Bonnyrigg project is expected to be repaid as follows:

	Future minimum lease payments 2014 $'000	Interest 2014 $'000	Present value of minimum lease payments 2014 $'000
Not later than one year	6 369	4 489	1 880
Later than one year but no later than five years	22 269	15 813	6 456
Later than five years	39 288	18 802	20 486
Total cash outflow	**67 926**	**39 104**	**28 822**

	Future minimum lease payments 2013 $'000	Interest 2013 $'000	Present value of minimum lease payments 2013 $'000
Not later than one year	6 916	4 598	2 318
Later than one year but no later than five years	23 082	16 669	6 413
Later than five years	43 250	22 435	20 815
Total cash outflow	**73 248**	**43 702**	**29 546**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25: CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2014 $'000	2013 $'000
Current		
Third party claims *(i) & (ii)(a)*	5 361	3 968
Head leasing refurbishments *(ii)(b) & (iii)*	157	1 032
Total current provisions	**5 518**	**5 000**
Non-current		
Head leasing refurbishments *(ii)(c) & (iii)*	25	199
Total non-current provisions	**25**	**199**
Total provisions	**5 543**	**5 199**

(i) This provision is an estimate of the LAHC's liability in respect of current insurance and legal claims.

(ii) **Movement in provisions:**

(a) The movement in current provisions for third party claim is as follows:

	2014	2013
Balance, beginning of year	3 968	3 852
Payment	(3 024)	(3 228)
Increase in provision	4 417	3 344
Balance, end of year	**5 361**	**3 968**

(b) The movement in current provisions for head leasing refurbishments is as follows:

	2014	2013
Balance, beginning of year	1 032	942
Payment	(546)	(1 333)
(Decrease)/increase in provision	(329)	1 423
Balance, end of year	**157**	**1 032**

(c) The movement in non-current provisions for head leasing refurbishments is as follows:

	2014	2013
Balance, beginning of year	199	202
Payment	-	(33)
(Decrease)/increase in provision	(174)	30
Balance, end of year	**25**	**199**

(iii) In accordance with the terms of certain lease contracts entered into by the LAHC with private sector owners in respect of properties which are sub-let to eligible public housing tenants, the LAHC has a contractual obligation to refurbish these properties. Depending on the contract, the refurbishment must be undertaken either at expiry of the lease or during the fourth or seventh year of the lease term. It must be noted that in general this arrangement no longer applies to new head leasing contracts.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 26: Events after the Reporting Date

The Bonnyrigg Living Communities project is a public private partnership (PPP) between the LAHC and the Project Company, New Leaf Communities.

As at balance date stages 1 to 3 of this project have been completed delivering a total of 363 new dwellings. 152 dwellings have been leased to public housing tenants while 211 dwellings have been sold privately. Land for stages 4 and 5 has been fully prepared for construction purposes, however as a result of the entities providing redevelopment services to the Project Company being placed under receivership (Becton Property Group and its subsidiary Bonnyrigg Development) no further work has been completed during the current financial year.

On 2 September 2014, the NSW Government approved for NSW Treasury to enter into negotiations with Bonnyrigg Partnerships with the view of resolving the PPP position. At the date of authorisation of the financial statements the outcome of negotiations are unknown.

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 27: COMMITMENTS FOR EXPENDITURE

The commitments reported below are inclusive of Goods and Services Tax.

	2014 $'000	2013 $'000
(i)* Capital expenditure *(a)		
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	80 983	66 409
Later than 1 year but not later than 5 years	4 616	-
Later than 5 years	-	-
	85 599	**66 409**
(ii)* Operating Leases - Head leasing *(b)		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	32 070	34 809
Later than 1 year but not later than 5 years	17 017	18 322
Later than 5 years	-	-
	49 087	**53 131**
***(iii)* Operating Leases – Office accommodation**		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	248	2 234
Later than 1 year but not later than 5 years	-	3 674
Later than 5 years	-	-
	248	**5 908**

(a) These commitments relate mainly to costs attributable to LAHC properties which will be used in the provision of rental accommodation. The GST included in the value of these particular commitments cannot be claimed from the ATO as they relate to an input taxed activity.

Also included in these commitments is $0.6 million (2013: $3.6 million) of NBESP (Nation Building Economic Stimulus Program) construction costs on properties which are expected to be vested to community housing providers.

(b) These represent rent payable by the LAHC in respect of current leases on properties leased in the private market to supplement public housing stock and are sub-let to eligible tenants. As these costs directly relate to the provision of rental accommodation which is an input taxed activity, the GST charged when these commitments are paid in the future cannot be claimed from the ATO.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 28: CONTINGENT ASSETS / CONTINGENT LIABILITIES

Contingent Assets

The LAHC has contingent assets from outstanding compensation claims at year end. The outcome of these claims is uncertain and cannot be reliably measured at this point in time.

Contingent Liabilities

As at the end of the reporting period, LAHC is not aware of any contingent liability, which will materially affect its financial position. However, there are a number of claims totalling $14.9 million (2013: $18.0 million) for which the LAHC may be liable.

NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2014 $'000	2013 $'000
Net result for the year	**(626 884)**	**(195 245)**
Grants to community groups - vested properties (note 13)	461 234	-
Other non-cash items	(2 471)	(24 590)
Amortisation of prepaid land contribution	848	561
(Gain)/Loss on sale of assets (note 15*(i),(iv)*)	(10 606)	11 158
Property transfers to Aboriginal Housing Office (note 13)	23 321	35 971
Property transfers to DFACS (note 13)	-	2 712
Assets demolished (note 15*(ii)*)	23 791	24 025
Assets written off (note 15*(iii)*)	30 436	10 039
Depreciation and amortisation (note 12)	326 774	321 506
Re-measurement adjustment of borrowings	14 597	23 161
Increase in provision for impairment of receivables	2 334	4 666
(Increase) in receivables	(670)	(7 238)
Increase in other provisions	344	203
(Decrease)/Increase in payables	(25 073)	40 400
Increase in provision for impairment of other assets	19 499	-
Decrease/(Increase) in other assets	4 583	(686)
Net cash flows from operating activities	**242 057**	**246 643**

NOTE 30: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, LAHC transferred / received properties to/from the Aboriginal Housing Office (AHO) amounting to $23.3 million (2013: $36.0 million) and $0.6 million (2013: $0.1 million) respectively. Also as partial settlement of an AHO liability, LAHC returned properties of equivalent value amounting to $2.9 million (2013: Nil) (refer note 21 *(i)*).

Furthermore during the year, LAHC vested properties to community housing providers with a carrying value of $461.2 million (2013: Nil) (refer note 13 *(a)*).

These transactions did not result in cash flows, but affected the assets and liabilities reported on the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS

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

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

Treasury management policies have been established to identify and analyse the risks faced by the LAHC, to set risk limits and controls and to monitor risks. Compliance with the policies are reported to the Executive and the Audit and Risk Committee.

The Corporation has exposure to the following risks from the use of financial instruments:
- Credit Risk
- Liquidity Risk
- Market Risk

(a) Credit Risk

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

Credit risk associated with the LAHC'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. Investments in term deposits are limited to Australian banks (CBA, NAB, Suncorp, Bankwest, Westpac, St George) and Australian subsidiaries of appropriately rated foreign banks (ING).

The LAHC's maximum exposure is the carrying amount of financial assets, net of allowance for impairment as detailed further in the following note disclosures.

Cash

Cash comprises cash on hand, bank balances and deposits with NSW Treasury Corporation (TCorp). LAHC's main transaction banking account is held with Westpac Banking Corporation. Interest earned on the Westpac bank account is 85 basis points above the Reserve Bank of Australia's cash rate.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

Receivables

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, current and expected changes in economic conditions, as well as, debtor credit ratings if available. No interest is earned on trade debtors.

i) Rental debtors

Rental debtors relate to the rental housing assistance provided to people on low to moderate income across NSW. As such, the credit quality of debts that are neither past due nor impaired is considered to be correspondingly low to moderate. LAHC is not materially exposed to concentrations of credit risk to a single debtor or group of debtors.

Arrears management policies and processes are applied to manage credit risk associated with these receivables. These policies and procedures include:

- Speedy follow up of debtors who fall into arrears via letters, telephone calls, or direct contact.
- Negotiation of payment arrangement with debtors.
- Use of debt collection agencies for certain debtors.

ii) Other debtors

The credit quality of debts other than rental debtors, that are neither past due nor impaired is considered to be moderate. LAHC is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. To minimise risk, timely monitoring and management of overdue accounts is conducted, including follow up of outstanding debts with letters and phone calls. A debt collection agency is used for certain debts.

Ageing of Financial Assets by Class for Assets Past Due or Impaired (*AASB 7 para 37*):

	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000	Total[1,2] $'000
2014			
< 3 months overdue	4 130	7 278	11 408
3 months - 6 months overdue	283	1 687	1 970
> 6 months overdue	489	16 615	17 104
2013			
< 3 months overdue	3 774	6 956	10 730
3 months - 6 months overdue	284	2 033	2 317
> 6 months overdue	584	14 257	14 841

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. Thus Note 31 totals will not reconcile to the total receivables recognised in the statement of financial position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

iii) Mortgage Assistance Scheme (MAS)

The Mortgage Assistance Scheme provides short-term help for people experiencing temporary difficulties with their home loan repayments because of an unavoidable change in circumstances. Mortgage assistance is not a grant but a loan to be repaid at a future time.

Mortgage assistance is provided as a loan which is paid directly to the home lender. The loan is usually payment of home loan arrears and/or subsidy towards the home loan repayments of the debtor. The LAHC lodges a caveat on the property to protect its interests.

Authority Deposits with Financial Institutions and Fixed Interest Investments

The LAHC has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. The LAHC also has fixed term deposit investments with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The credit rating for St George, Westpac, CBA, NAB and Bankwest is A1+ for short term investments. Suncorp and ING is rated A1 and A2 for short term investments, respectively.

The interest rates for fixed term deposits are negotiated initially and are fixed for the term of the investment, while the interest rate payable on at call deposits can vary. The average interest rates on deposits at balance date are disclosed in (b) below. Over the year the weighted average interest rate on the investment portfolio was 3.49% (2013: 4.01%) on an average balance during the year of $306 million (2013: $149 million). None of these assets are past due or impaired.

(b) Liquidity Risk

Liquidity risk is the risk that the LAHC will be unable to meet its payment obligations when they fall due. The LAHC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The LAHC's exposure to liquidity risk has been managed in accordance with the LAHC's Treasury Management Policy.

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 the 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 30 day period, simple interest is normally paid unless an existing contract specifies otherwise.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of the LAHC's financial assets and liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial assets and liabilities

	Weighted	Nominal	Interest Rate Exposure			Maturity Dates		
2014	**Avg. Effective Interest Rate %**	**Amount $'000**	**Fixed Interest Rate $'000**	**Variable Interest Rate $'000**	**Non-interest bearing $'000**	**< 1 yr $'000**	**1-5 yrs $'000**	**> 5 yrs $'000**
Financial assets								
Cash on hand and at bank	3.35	70 147	-	68 906	1 241	70 147	-	-
TCorp Hour Glass Facility	2.89	18 153	-	18 153	-	18 153	-	-
Total Cash		88 300	-	87 059	1 241	88 300	-	-
Receivables *(i)*		37 924	-	-	37 924	37 924	-	-
Other financial assets:								
Short term	3.72	191 232	190 799	27	406	191 232	-	-
Medium term	-	1 390	-	-	1 390	-	1 390	-
Total financial assets		**318 846**	**190 799**	**87 086**	**40 961**	**317 456**	**1 390**	**-**
Financial liabilities *(ii)*								
Payables *(iii)* :								
Accrued salaries, wages and on-costs	-	9 744	-	-	9 744	9 744	-	-
Trade creditors	-	40 685	-	-	40 685	40 685	-	-
Accrued operating expenditure	-	72 657	-	-	72 657	72 657	-	-
Accrued capital expenditure	-	55 428	-	-	55 428	55 428	-	-
Other	-	14 745	-	-	14 745	14 618	127	-
Borrowings:								
Commonwealth loans	4.53	1 188 081	1 188 081	-	-	63 561	243 926	880 594
TCorp borrowings								
MRP Loan	5.58	195 249	195 249	-	-	36 583	105 352	53 314
OCH Loan	9.71	29 061	29 061	-	-	2 365	26 696	-
Crown Entity	4.75	26 860	26 860	-	-	13 430	13 430	-
Finance Lease	-	67 926	-	-	67 926	6 369	22 269	39 288
Other	4.64	9 750	9 750	-	-	735	2 884	6 131
Total financial liabilities		**1 710 186**	**1 449 001**	**-**	**261 185**	**316 175**	**414 684**	**979 327**

Notes:

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

(ii) The amounts disclosed are the contractual undiscounted cash flows of financial liabilities. Hence they do not reconcile to the Statement of Financial Position.

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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of the LAHC's financial assets and liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial assets and liabilities

2013	Weighted Avg. Effective Interest Rate %	Nominal Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest bearing $'000	Maturity Dates: < 1 yr $'000	1-5 yrs $'000	> 5 yrs $'000
Financial assets								
Cash on hand and at bank	3.35	154 366	-	153 654	712	154 366	-	-
TCorp Hour Glass Facility	3.37	8 539	-	8 539	-	8 539	-	-
Total Cash		162 905	-	162 193	712	162 905	-	-
Receivables *(i)*		33 174	-	-	33 174	33 174	-	-
Other financial assets:								
Short term	4.78	71 798	71 240	54	504	71 798	-	-
Medium term	-	1 593	-	-	1 593	-	1 593	-
Total financial assets		**269 470**	**71 240**	**162 247**	**35 983**	**267 877**	**1 593**	**-**
Financial liabilities *(ii)*								
Payables *(iii)* :								
Accrued salaries, wages and on-costs	-	9 617	-	-	9 617	9 617	-	-
Trade creditors	-	25 578	-	-	25 578	25 578	-	-
Accrued operating expenditure	-	73 764	-	-	73 764	73 764	-	-
Accrued capital expenditure	-	49 875	-	-	49 875	49 875	-	-
Other	-	65 700	-	-	65 700	14 386	51 314	-
Borrowings:								
Commonwealth loans	4.53	1 252 464	1 252 464	-	-	64 383	248 053	940 028
TCorp borrowings								
MRP Loan	5.85	194 164	194 164	-	-	11 070	127 037	56 057
OCH Loan	9.71	31 426	31 426	-	-	2 365	29 061	-
Crown Entity	4.75	40 291	40 291	-	-	13 430	26 861	-
Finance Lease	-	73 248	-	-	73 248	6 916	23 081	43 251
Other	4.64	10 490	10 490	-	-	740	2 921	6 829
Total financial liabilities		**1 826 617**	**1 528 835**	**-**	**297 782**	**272 124**	**508 328**	**1 046 165**

Notes:

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

(ii) The amounts disclosed are the contractual undiscounted cash flows of financial liabilities. Hence they do not reconcile to the Statement of Financial Position.

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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

(c) 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 LAHC's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the TCorp Hour Glass investment facilities and short-term deposits. The LAHC 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 LAHC operates and the timeframe 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 as the prior year and assumes all other variables remain constant.

i) Interest Rate Risk

Exposure to interest rate risk arises primarily through the LAHC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The LAHC does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. A reasonably possible change of interest rates 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 LAHC's exposure to interest rate risk is set out below.

	Carrying	1%		-1%	
$'000	amount	Profit	Equity	Profit	Equity
2014					
Financial assets					
Cash and cash equivalents	88 300	883	883	(883)	(883)
Receivables	37 924	379	379	(379)	(379)
Short term investments	191 232	1 912	1 912	(1 912)	(1 912)
Other	1 390	14	14	(14)	(14)
Financial liabilities					
Payables	(193 259)	(1 933)	(1 933)	1 933	1 933
State advances - Commonwealth loans	(434 454)	(4 345)	(4 345)	4 345	4 345
TCorp borrowings	(185 695)	(1 857)	(1 857)	1 857	1 857
Crown Entity	(24 830)	(248)	(248)	248	248
Finance lease - Bonnyrigg	(28 822)	(288)	(288)	288	288
Other	(7 013)	(70)	(70)	70	70
2013					
Financial assets					
Cash and cash equivalents	162 905	1 629	1 629	(1 629)	(1 629)
Receivables	33 174	332	332	(332)	(332)
Short term investments	71 798	718	718	(718)	(718)
Other	1 593	16	16	(16)	(16)
Financial liabilities					
Payables	(224 534)	(2 245)	(2 245)	2 245	2 245
State advances - Commonwealth loans	(449 289)	(4 493)	(4 493)	4 493	4 493
TCorp borrowings	(185 506)	(1 855)	(1 855)	1 855	1 855
Crown Entity	(36 300)	(363)	(363)	363	363
Finance lease - Bonnyrigg	(29 546)	(295)	(295)	295	295
Other	(7 415)	(74)	(74)	74	74

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

ii) Other price risk – TCorp Hour Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2014 $'000	2013 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	18 153	8 539

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

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

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

TCorp provides sensitivity analysis information for each facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). 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). TCorp has advised that a reasonable possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Change in unit price	Impact on profit / loss	
Hour Glass Investment - Cash facility	+-1%	182	85

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

d) Fair value compared to carrying amount

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

Except where specified below, the amortised cost of the financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount.

Non-derivative Financial Assets and Liabilities	Net Carrying Amount 2014 $'000	Net Carrying Amount 2013 $'000	Fair Value 2014 $'000	Fair Value 2013 $'000
Financial assets				
Cash and cash equivalents	88 300	162 905	88 300	162 905
Receivables *(i)*	37 924	33 174	37 924	33 174
Other financial assets (note 18)				
Short term investments	191 232	71 798	191 232	71 798
Other	1 390	1 593	1 390	1 593
Total financial assets	**318 846**	**269 470**	**318 846**	**269 470**
Financial liabilities				
Payables *(ii)*	193 259	224 534	193 259	224 534
Interest bearing liabilities (note 24)				
Commonwealth loans	434 454	449 289	434 454	449 289
Treasury Corporation loans	185 695	185 506	200 266	201 238
Crown Entity	24 830	36 300	24 830	36 300
Finance lease - Bonnyrigg	28 822	29 546	28 822	29 546
Other loans	7 013	7 415	7 013	7 415
Total interest bearing liabilities	680 814	708 056	695 385	723 788
Total financial liabilities	**874 073**	**932 590**	**888 644**	**948 322**

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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 31: FINANCIAL INSTRUMENTS (continued)

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

The LAHC 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 that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014				
Financial assets at fair value				
Short term	-	317 456	-	317 456
Other	-	1 390	-	1 390
Total assets at fair value	-	318 846	-	318 846

There were no transfers between level 1 and 2 during the current financial year.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Financial assets at fair value				
Short term	-	267 877	-	267 877
Other	-	1 593	-	1 593
Total assets at fair value	-	269 470	-	269 470

-------------------- END OF AUDITED FINANCIAL STATEMENTS --------------------

Register of Land Held

STATEMENT OF FINANCIAL POSITION	**2014 $'000**	**2013 $'000**
Residential properties	17 734 503	17 550 414
Land for redevelopment	304 894	295 745
Finance Leased Properties	13 402	9 820
Vacant land	45 065	41 705
Land under Roads	54 009	51 446
Commercial properties	26 610	24 770
Community purpose built properties	37 158	34 294
Assets held for sale		
Residential properties	6 252	10 557
Vacant Land	16 440	6 733
Total	**18 238 333**	**18 025 484**

Land values as per notes to the financial statements and in documentation supporting the notes.

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