Family & Community Services

Family and Community Services Annual Report 2014–15

Volume 2

Audited Consolidated Financial Statements for the year ending 30 June 2015

Contents

Audited consolidated financial statements for the year ending 30 June 2015

AUDITOR-GENERAL

NEW SOUTH WALES

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 2015, 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 2015, 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 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 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 an 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 management, 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
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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.

A T Whitfield PSM
Acting Auditor-General

18 September 2015
SYDNEY

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

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 2015 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*, Public Finance and Audit Regulation 2015 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: 16.9.15

Denise Dawson
Chief Finance Officer
Date: 16/9/15

Start of Audited Financial Statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of comprehensive income for the year ended 30 June 2015

	Notes	PARENT			CONSOLIDATED		
		Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	**1,558,111**	1,526,955	1,525,888	**1,732,205**	1,709,918	1,702,362
Other operating expenses	2(b)	**368,054**	425,693	441,239	**411,767**	464,471	492,080
Depreciation and amortisation	2(c)	**86,765**	96,201	77,150	**88,113**	97,527	79,290
Grants and subsidies	2(d)	**3,354,583**	3,480,766	3,096,852	**3,274,365**	3,401,133	3,014,407
Finance Costs	2(e)	**894**	-	829	**904**	-	829
Total expenses excluding losses		**5,368,407**	5,529,615	5,141,958	**5,507,354**	5,673,049	5,288,968
Revenue							
Recurrent appropriation (net of transfer payments)	3(a)	**4,874,919**	5,095,683	4,588,756	**4,874,919**	5,095,683	4,588,756
Capital appropriation	3(a)	**169,754**	229,316	149,843	**169,754**	229,316	149,843
Sale of goods and services	3(b)	**196,377**	208,191	175,816	**210,630**	234,879	194,684
Personnel services revenue - NSW Businesslink Pty Ltd		**-**	-	61,853	**-**	-	61,853
Personnel services revenue - Aboriginal Housing		**11,642**	12,220	14,204	**11,642**	12,220	14,204
Personnel services revenue - Land and Housing Corporation		**58,318**	60,469	51,198	**58,318**	60,469	51,198
Investment revenue	3(c)	**13,096**	9,353	11,246	**17,787**	14,856	15,901
Grants and contributions	3(d)	**33,752**	13,284	29,715	**156,283**	126,160	147,823
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	**76,800**	50,386	66,681	**76,800**	50,386	66,681
Other revenue	3(f)	**24,155**	25,445	21,894	**25,936**	26,012	24,272
Total Revenue		**5,458,813**	5,704,347	5,171,206	**5,602,069**	5,849,981	5,315,215
Gain / (loss) on disposal	4	**1,478**	(681)	(1,948)	**2,057**	(243)	(1,549)
Other gains / (losses)	5	**4,677**	(862)	43,223	**5,085**	(1,053)	43,045
Net result		**96,561**	173,189	70,523	**101,857**	175,636	67,743
Other comprehensive income							
Items that will not be reclassified to net result							
Net increase / (decrease) in property, plant and equipment asset revaluation surplus		**53,501**	-	-	**53,476**	-	-
Actuarial gains/(losses) on superannuation funds	19	**(426)**	-	2,699	**(617)**	-	4,251
Total other comprehensive income		**53,075**	**-**	2,699	**52,859**	**-**	4,251
TOTAL COMPREHENSIVE INCOME		**149,636**	173,189	73,222	**154,716**	175,636	71,994

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of financial position as at 30 June 2015

	Notes	PARENT			CONSOLIDATED		
		Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	8	**569,059**	323,481	382,950	**635,524**	380,341	444,611
Receivables	9	**108,296**	86,509	113,716	**113,800**	91,551	119,532
Inventories	10	**1**	290	272	**1**	290	272
		677,356	410,280	496,938	**749,325**	472,182	564,415
Non-current assets held for sale	12	**2,541**	1,250	-	**2,541**	1,250	-
Total Current Assets		**679,897**	411,530	496,938	**751,866**	473,432	564,415
Non-Current Assets							
Receivables	9	**7,800**	15,314	8,992	**7,800**	15,314	8,992
Financial assets at fair value	11	**-**	-	-	**23,846**	24,655	21,564
Property, plant and equipment							
Land and buildings	13	**1,196,473**	1,146,576	1,025,040	**1,204,981**	1,147,364	1,033,027
Plant and equipment	13	**107,226**	98,442	110,522	**107,667**	101,429	112,205
Total property, plant and equipment		**1,303,699**	1,245,018	1,135,562	**1,312,648**	1,248,793	1,145,232
Intangible assets	14	**60,134**	90,679	68,302	**60,134**	90,679	68,302
Total Non-Current Assets		**1,371,633**	1,351,011	1,212,856	**1,404,428**	1,379,441	1,244,090
Total Assets		**2,051,530**	1,762,541	1,709,794	**2,156,294**	1,852,873	1,808,505
LIABILITIES							
Current Liabilities							
Payables	16	**438,779**	129,739	251,441	**447,977**	136,721	262,305
Provisions	17	**164,324**	142,009	155,271	**194,456**	167,161	183,523
Other	18	**71**	7,512	90	**71**	7,524	90
Total Current Liabilities		**603,174**	279,260	406,802	**642,504**	311,406	445,918
Non-Current Liabilities							
Provisions	17	**40,378**	23,349	45,097	**50,296**	34,148	54,256
Other	18	**447**	5,832	-	**447**	5,832	-
Total Non-Current Liabilities		**40,825**	29,181	45,097	**50,743**	39,980	54,256
Total Liabilities		**643,999**	308,441	451,899	**693,247**	351,386	500,174
Net Assets		**1,407,531**	1,454,100	1,257,895	**1,463,047**	1,501,487	1,308,331
EQUITY							
Reserves		**53,501**	-	-	**53,476**	661	-
Accumulated funds		**1,354,030**	1,454,100	1,257,895	**1,409,571**	1,500,826	1,308,331
Total Equity		**1,407,531**	1,454,100	1,257,895	**1,463,047**	1,501,487	1,308,331

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 2015

PARENT	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		1,257,895	-	1,257,895
Net result for the year		96,561	-	96,561
Other comprehensive income:				
Net increase/(decrease) in property plant and equipment	13	-	53,501	53,501
Actuarial gains/(losses) on superannuation funds	19	(426)		(426)
Total other comprehensive income		**(426)**	**53,501**	**53,075**
Total comprehensive income for the year		**96,135**	**53,501**	**149,636**
Balance at 30 June 2015		**1,354,030**	**53,501**	**1,407,531**

PARENT	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'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 from equity transfers	20	81,142	-	81,142
Balance at 30 June 2014		1,257,895	-	1,257,895

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 2015

CONSOLIDATED	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		1,308,331	-	1,308,331
Net result for the year		101,857	-	101,857
Other comprehensive income:				
Net increase/(decrease) in property plant equipment	13	-	53,476	53,476
Actuarial gains/(losses) on superannuation funds	19	(617)	-	(617)
Other		-	-	-
Total other comprehensive income		**(617)**	**53,476**	**52,859**
Total comprehensive income for the year		**101,240**	**53,476**	**154,716**
Balance at 30 June 2015		**1,409,571**	**53,476**	**1,463,047**

CONSOLIDATED	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'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 2013		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 from equity transfers	20	81,142	-	81,142
Balance at 30 June 2014		1,308,331	-	1,308,331

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 2015

	Notes	PARENT			CONSOLIDATED		
		Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		**(1,410,994)**	(1,468,101)	(1,402,686)	**(1,582,085)**	(1,650,157)	(1,575,183)
Grants and subsidies		**(3,496,895)**	(3,464,034)	(3,225,279)	**(3,416,676)**	(3,384,401)	(3,142,833)
Finance costs		**-**	-	(3,260)	**-**	-	(3,260)
Other		**(351,873)**	(746,192)	(447,528)	**(406,981)**	(806,349)	(505,904)
Total Payments		**(5,259,762)**	(5,678,327)	(5,078,753)	**(5,405,742)**	(5,840,907)	(5,227,180)
Receipts							
Recurrent appropriation		**4,874,856**	5,095,683	4,587,358	**4,874,856**	5,095,683	4,587,358
Capital appropriation (excluding equity appropriations)		**169,754**	229,316	149,843	**169,754**	229,316	149,843
Reimbursements from the Crown Entity		**11,710**	-	8,202	**11,710**	-	8,202
Sale of goods and services		**229,536**	277,145	307,476	**244,930**	303,642	335,123
Interest received		**12,686**	9,999	11,767	**15,083**	12,669	14,204
GST Recoveries		**283,154**	277,947	255,330	**283,154**	277,947	255,330
Grants and contributions		**9,339**	16,435	12,077	**140,056**	129,311	130,623
Other		**44,192**	36,189	31,971	**45,945**	58,074	34,335
Total Receipts		**5,635,227**	5,942,714	5,364,024	**5,785,488**	6,106,642	5,515,018
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	**375,465**	264,387	285,271	**379,746**	265,735	287,838
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of land and buildings and plant and equipment		**16,691**	6,544	4,566	**17,387**	7,040	5,436
Purchases of land and buildings and plant and equipment		**(206,047)**	(198,418)	(150,129)	**(206,220)**	(201,418)	(150,765)
Other		**-**	(58,864)	-	**-**	(58,864)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(189,356)**	(250,738)	(145,563)	**(188,833)**	(253,242)	(145,329)
NET INCREASE/(DECREASE) IN CASH		**186,109**	13,649	139,708	**190,913**	12,493	142,509
Opening cash and cash equivalents		**382,950**	309,832	232,152	**444,611**	367,848	291,012
Cash transferred in / (out) as a result of administrative restructuring	20	**-**	-	11,090	**-**	-	11,090
CLOSING CASH AND CASH EQUIVALENTS	8	**569,059**	323,481	382,950	**635,524**	380,341	444,611

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 2015

ENTITY'S EXPENSES & INCOME	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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Expenses excluding losses												
Operating expenses												
Employee related	68,692	69,112	129,754	130,728	591,782	586,607	13,836	13,219	328,399	316,251	139,430	128,986
Other operating expenses	14,329	22,336	30,126	38,408	116,501	124,983	5,962	7,012	78,111	100,075	41,468	48,662
Depreciation and amortisation	2,198	968	7,191	5,291	35,693	20,824	1,004	960	16,636	9,939	7,031	4,345
Grants and subsidies	764,933	616,902	152,892	213,090	866,368	773,898	230,561	222,560	30,856	29,562	721,732	635,494
Finance Costs	9	-	18	-	96	141	30	19	475	370	253	175
TOTAL EXPENSES EXCLUDING LOSSES	850,161	709,318	319,981	387,517	1,610,440	1,506,453	251,393	243,770	454,477	456,197	909,914	817,662
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Capital appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services	680	632	861	1,373	46,264	48,589	400	-	1,973	-	935	-
Personnel services revenue	-	2,111	-	4,594	-	20,054	-	1,490	-	11,921	-	5,650
Investment revenue	1,696	1,999	912	942	3,443	3,378	322	323	1,205	688	715	515
Grants and contributions	855	492	1,138	1,021	7,387	8,862	1,207	1,926	7,209	7,138	3,524	3,739
Acceptance by the Crown Entity of employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	688	306	5,285	1,297	10,081	6,166	446	464	2,670	2,079	1,143	734
Total revenue	3,919	5,540	8,196	9,227	67,175	87,049	2,375	4,203	13,057	21,826	6,317	10,638
Gain / (loss) on disposal	64	32	(8)	-	1,726	675	(5)	(15)	(114)	55	(49)	(69)
Other gains / (losses)	181	1,608	432	(128)	1,864	42,669	133	(2)	910	(520)	438	(279)
Net result	(846,487)	(705,418)	(312,225)	(378,162)	(1,546,855)	(1,462,748)	(248,890)	(239,584)	(440,624)	(433,906)	(903,208)	(806,676)
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus	2,032		(453)		53,235		(103)	-	324		68	-
Actuarial gains/(losses) on superannuation funds	-	128	-	279	-	1,218	-	90	-	724	-	343
Total Other Comprehensive Income	2,032	128	(453)	279	53,235	1,218	(103)	90	324	724	68	343
TOTAL COMPREHENSIVE INCOME	(844,455)	(705,290)	(312,678)	(377,883)	(1,493,620)	(1,461,530)	(248,993)	(239,494)	(440,300)	(433,182)	(903,140)	(806,333)

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

ENTITY'S EXPENSES & INCOME	Social Housing Assistance and Tenancy Support		Homelessness Services		Home Care Service of NSW		John Williams Memorial Charitable Trust		Not Attributed		**Consolidated Entity Total**	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Expenses excluding losses												
Operating expenses												
Employee related	269,168	260,821	17,050	20,437	174,094	176,201	-	-		-	**1,732,205**	1,702,362
Other operating expenses	60,855	75,361	6,129	16,336	58,118	58,776	168	131		-	**411,767**	492,080
Depreciation and amortisation	15,519	33,378	1,492	1,445	1,226	2,028	123	112		-	**88,113**	79,290
Grants and subsidies	283,796	293,941	223,227	228,960	-	-	-	-		-	**3,274,365**	3,014,407
Finance Costs	12	124	1	-	10	-	-	-		-	**904**	829
TOTAL EXPENSES EXCLUDING LOSSES	629,350	663,625	247,899	267,178	233,448	237,005	291	243	-	-	**5,507,354**	5,288,968
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	4,874,919	4,588,756	**4,874,919**	4,588,756
Capital appropriation	-	-	-	-	-	-	-	-	169,754	149,843	**169,754**	149,843
Sales of goods and services	130,679	117,158	-	-	28,838	26,932	-	-	-	-	**210,630**	194,684
Personnel services revenue	69,960	78,455	-	2,980		-		-	-	-	**69,960**	127,255
Investment revenue	4,661	3,371	143	30	4,637	4,582	53	73	-		**17,787**	15,901
Grants and contributions	12,218	11,788	213	2,813	122,532	110,044	-	-	-		**156,283**	147,823
Acceptance by the Crown Entity of employee benefits	-	-	-	-	-	-	-	-	76,800	66,681	**76,800**	66,681
Other revenue	3,793	10,797	49	51	1,753	2,364	28	14	-	-	**25,936**	24,272
Total revenue	221,311	221,569	405	5,874	157,760	143,922	81	87	5,121,473	4,805,280	**5,602,069**	5,315,215
Gain / (loss) on disposal	(130)	(57)	(5)	(2,570)	578	400	-	-	-	-	**2,057**	(1,549)
Other gains / (losses)	(570)	(300)	1,290	(30)	(189)	(379)	596	406	-	-	**5,085**	43,045
Net result	(408,739)	(442,413)	(246,209)	(263,904)	(75,299)	(93,062)	386	250	5,121,473	4,805,280	**101,857**	67,743
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus	(293)	-	(1,309)	-	(25)	-	-	-	-	-	**53,476**	-
Actuarial gains/(losses) on superannuation funds	(426)	(264)	-	181	(191)	1,552		-	-	-	**(617)**	4,251
Total Other Comprehensive Income	(719)	(264)	(1,309)	181	(216)	1,552	-	-	-	-	52,859	4,251
TOTAL COMPREHENSIVE INCOME	(409,458)	(442,677)	(247,518)	(263,723)	(75,515)	(91,510)	386	250	5,121,473	4,805,280	**154,716**	71,994

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

The names and purposes of each service group are summarised in Note 7

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Consolidated Service Group Statements for the Year Ended 30 June 2015 (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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current Assets												
Cash and cash equivalents	108,809	64,130	48,704	55,690	172,465	159,039	3,636	2,071	29,837	4,651	16,260	10,752
Receivables	1,654	3,185	7,957	8,923	32,197	38,480	3,149	2,860	14,010	17,797	10,377	15,964
Inventories	-	-	-	-	1	272	-	-	-	-	-	-
Non-current assets held for sale	48	-	-	-	1,195	-	26	-	898	-	374	-
Total Current Assets	110,511	67,315	56,661	64,613	205,858	197,791	6,811	4,931	44,745	22,448	27,011	26,716
Non-Current Assets												
Receivables	-	-	-	-	-	-	-	-	-	-	7,528	-
Financial assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-		-		-		-		-		-	
Land and buildings	59,622	69,622	155,058	151,378	955,636	770,781	526	1,121	535	553	25,096	31,585
Plant and equipment	1,449	1,463	3,169	3,483	31,602	34,592	1,371	1,545	34,152	678	14,454	44,608
Total property, plant and equipment	*61,071*	*71,085*	*158,227*	*154,861*	*987,238*	*805,373*	*1,897*	*2,666*	*34,687*	*1,231*	*39,550*	*76,193*
Intangible assets	1,640	3,177	3,999	6,127	16,215	34,164	1,330	996	17,201	1,175	7,661	10,093
Total Non-Current Assets	62,711	74,262	162,226	160,988	1,003,453	839,537	3,227	3,662	51,888	2,406	54,739	86,286
Total Assets	173,222	141,577	218,887	225,601	1,209,311	1,037,328	10,038	8,593	96,633	24,854	81,750	113,002
Current Liabilities												
Other	4	-	30	-	37	90	-	-	-	-	-	-
Total Current Liabilities	33,041	65,651	82,724	32,463	314,809	180,988	3,172	1,250	58,454	3,515	64,741	44,575
Non-Current Liabilities												
Provisions	349	2,549	3,507	1,385	3,696	16,808	725	83	11,806	2,239	6,309	11,713
Other	23	-	192	-	232	-	-	-	-	-	-	-
Total Non-Current Liabilities	372	2,549	3,699	1,385	3,928	16,808	725	83	11,806	2,239	6,309	11,713
Total Liabilities	33,413	68,200	86,423	33,848	318,737	197,796	3,897	1,333	70,260	5,754	71,050	56,288
Net Assets	139,809	73,377	132,464	191,753	890,574	839,532	6,141	7,260	26,373	19,100	10,700	56,714

Eliminations 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**	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current Assets												
Cash and cash equivalents	184,940	66,799	4,409	19,816	64,546	59,628	1,918	2,035	-	-	**635,524**	444,611
Receivables	35,690	22,754	3,164	3,754	5,591	5,815	11	-		-	**113,800**	119,532
Inventories	-	-	-	-	-	-	-	-	-	-	**1**	272
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	**2,541**	-
Total Current Assets	220,630	89,553	7,573	23,570	70,137	65,443	1,929	2,035	-	-	**751,866**	564,415
Non-Current Assets												
Receivables	272	8,992	-	-	-	-	-	-	-	-	**7,800**	8,992
Financial assets at fair value	-	-	-	-	23,846	21,564	-	-	-	-	**23,846**	21,564
Property, plant and equipment	-		-		-		-					
Land and buildings	-	-	-	-	635	631	7,873	7,356	-	-	**1,204,981**	1,033,027
Plant and equipment	20,045	24,153	986	-	439	1,683	-	-		-	**107,667**	112,205
Total property, plant and equipment	*20,045*	*24,153*	*986*	*-*	*1,074*	*2,314*	*7,873*	*7,356*	-	-	***1,312,648***	*1,145,232*
Intangible assets	9,926	11,768	2,162	802	-	-	-	-	-	-	**60,134**	68,302
Total Non-Current Assets	30,243	44,913	3,148	802	24,920	23,878	7,873	7,356	-	-	**1,404,428**	1,244,090
Total Assets	250,873	134,466	10,721	24,372	95,057	89,321	9,802	9,391	-	-	**2,156,294**	1,808,505
Current Liabilities												
Payables	14,742	33,373	1,467	1,595	9,253	10,846	44	19		-	**447,977**	262,305
Provisions	28,805	24,191	1,120	19,200	30,132	28,252	-	-		-	**194,456**	183,523
Other	-	-	-	-	-	-	-	-	-	-	**71**	90
Total Current Liabilities	43,547	57,564	2,587	20,795	39,385	39,098	44	19	-	-	**642,504**	445,918
Non-Current Liabilities												
Provisions	13,957	9,502	30	817	9,917	9,160	-	-		-	**50,296**	54,256
Other	-	-	-	-	-	-	-	-	-	-	**447**	-
Total Non-Current Liabilities	13,957	9,502	30	817	9,917	9,160	-	-	-	-	**50,743**	54,256
Total Liabilities	57,504	67,066	2,617	21,612	49,302	48,258	44	19	-	-	**693,247**	500,174
Net Assets	193,369	67,400	8,104	2,760	45,755	41,063	9,758	9,372	-	-	**1,463,047**	1,308,331

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

The names and purposes of each service group are summarised in Note 7

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Supplementary Financial Statements

Summary of Compliance with Financial Directives

	2015				2014			
	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	5,095,683	4,964,783	229,316	169,754	4,901,593	4,678,428	168,919	149,843
h s24 PFAA - transfer of functions between entities	-	-	-	-	(125,319)	-	-	-
	5,095,683	4,964,783	229,316	169,754	4,776,274	4,678,428	168,919	149,843
OTHER APPROPRIATIONS/ EXPENDITURE								
h s26 PFAA - Commonwealth specific purpose payments	7,980	7,980	-	-	7,677	7,677	-	-
h Transfers to / from another entity (s32 of the Appropriation Act)	116	-	-	-	-	-	(17,379)	-
h Other adjustments	(125,351)	-	(42,513)	-	(20,336)	-	(1,697)	-
	(117,255)	7,980	(42,513)	-	(12,659)	7,677	(19,076)	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	4,978,428	4,972,763	186,803	169,754	4,763,615	4,686,105	149,843	149,843
Amount drawn down against Appropriation		4,972,763		169,754		4,686,169		149,843
Liability to Consolidated Fund *		-		-		64		-

*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 2015*

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 and like transactions and other events are accounted for using uniform accounting policies.

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 2015 have been authorised for issue by the Secretary, on 16 September, 2015.

(b) Administrative restructure

(i) Administrative restructure as a result of changes to the Public Sector Employment and Management:

For comparative purposes, there were no administrative restructure changes in 2014/15.

(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.

(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 Public Finance and Audit Regulation 2015; 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 except where specified otherwise.

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

Full implementation of the National Disability Insurance Scheme (NDIS) is expected to occur by 2017-18. As part of the preparation for the full roll out, Home Care Services of NSW will transfer to another NSW public sector agency during 2015-16 (Further information about the plans to transfer operations appear in Note 29 Events After the Reporting Date). The impact of this transfer is not significant financially on FACS. However, the full implementation of the NDIS is anticipated to have a material impact on the operations and organisation of the Department in future periods. The financial effect of this impact cannot currently be estimated due to uncertainty around the nature and timing of government decision making and the financial statements have been prepared using a going concern basis.

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

(d) Statement of Compliance

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

(e) 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.

(f) 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.

(g) 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.

(h) 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 over the period of credit.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

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 three 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 an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material

When revaluing property, plant and equipment using the cost approach, 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.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

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 impairment under AASB 136 Impairment of Assets is unlikely to arise. This is because AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities 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 rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

FACS has not entered into any finance lease arrangements.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term..

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 and impairment losses.

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 under AASB 139.9(b)(ii). 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.

(i) 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.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

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 2015 and 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".

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

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 15/09 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 (3.01% as at 30 June 2015). 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.

(j) 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 28 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

i) Revaluation surplus

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

ii) Accumulated funds

Accumulated funds include all current and prior period retained funds.

(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.

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 24.

(m) 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.

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

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of previous years except as a result of the following new or revised

- AASB 10 and AASB 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures.
- AASB 1055 Budgetary Reporting

(ii) Issued but not effective

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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 15/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards).

	Operative Date
AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	1 January 2018
AASB 14 and AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts	1 January 2016
AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers	1 January 2017
AASB 2014-4 regarding acceptable methods of depreciation and Amortisation	1 January 2016
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1 January 2016
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1 January 2016
AASB 2015-3 regarding materiality	1 July 2015

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.

(o) Change in accounting policies

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

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	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
2. Expenses Excluding Losses				
(a) Employee related expenses				
Salaries and wages (including recreation leave) (i)	**1,247,052**	1,225,312	**1,393,552**	1,369,024
Superannuation - defined contribution plans	**104,512**	97,146	**117,636**	109,394
Superannuation - defined benefit plans	**14,009**	18,084	**15,781**	19,950
Long service leave	**61,340**	53,601	**65,050**	56,746
Workers' compensation insurance	**37,992**	46,086	**46,947**	61,537
Payroll tax and fringe benefit tax	**75,831**	75,502	**75,862**	75,553
Redundancy payments	**17,148**	9,953	**17,150**	9,954
Other	**227**	204	**227**	204
	1,558,111	1,525,888	**1,732,205**	1,702,362

(i) Employee related costs capitalised in fixed asset accounts are excluded from the above totalled $Nil (2014: $0.366 million).

	PARENT 2015 $'000	PARENT 2014 $'000	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(b) Other operating expenses				
Auditor's remuneration - audit of the financial statements	**573**	505	**748**	677
Internal Auditor's remuneration - other services	**1,561**	2,856	**1,710**	3,006
Advertising	**1,148**	619	**1,240**	787
Bad and doubtful debts	**427**	90	**427**	90
Cleaning	**7,632**	7,144	**7,966**	7,345
Computer maintenance, software licences and other related expenditu	**32,918**	5,997	**32,924**	6,006
Consultants	**1,199**	1,006	**1,199**	1,006
Other contract services	**53,751**	18,364	**53,751**	18,364
Contractors and short term staff	**958**	1,325	**958**	1,325
Corporate shared services fees (NSW Businesslink Pty Ltd)	**-**	141,532	**-**	151,537
Equipment	**2,402**	1,628	**2,513**	1,708
Fee for services rendered	**15,083**	17,362	**15,083**	17,362
Groceries	**13,000**	13,594	**13,000**	13,594
Insurance	**2,529**	2,357	**2,826**	2,645
Legal costs	**15,206**	12,244	**15,573**	13,158
Maintenance (i)	**14,103**	14,175	**14,339**	14,361
Management and other fees	**6,018**	26,681	**21,212**	41,978
Medical support services	**2,513**	2,836	**2,513**	2,836
Motor vehicle running costs	**27,510**	27,209	**29,261**	28,742
Operating lease rental expense-minimum lease payments	**75,121**	67,533	**79,118**	71,352
Telecommunications	**16,038**	5,607	**16,504**	6,188
Printing, postage and stationery	**7,754**	7,769	**8,977**	8,842
Property and residential expenses	**3,809**	3,050	**3,809**	3,050
Staff development	**20,963**	16,818	**26,427**	19,781
Travelling, removal and subsistence	**8,353**	7,236	**18,914**	17,852
Utilities	**11,921**	12,086	**12,215**	12,382
Other	**25,564**	23,616	**28,560**	26,106
	368,054	441,239	**411,767**	492,080
(i) Reconciliation - Total Maintenance				
Maintenance expense - contractor labour and other (non employee related) as above	**14,103**	14,175	**14,339**	14,361
Employee related maintenance expense included in Note 2 (a)	**3,015**	2,800	**3,015**	2,800
Total maintenance expenses included in Note 2 (a) and 2 (b)	**17,118**	16,975	**17,354**	17,161
(c) Depreciation and amortisation expense				
Depreciation				
Buildings	**21,499**	17,401	**21,650**	17,543
Computer equipment	**7,313**	1,368	**7,314**	1,389
Motor vehicles	**511**	764	**793**	1,588
Furniture and equipment	**952**	1,775	**1,009**	1,883
Plant and equipment	**2,904**	2,119	**2,908**	2,125
	33,179	23,427	**33,674**	24,528
Amortisation				
Intangibles	**17,573**	31,283	**17,573**	31,283
Internally developed assets	**13,760**	-	**13,760**	-
Leasehold improvements	**22,253**	22,440	**23,106**	23,479
	53,586	53,723	**54,439**	54,762
	86,765	77,150	**88,113**	79,290

Department of Family and Community Services
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	PARENT 2015 $'000	PARENT 2014 $'000	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(d) Grants and subsidies				
Ageing program	**3,597**	3,449	**3,597**	3,449
Community services program	**100**	272	**100**	272
Disability services program	**1,504,165**	1,324,070	**1,475,889**	1,252,214
Grant to NSWbusinesslink	**-**	141	**-**	141
Community care supports program	**209,480**	207,994	**157,538**	197,405
Out of home care	**718,805**	634,499	**718,805**	634,499
Prevention and early Intervention	**229,606**	219,740	**229,606**	219,740
Statutory child protection service	**25,396**	27,681	**25,396**	27,681
Rental Assistance	**17,376**	14,318	**17,376**	14,318
Rental subsidies to disadvantaged groups	**21,063**	22,884	**21,063**	22,884
Grants to Other Government Departments	**6,817**	18,649	**6,817**	18,649
Housing Community Assistance Program	**1,056**	689	**1,056**	689
Housing Initiatives Leasing	**69,121**	66,786	**69,121**	66,786
Housing Grants to Community Groups	**28,823**	67,980	**28,823**	67,980
Grants to Land and Housing Corporation	**132,908**	132,410	**132,908**	132,410
Other Grants to Individuals and Other Organisations	**386,270**	355,290	**386,270**	355,290
	3,354,583	3,096,852	**3,274,365**	3,014,407

FACS directly funded $167.5 million (2013/14 $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). This is otherwise known as the "in-kind" contribution to NDIS.

ADHC received $1.4 million from service providers in 2014-15 (2013-14 $2.8 million) representing a return of unspent grants under the following programs: $0.2 million (2013-14 $0.2 million) for the Disability Services program, $1.2 million (2013-14 $2.5 million) for the Home and Community Care program and $0.01m for Ageing program. As cash recoveries relating to grants are considered Consolidated Fund monies, receipts are remitted to the Crown Entity on a regular basis.

	PARENT 2015 $'000	PARENT 2014 $'000	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(e) Finance costs				
Unwinding of discount rate	**894**	829	**904**	829
	894	829	**904**	829

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	PARENT 2015 $'000	PARENT 2014 $'000	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
3. Revenues				
a) Appropriations				
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of compliance)	**4,972,763**	4,686,169	**4,972,763**	4,686,169
Less: Liability to Consolidated Fund (per Summary of compliance)	**-**	64	**-**	64
	4,972,763	4,686,105	**4,972,763**	4,686,105
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	**4,874,919**	4,588,756	**4,874,919**	4,588,756
Transfer payments (Aboriginal Housing Office)	**97,844**	97,349	**97,844**	97,349
	4,972,763	4,686,105	**4,972,763**	4,686,105
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of compliance)	**169,754**	149,843	**169,754**	149,843
	169,754	149,843	**169,754**	149,843
Comprising:				
Capital appropriations (per Statement of comprehensive income)	**169,754**	149,843	**169,754**	149,843
	169,754	149,843	**169,754**	149,843
b) Sale of goods and services				
Community Options program fees	**-**	-	**26**	46
Corporate client fees	**-**	-	**3,918**	3,754
Fee for Service Home Care Services	**7,491**	-	**-**	-
Home and Community Care	**7,094**	8,064	**18,378**	15,905
Residential Client Fees	**43,375**	42,530	**43,375**	42,530
Management Fees - Land and Housing Coporation	**127,986**	118,911	**127,986**	118,911
Rendering of services - Disaster Welfare	**153**	208	**153**	208
Veterans' Home Care fees	**-**	-	**6,120**	6,079
Other fees	**10,278**	6,103	**10,674**	7,251
	196,377	175,816	**210,630**	194,684
c) Investment revenue				
Interest received	**11,835**	11,236	**16,526**	15,891
Rents	**1,261**	10	**1,261**	10
	13,096	11,246	**17,787**	15,901
d) Grants and contributions				
Commonwealth				
Home and Community Care program	**-**	-	**68,213**	101,214
Other Commonwealth Government grants	**2,512**	3,054	**4,009**	6,778
	2,512	3,054	**72,222**	107,992
State				
Community Care Supports Program	**-**	-	**48,873**	-
Attendant Care program	**-**	-	**-**	6,416
Illicit Drug Strategy	**-**	5,750	**-**	5,750
Other State Government grants *	**31,240**	20,911	**35,188**	27,665
	31,240	26,661	**84,061**	39,831
Total Grants and Contributions	**33,752**	29,715	**156,283**	147,823

* Including reimbursement for redundancy funding of $13.347 million (2014: $8.434 million)

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		PARENT		CONSOLIDATED	
		2015	2014	**2015**	2014
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	**14,687**	14,191	**14,687**	14,191
	Long service leave	**61,099**	31,279	**61,099**	31,279
	Payroll tax	**1,014**	21,211	**1,014**	21,211
		76,800	66,681	**76,800**	66,681
f)	**Other revenue**				
	Assets recognised for the first time	**1,023**	2,802	**1,023**	2,802
	TMF Hindsight adjustment	**1,095**	3,269	**2,268**	5,046
	Overseas adoptions	**282**	300	**282**	300
	Rental Assistance Subsidies	**1,791**	2,440	**1,791**	2,440
	Other revenue	**19,964**	13,083	**20,572**	13,684
		24,155	21,894	**25,936**	24,272
4.	**Gain/(loss) on disposal**				
	Gain/(loss) on disposal of non-current assets held for sale:				
	Proceeds from disposal (net of selling expenses)	**7,913**	3,507	**7,913**	3,507
	Written down value of assets disposed	**(5,773)**	(2,695)	**(5,773)**	(2,695)
	Net gain/(loss) on disposal of non-current assets held for sale	**2,140**	812	**2,140**	812
	Gain/(loss) on disposal of land and buildings:				
	Proceeds from disposal (net of selling expenses)	**7,822**	-	**7,822**	-
	Written down value of assets disposed	**(7,715)**	(2,570)	**(7,715)**	(2,570)
	Net gain/(loss) on disposal of land and buildings	**107**	(2,570)	**107**	(2,570)
	Gain/(loss) on disposal of plant and equipment:				
	Proceeds from disposal (net of selling expenses)	**1,012**	833	**1,708**	1,702
	Written down value of assets disposed	**(1,781)**	(1,023)	**(1,898)**	(1,493)
	Net gain/(loss) on disposal of plant and equipment	**(769)**	(190)	**(190)**	209
	Total net gain/(loss) on disposal	**1,478**	(1,948)	**2,057**	(1,549)
5.	**Other Gains/(Losses)**				
	Impairment loss of non-current assets held for sale	**(64)**	-	**(64)**	-
	Revaluation gain/(loss) on carrying value of land and buildings	**5,329**	44,393	**5,926**	44,594
	Impairment loss on carrying value of plant and equipment	**-**	(240)	**-**	(240)
	Gain/(loss) on impairment of receivables	**(588)**	(930)	**(777)**	(1,309)
		4,677	43,223	**5,085**	43,045

6. Conditions on contributions

As at 30 June 2015 the entity held $0.855 million (2014: $0.109 million) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. The unspent contributions with conditions were: from Office of Protective Commissioner's Resident Amenties Fund (2015: $0.500m 2014: $0.109m), a contribution from Northern Sydney Medical Local for collective projects in Northern Sydney district and funding from NSW Education and Learning provided under Elsa Dixon Program for an aboriginal staff member in Hunter New England district, Evaluation of IFBS $0.247m (2014: $Nil) and Aboriginal Diagnosis Support $0.108m (2014: $Nil)

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 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 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 that intervene early to address family vulnerabilities and prevent escalation into or within the statutory child protection system, 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.

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	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
8. Current Assets - Cash and Cash Equivalents				
Cash at bank and on hand	**569,059**	382,950	**635,524**	388,095
Total cash and cash equivalents	**569,059**	382,950	**635,524**	444,611

The increase in cash includes the impact of the receipt of the Aged and Packaged Care Commonwealth grant of $150,291K not paid in 2014/15.

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

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

Cash and cash equivalents (per statement of financial position)	**569,059**	382,950	**635,524**	444,611
Closing cash and cash equivalents (per statement of cash flows)	**569,059**	382,950	**635,524**	444,611

Cash at bank includes $Nil (2014 $0.064 million) owed to Consolidated Fund that is a restricted asset.

As at 30 June 2015 the entity held $0.855 million (2014: $0.109 million) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. Refer to Note 6 for further details.

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

9. Current/non-current assets - receivables

Current				
Client Fees	**3,152**	5,715	**3,152**	5,715
Less : Allowance for impairment	**(550)**	(1,509)	**(550)**	(1,509)
	2,602	4,206	**2,602**	4,206
Sundry receivables	**27,889**	34,213	**34,401**	40,928
Less : Allowance for impairment	**(4,482)**	(4,224)	**(5,490)**	(5,347)
	23,407	29,989	**28,911**	35,581
Amounts due from other government agencies	**30,299**	33,949	**30,299**	33,949
Prepayments - Other	**13,265**	10,667	**13,265**	10,667
Interest receivable	**5,103**	626	**5,103**	626
GST receivable (net)	**33,620**	34,279	**33,620**	34,503
	108,296	113,716	**113,800**	119,532
Non-current				
Sundry receivables	**272**	298	**272**	298
Amounts due from other government agencies	**7,528**	8,694	**7,528**	8,694
	7,800	8,992	**7,800**	8,992
Total Receivables	**116,096**	122,708	**121,600**	128,524
Movement in the allowance for impairment				
Balance at 1 July	**(5,733)**	(5,097)	**(6,856)**	(6,156)
Transfer on reorganisation	**-**	(9)	**-**	(9)
Amounts written off during the year	**1,289**	303	**1,593**	618
Increase/(decrease) in allowance recognised in profit or loss	**(588)**	(930)	**(777)**	(1,309)
Balance at 30 June	**(5,032)**	(5,733)	**(6,040)**	(6,856)

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
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	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
10. Current Assets - Inventories				
Held for distribution				
Residence supplies - at cost	**1**	272	**1**	272
	1	272	**1**	272
11. Current/non-current - Financial Assets at Fair Value				
Non-current				
TCorp - Hour-Glass Investment Facilities				
- Medium-term Growth Facility Trust	**-**	-	**9,124**	8,498
- Long-term Growth Facility Trust	**-**	-	**14,722**	13,066
Total Non-current financial assets at fair value	**-**	-	**23,846**	21,564

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

	PARENT 2015	PARENT 2014	CONSOLIDATED 2015	CONSOLIDATED 2014
12. Non-Current Assets Held for Sale				
Land and buildings	**2,541**	-	**2,541**	-
	2,541	-	**2,541**	-

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 2015

	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 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
At 30 June 2015 - fair value							
Gross carrying amount	1,367,816	29,392	2,450	74,225	34,853	203,254	1,711,990
Accumulated depreciation and impairment	(171,343)	(20,303)	(1,526)	(55,753)	(33,411)	(125,955)	(408,291)
Net Carrying Amount	**1,196,473**	**9,089**	**924**	**18,472**	**1,442**	**77,299**	**1,303,699**

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 $190.919 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $179.464 million, Plant and Equipment $2.138 million, Computer Software $0.170 million and Leasehold Improvements $9.147 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 2015

Year ended 30 June 2015	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	1,025,040	9,925	2,365	14,819	1,487	81,926	1,135,562
Additions	151,227	1,974	31	1,295	915	18,390	173,832
Assets recognised for the first time	1,000	23	-	-	-	-	1,023
Make good	-	-	-	-	-	(453)	(453)
Assets held for resale	(8,335)	-	-	-	-	-	(8,335)
Transfer between classes #	-	144	-	9,672	-	433	10,249
Disposals	(9,726)	(73)	(961)	(1)	(8)	(744)	(11,513)
Impairment losses *	(851)	-	-	-	-	-	(851)
Net revaluation increment less revaluation decrements	59,617	-	-	-	-	-	59,617
Depreciation expense	(21,499)	(2,904)	(511)	(7,313)	(952)	(22,253)	(55,432)
Net Carrying Amount at end of year	**1,196,473**	**9,089**	**924**	**18,472**	**1,442**	**77,299**	**1,303,699**

Refer to Note 14 for transfer between classes
* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

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

CONSOLIDATED 2015

	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 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
At 30 June 2015 - fair value							
Gross carrying amount	1,376,719	29,520	4,011	74,473	35,543	209,410	1,729,676
Accumulated depreciation and impairment	(171,738)	(20,426)	(2,852)	(56,001)	(34,084)	(131,927)	(417,028)
Net Carrying Amount	**1,204,981**	**9,094**	**1,159**	**18,472**	**1,459**	**77,483**	**1,312,648**

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 $190.919 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $179.464 million, Plant and Equipment $2.138 million, Computer Software $0.170 million and Leasehold Improvements $9.147 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 2015

Year ended 30 June 2015	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	1,033,027	9,931	3,001	14,820	1,559	82,894	1,145,232
Additions	151,328	1,976	31	1,295	916	18,459	174,005
Assets recognised for the first time	1,000	23	-	-	-	-	1,023
Make good	-	-	-	-	-	(453)	(453)
Assets held for resale	(8,335)	-	-	-	-	-	(8,335)
Transfer between classes	-	144	-	9,672	-	433	10,249
Disposals	(9,726)	(72)	(1,080)	(1)	(7)	(744)	(11,630)
Impairment losses *	(851)	-	-	-	-	-	(851)
Net revaluation increment less revaluation decrements	60,188	-	-	-	-	-	60,188
Depreciation expense	(21,650)	(2,908)	(793)	(7,314)	(1,009)	(23,106)	(56,780)
Net Carrying Amount at end of year	**1,204,981**	**9,094**	**1,159**	**18,472**	**1,459**	**77,483**	**1,312,648**

* 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 prior 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

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

14. Intangible Assets

PARENT

	Software $'000	Software under construction $'000	Internally developed assets $'000	Total $'000
At 1 July 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
At 30 June 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134

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 2015	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at beginning of year	23,925	16,327	28,050	68,302
Additions	450	32,967	1	33,418
Transfer between classes #	2,643	(32,198)	19,306	(10,249)
Disposals	(4)	-	-	(4)
Amortisation expense	(17,573)	-	(13,760)	(31,333)
Net carrying amount at end of year	9,441	17,096	33,597	60,134

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.
Refer to Note 13 for transfer between classes

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 prior 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.

14. Intangible Assets (continued)

CONSOLIDATED

	Software $'000	Software under construction $'000	Internally developed assets $'000	Total $'000
At 1 July 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
At 30 June 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134

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 2015	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at beginning of year	23,925	16,327	28,050	68,302
Additions	450	32,967	1	33,418
Transfer between classes	2,643	(32,198)	19,306	(10,249)
Disposals	(4)	-	-	(4)
Amortisation expense	(17,573)	-	(13,760)	(31,333)
Net carrying amount at end of year	9,441	17,096	33,597	60,134

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

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 prior 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.

15. Fair value measurement of non-financial assets

a) Fair value hierarchy

2015		Parent			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	377,588	818,885	1,196,473
Non-current assets held for sale	12	-	2,541	-	2,541
		-	**380,129**	**818,885**	**1,199,014**

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

2015		CONSOLIDATED			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	382,533	822,448	1,204,981
Non-current assets held for sale	12	-	2,541	-	2,541
		-	**385,074**	**822,448**	**1,207,522**

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 valuation of the department's properties has been performed by an external professionally qualified valuer as at 28 February 2015. There has been no material movement in the valuation from that date until 30 June 2015.

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 2014/15.
All values are consistent with highest and best use of the asset.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

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 unobservable 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 appropriate rate per hectare within the range to arrive at a fair value
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 and significantly 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 2014/15
3	Buildings - LRC	Cost approach using replacement costs	Unobservable inputs - 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 square metre.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

c) Reconciliation of recurring Level 3 fair value measurements

	Consolidated	
	Land and Buildings $'000	**Total Recurring $'000**
Fair value as at 1 July 2014	673,155	673,155
Additions	139,735	139,735
Revaluation increments/decrements recognised	27,695	27,695
Transfer to Level 2	(3,554)	(3,554)
Depreciation	(14,586)	(14,586)
Fair value as at 30 June 2015	**822,445**	**822,445**

	Consolidated	
	Land and Buildings $'000	**Total Recurring $'000**
Fair value as at 1 July 2013	551,958	551,958
Additions	101,438	101,438
Revaluation increments/decrements recognised	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**

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
16. Current/Non-Current Liabilities - Payables				
Current				
Accrued salaries, wages and on-costs	**47,615**	38,983	**48,016**	38,922
Creditors	**31,778**	9,746	**38,473**	16,338
Accrued operating expenditure	**354,645**	201,417	**356,448**	205,579
Accrued capital expenditure	**1,844**	263	**1,844**	263
Unearned Revenue	**2,551**	-	**2,551**	-
GST payable	**-**	-	**178**	-
Amounts owing to other government agencies	**289**	920	**289**	967
Other creditors	**57**	112	**178**	236
Total payables	**438,779**	251,441	**447,977**	262,305

The increase in payables includes the Aged and Packaged Care Commonwealth grant of $150,291K not paid in 2014/15.

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

17. Current / Non-Current Liabilities - Provisions

	PARENT 2015 $'000	PARENT 2014 $'000	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Current				
Employee benefits and related on-costs				
Recreation leave	**112,486**	114,974	**126,072**	128,374
Payroll tax	**16,620**	15,358	**16,620**	15,358
Long service leave and on-costs	**20,043**	15,952	**35,742**	30,114
Workers' compensation	**6,091**	4,796	**6,091**	4,796
Total employee benefits and related on-costs	**155,240**	151,080	**184,525**	178,642
Other Provisions				
Restoration costs	**9,084**	4,191	**9,931**	4,881
Total current provisions	**164,324**	155,271	**194,456**	183,523
Non-current				
Employee benefits and related on-costs				
Payroll tax	**1,108**	558	**1,108**	558
Long service leave and on-costs	**2,395**	1,264	**5,216**	3,801
Workers' compensation	**97**	56	**97**	56
Superannuation	**10,378**	9,563	**17,149**	15,708
Total employee benefits and related on-costs	**13,978**	11,441	**23,570**	20,123
Other Provisions				
Social Benefit Bonds	**6,565**	6,122	**6,565**	6,122
Restoration costs	**19,835**	27,534	**20,161**	28,011
Total non-current provisions	**40,378**	45,097	**50,296**	54,256
Total Provisions	**204,702**	200,368	**244,752**	237,779
Aggregate employee benefits and related on-costs				
Provisions - current	**155,240**	151,080	**184,525**	178,642
Provisions - non-current	**13,978**	11,441	**23,570**	20,123
Accrued salaries, wages and on-costs (Note 16)	**47,615**	38,983	**48,016**	38,922
	216,833	201,504	**256,111**	237,687

The current provision includes $14.604million (2014: $17.330 million) of recreation leave entitlements accrued but not expected to be taken within 12 months.

The current provision includes $8.203 million of long services leave entitlements accrued that are expected to be settled in the next 12 months and $9.379 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 2015 $'000	Total 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Carrying amount at the beginning of the financial year	**6,122**	-	**31,725**	24,795
Amounts transferred in as part of administrative restructure	**-**	-	**-**	1,112
Additional provision recognised	**2**	5,831	**(453)**	7,853
Amounts used	**-**	-	**(2,529)**	(1,357)
Unused amounts reversed	**-**	-	**(277)**	(1,216)
Change in discount rate	**441**	291	**453**	538
Carrying amount at the end of the financial	**6,565**	6,122	**28,919**	31,725

CONSOLIDATED	**Social Benefit Bonds**		**Restoration costs**	
	Total 2015 $'000	Total 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Carrying amount at the beginning of the financial year	**6,122**	-	**32,892**	25,901
Amounts transferred in as part of administrative restructure	**-**	-	**-**	1,112
Additional provision recognised	**2**	5,831	**(453)**	8,015
Amounts used	**-**	-	**(2,529)**	(1,357)
Unused amounts reversed	**-**	-	**(281)**	(1,257)
Change in discount rate	**441**	291	**463**	478
Carrying amount at the end of the financial	**6,565**	6,122	**30,092**	32,892

18. Current/Non Current Liabilities - Other	**PARENT**		**CONSOLIDATED**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current				
Liability to Consolidated Fund - Recurrent	**-**	64	**-**	64
Lease incentives	**71**	26	**71**	26
	71	90	**71**	90
Non-current				
Lease incentives	**447**	-	**447**	-
	447	-	**447**	-

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19. Superannuation

PARENT ENTITY **2015**	Note	**SASS 30-Jun-15**	**SANCS 30-Jun-15**	**SSS 30-Jun-15**	**TOTAL 30-Jun-15**
Member Numbers					
Contributors		3	6	3	12
Deferred benefits		-	-	-	-
Pensioners		-	-	5	5
Pensions fully commuted		-	-	-	-
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		1,214	587	14,962	16,763
Estimated reserve account balance		(366)	(259)	(5,760)	(6,385)
1. Deficit/(surplus)		848	328	9,202	10,378
2. Future Service Liability (Note 2)		255	172	230	657
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.)		848	328	9,202	10,378

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

CONSOLIDATED ENTITY **2015**	Note	**SASS 30-Jun-15**	**SANCS 30-Jun-15**	**SSS 30-Jun-15**	**TOTAL 30-Jun-15**
Member Numbers					
Contributors		164	168	4	336
Deferred benefits		-	-	-	-
Pensioners		-	-	8	8
Pensions fully commuted		-	-	1	1
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		38,827	5,642	18,986	63,455
Estimated reserve account balance		(33,176)	(5,046)	(8,084)	(46,306)
1. Deficit/(surplus)		5,651	596	10,902	17,149
2. Future Service Liability (Note 2)		5,084	1,373	394	6,851
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.)		5,651	596	10,902	17,149

Department of Family and Community Services
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19. Superannuation

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

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. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

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.

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 year.

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

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Net Defined Benefit Liability/(Asset) at start of year	2,390	(14)	51,236	53,612
Less amounts assumed by the Crown - Equity Transfer June 2014	(1,594)	353	(42,808)	(44,049)
Current service cost	55	39	81	175
Net Interest on the net defined benefit liability/(asset)	28	11	300	339
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(34)	(20)	(414)	(468)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1)	-	(6)	(7)
Actuarial (gains)/losses arising from changes in financial assumptions	26	19	1,280	1,325
Actuarial (gains)/losses arising from liability experience	13	(40)	(397)	(424)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(35)	(20)	(70)	(125)
Net Defined Benefit Liability/(Asset) at end of year	**848**	**328**	**9,202**	**10,378**

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**

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19. Superannuation

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Net Defined Benefit Liability/(Asset) at start of year	7,218	508	52,031	59,757
Less amounts assumed by the Crown - Equity Transfer June 2014	(1,594)	353	(42,808)	(44,049)
Current service cost	1,390	281	81	1,752
Net Interest on the net defined benefit liability/(asset)	180	26	327	533
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(2,538)	(390)	(582)	(3,510)
Actuarial (gains)/losses arising from changes in demographic assumptions	(15)	(1)	(4)	(20)
Actuarial (gains)/losses arising from changes in financial assumptions	538	145	1,647	2,330
Actuarial (gains)/losses arising from liability experience	1,643	(104)	279	1,818
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(1,171)	(220)	(70)	(1,461)
Net Defined Benefit Liability/(Asset) at end of year	**5,651**	**598**	**10,901**	**17,150**

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**

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

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Fair value of Fund assets at beginning of the period	18,833	5,743	61,638	86,214
Less amounts assumed by the Crown - Equity Transfer June 2014	(18,304)	(5,366)	(55,853)	(79,523)
Interest income	18	13	202	233
Actual return on Fund assets less Interest income	34	20	414	468
Employer contributions	35	20	71	126
Contributions by participants	23	-	53	76
Benefits paid	(264)	(168)	(749)	(1,181)
Taxes, premiums & expenses paid	(9)	(3)	(15)	(27)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**366**	**259**	**5,761**	**6,386**

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**

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19. Superannuation

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Fair value of Fund assets at beginning of the period	51,125	10,313	63,310	124,748
Less amounts assumed by the Crown - Equity Transfer June 2014	(18,304)	(5,366)	(55,853)	(79,523)
Interest income	1,089	165	260	1,514
Actual return on Fund assets less Interest income	2,538	390	582	3,510
Employer contributions	1,171	220	71	1,462
Contributions by participants	569	-	53	622
Benefits paid	(4,817)	(757)	(337)	(5,911)
Taxes, premiums & expenses paid	(195)	80	(1)	(116)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the period	**33,176**	**5,045**	**8,085**	**46,306**

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**

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

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Present value of defined benefit obligations at beginning of the period	21,223	5,729	112,874	139,826
Less amounts assumed by the Crown - Equity Transfer June 2014	(19,898)	(5,013)	(98,661)	(123,572)
Current service cost	55	39	81	175
Interest cost	46	25	502	573
Contributions by participants	23	-	53	76
Actuarial (gains)/losses arising from changes in demographic assumptions	(1)	-	(6)	(7)
Actuarial (gains)/losses arising from changes in financial assumptions	26	19	1,280	1,325
Actuarial (gains)/losses arising from liability experience	13	(40)	(397)	(424)
Benefits paid	(264)	(168)	(749)	(1,181)
Taxes, premiums & expenses paid	(9)	(3)	(15)	(27)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the period	**1,214**	**588**	**14,962**	**16,764**

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**

19. Superannuation

CONSOLIDATED ENTITY **2015**	**SASS 2015 $'000**	**SANCS 2015 $'000**	**SSS 2015 $'000**	**TOTAL 2015 $'000**
Present value of defined benefit obligations at beginning of the period	58,343	10,821	115,341	184,505
Less amounts assumed by the Crown - Equity Transfer June 2014	(19,898)	(5,013)	(98,661)	(123,572)
Current service cost	1,390	281	81	1,752
Interest cost	1,269	192	588	2,049
Contributions by participants	569	-	53	622
Actuarial (gains)/losses arising from changes in demographic assumptions	(15)	(1)	(4)	(20)
Actuarial (gains)/losses arising from changes in financial assumptions	538	145	1,647	2,330
Actuarial (gains)/losses arising from liability experience	1,643	(104)	278	1,817
Benefits paid	(4,817)	(757)	(337)	(5,911)
Taxes, premiums & expenses paid	(195)	80	(1)	(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	**38,827**	**5,644**	**18,985**	**63,456**

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**

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

PARENT ENTITY **2015**	**SASS 2015 $'000**	**SANCS 2015 $'000**	**SSS 2015 $'000**	**TOTAL 2015 $'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 **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 **2015**	**SASS 2015 $'000**	**SANCS 2015 $'000**	**SSS 2015 $'000**	**TOTAL 2015 $'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	-	-	-	-

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2015*

19. Superannuation

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (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 2015

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	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
Total*	**40,443,180**	**21,528,802**	**13,016,411**	**5,897,967**

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**

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

As at	30-Jun-15
Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total	**100.0%**

*Additional to the assets disclosed above, at 30 June 2015 Pooled Fund has provisions for receivables/(payables) estimated to be around $1.74 billion, giving an estimated assets totalling around $42.2 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.

Department of Family and Community Services
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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 2015 of $209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund
- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of $159 million (30 June 2014: $153 million)
- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of $204 million (30 June 2014: $205 million)

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-15
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.5% pa 2015/2016 to 2018/2019, 3.5% pa 2019/2020, 3.00% pa 2021/2022 to 2024/2025 and 3.5% pa thereafter
Rate of CPI increase	2.50% pa 2015/2016; 2.75% 2016/2017 & 2017/2018 and 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report from the trustee's website. The report shows the pension mortality rates for each age.

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

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset value at 30 June 2015.

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	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	16,763,747	19,607,400	14,493,565

	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	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	16,763,747	17,995,879	15,651,742

	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$)	16,763,747	16,874,907	16,655,576

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A$)	16,763,747	16,600,320	16,937,252

Department of Family and Community Services
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19. Superannuation

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$)	63,456,285	68,451,767	59,303,510

CONSOLIDATED ENTITY	**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$)	63,456,285	65,027,604	62,037,282

CONSOLIDATED ENTITY	**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$)	63,456,285	64,235,685	62,700,464

	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**
Defined benefit obligation (A$)	63,456,285	63,247,523	63,677,925

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. No explicit asset-liability matching strategy is used by the Trustee.

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.

The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015.

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

19. Superannuation

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-15 $'000**	**SANCS 30-Jun-15 $'000**	**SSS 30-Jun-15 $'000**	**Total 30-Jun-15 $'000**
Accrued benefits	959	443	7,128	8,530
Net market value of Fund assets	(366)	(259)	(5,761)	(6,386)
Net (surplus)/deficit	593	184	1,367	2,144

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)

CONSOLIDATED ENTITY	**SASS 30-Jun-15 $'000**	**SANCS 30-Jun-15 $'000**	**SSS 30-Jun-15 $'000**	**Total 30-Jun-15 $'000**
Accrued benefits	35,086	4,779	9,044	48,909
Net market value of Fund assets	(33,176)	(5,046)	(8,085)	(46,307)
Net (surplus)/deficit	1,910	(267)	959	2,602

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)

Contribution recommendations

Recommended contribution rates for the entity are:

2015	**SASS multiple of member contribution**	**SANCS % member salary**	**SSS multiple of member contribution**
	1.9	2.5	0.0 - 0.9

2014	**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	2015	2014
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) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% pa

19. Superannuation

Expected contributions - Para 147(b)

PARENT ENTITY	2015	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Expected employer contributions		44	25	49	118

PARENT ENTITY	2014	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

CONSOLIDATED ENTITY	2015	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Expected employer contributions		1,082	220	49	1,351

CONSOLIDATED ENTITY	2014	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

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

The weighted average duration of the defined benefit obligation is 5.7 years (2014: 4.7 years).

Profit and Loss Impact

PARENT ENTITY	2015	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
Current service cost		55	39	81	175
Net interest		28	11	300	339
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		**83**	**50**	**381**	**514**

PARENT ENTITY	2014	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**

CONSOLIDATED ENTITY	2015	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
Current service cost		1,390	281	81	1,752
Net interest		180	26	328	534
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		**1,570**	**307**	**409**	**2,286**

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19. Superannuation

CONSOLIDATED ENTITY (continued) 2014	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**

Other Comprehensive Income

PARENT ENTITY 2015	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
Actuarial (gains) losses on liabilities	38	(21)	877	894
Actual return on Fund assets less Interest income	(34)	(20)	(414)	(468)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	4	(41)	463	426

PARENT ENTITY 2014	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)

CONSOLIDATED ENTITY 2015	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
Actuarial (gains) losses on liabilities	2,166	39	1,922	4,127
Actual return on Fund assets less Interest income	(2,538)	(390)	(582)	(3,510)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(372)	(351)	1,340	617

CONSOLIDATED ENTITY 2014	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)

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19. Superannuation

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

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

During the financial year ending 30 June 2015 there were no 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

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	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

21. Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date and not provided for:

	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than one year	**2,843**	5,241	**2,843**	5,241
Total (including GST)	**2,843**	5,241	**2,843**	5,241

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than one year	**90,934**	80,726	**93,522**	83,060
Later than one year but not later than five years	**133,335**	127,948	**135,076**	129,171
Later than five years	**38,180**	33,656	**38,180**	33,671
Total (including GST)	**262,449**	242,330	**266,778**	245,902

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

The commitments in (a) and (b) above are not recognised in the financial statements as liabilities. The total commitments above include input tax credits of $24.511 million (2014: $22.831 million) that are expected to be recovered from the Australian Taxation Office.

22. Contingent Liabilities and Contingent Assets

	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Contingent Liabilities				
Claims relating to children and persons in care	-	5,250	-	5,250
Other	-	562	-	562
	-	5,812	-	5,812

From 2014/15 other claims that 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 $47.8 million (2014: $34.898 million) 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 paid in 2013-14 a standing charge of $5.750 million, 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 TBS. At the end of year 5, based on agreed outcomes, FACS is expected 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 provide additional financial support to TBS in the future. A prepayment for the standing charge has been made calculated at $3.7 million (2014 $4.8 million) present value 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 $6.6 million (2014: $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. An accrual based on performance of $ 3.1 Million (2014: $1.8 million) has been made and is included at note: 16.

24. Budget Review

The following analysis is provided against the Actual 2015 compared to the Budget 2015 as shown on the financial statements.

Net Result
The consolidated actual net result was lower than budget by $74 million.

This result is primarily due to total expenses being lower than budget by $165.6 million. Main items impacting this variance are:

- Lower payments of $97.8 million for Aboriginal Housing Office grants shown as transfer payments (refer note: 3a)
- higher employee related expenses $22.3 million mainly associated with additional employee oncost for Long Service Leave ($26 million)
- lower depreciation expense $9.4 million due to timing of capitalisation and
- net lower other operating and grant payments $80.7 million associated with timing of payments between financial years

The movement in expenditure is offset by lower than budgeted revenue of $150.3 million mainly due to:

- lower consolidated funding recurrent of $122.9 million (including $98.3 million for Aboriginal Housing Office and reduce funding of $25.1 million associated with timing of grant payments)
- lower capital appropriations ($59.5 million) due to timing of capital works payments
- reduction in sales of goods and services $24.3 million
- lower revenue recovery for personnel services ($2.7 million)
- higher acceptance from the Crown Entity $26.4 million and
- additional and funding from grants $30.1 million.

The movement in expenses and revenue was offset by movements gains in disposals of $2.3 million and other gains $6.1 million mainly due to revaluation movements of $5.9 million

Assets and Liabilities
Consolidated Total Assets was above budget by $303.2 million. This increase is primarily due to:

- higher cash position of $255 million resulting from variance in opening cash of $76.7 million and higher payables associated mainly associated with accrued payments to the Commonwealth for the Home and Community Care program
- increase Land and Buildings of $57.6 million associated with revaluation increments of $60.2 million
- reduction in Intangibles $30.5 million mainly due to lower capital outlays on projects being reallocated to forward years.

Consolidated Total Liabilities where above budget by $341.9 million primarily due to:

- higher payables $311.3 million (including $299 million payable to the Commonwealth for the (Home and Community Care Care program) and
- higher provisions and other liabilities ($30.6 million).

Cash Flows
Consolidated Net Cash flow from operating activities was $114 million above budget. This was primarily due to:

- lower payments ($435 million) mainly due to higher payables ($311.3 million) and impact of the transfer payments for Aboriginal Housing Office $97.8 million
- lower receipts of $321.1 million mainly associated with net reduced recurrent appropriation funding of $220.8 million and lower capital works appropriation $59.5 million.

Net cash flow from Investing Activities was $64.4 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 2015*

	PARENT		CONSOLIDATED	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
25. Reconciliation of cash flows from operating actvities to net result				
Net cash used on operating activities	**375,465**	285,271	**379,746**	287,838
Net gain / (loss) on disposal of assets	**1,478**	(2,188)	**2,057**	(1,383)
Net gain / (loss) on revaluation of land and buildings	**5,329**	44,393	**5,926**	44,188
Net gain/ (loss) on investments	**-**	-	**2,282**	2,157
Abandoned projects	**(2,611)**	-	**(2,611)**	-
Assets recognised for the first time	**1,023**	2,802	**1,023**	2,802
Allowance for impairment	**(715)**	930	**(904)**	1,309
Depreciation and amortisation	**(86,765)**	(77,150)	**(88,113)**	(79,290)
Superannuation actuarial (gains)/losses	**426**	(2,699)	**617**	(4,251)
Finance costs	**(894)**	(829)	**(904)**	(829)
Decrease / (increase) in creditors	**(185,960)**	(145,794)	**(184,396)**	(149,504)
Decrease / (increase) in provisions	**(2,152)**	(5,715)	**(4,778)**	(7,214)
Increase / (decrease) in prepayments and other assets	**(8,063)**	(28,498)	**(8,088)**	(28,080)
Net result	**96,561**	70,523	**101,857**	67,743

26. Trust Funds

FACS holds money in miscellaneous trust funds which are used for Wards and other persons in care and for natural disasters. These monies are excluded from the financial statements as 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

Cash balance at the beginning of the financial year	**53**	52	**53**	52
Add: Receipts	**2**	1	**2**	1
Cash balance at the end of the financial year	**55**	53	**55**	53

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

Cash balance at the beginning of the financial year	**27**	93	**27**	93
Add: Receipts	**4,892**	5,501	**4,892**	5,501
Less Expenditure	**(4,747)**	(5,567)	**(4,747)**	(5,567)
Cash balance at the end of the financial year	**172**	27	**172**	27

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2015

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 2015

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	15	251,442	(1)	251,441
		406,803	(1)	406,802
Total Current Liabilities		406,803	(1)	406,802
Non-Current Liabilities				
Provisions	16	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	16	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

2015

			PARENT	CONSOLIDATED
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	8	N/A	569,059	635,524
Receivables (1)	9	Receivables (at amortised cost)	61,683	67,187
Financial assets at fair value	11	At fair value through profit or loss	-	23,846

			PARENT	CONSOLIDATED
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	16	Financial liabilities measured at amortised cost	32,067	38,762
Other liabilities	16	Financial liabilities measured at amortised cost	396,976	399,292

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

			PARENT	CONSOLIDATED
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

(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 (2015: $23.707 million; 2014: $25.374 million) and not less than 6 months past due (2015: $6.338 million; 2014: $4.631 million) are not considered impaired and together these represent 80% (2014: 84%) of the total trade debtors.

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

PARENT

	$'000	$'000	$'000
2015	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	2,934	2,924	10
3 months - 6 months overdue	591	373	218
> 6 months overdue	8,205	3,401	4,804

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

CONSOLIDATED

2015	**Total**	**Past due but not impaired**	**Considered Impaired**
< 3 months overdue	4,308	3,945	363
3 months - 6 months overdue	757	406	351
> 6 months overdue	8,781	3,454	5,327

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

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 (2015: 2.27%; 2014: 2.65%) while over the year the weighted average interest rate was (2015: 2.59%; 2014: 2.65%) on a weighted average balance during the year of (2015: $54,105; 2014: $52,698). 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 10.36%: 2014: 10.63%

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
2015	**Weighted Average Effective Interest rate**	**Nominal Amount (1)**	**Non Interest Bearing**	**< 1 year**	**1-5 years**
PARENT					
Payables:					
Payables		32,067	32,067	32,067	-
Other		396,976	396,976	396,976	-
Total Financial Liabilities		**429,043**	**429,043**	**429,043**	**-**
CONSOLIDATED					
Payables:					
Payables		38,762	38,762	38,762	-
Other		399,292	399,292	399,292	-
Total Financial Liabilities		**438,054**	**438,054**	**438,054**	**-**

28. Financial Instruments (continued)

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**	**-**

(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 2014. 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		
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
2015		**-1%**		**+1%**	
PARENT					
Financial Assets					
Cash at bank	568,648	(5,686)	(5,686)	5,686	5,686
CONSOLIDATED					
Financial Assets					
Cash at bank	635,101	(6,351)	(6,351)	6,351	6,351
Financial assets at fair value	23,846	(238)	(238)	238	238

	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
2014		**-1%**		**+1%**	
PARENT					
Financial Assets					
Cash at bank	382,541	(3,825)	(3,825)	3,825	3,825
CONSOLIDATED					
Financial Assets					
Cash at bank	444,190	(4,442)	(4,442)	4,442	4,442
Financial assets at fair value	21,564	(216)	(216)	216	216

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 2015 $'000**
Cash facility	Cash, money market instruments	Up to 1.5 years	**-**
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	**9,124**
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	**14,722**

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

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).

28. Financial Instruments (continued)

PARENT

	Change in unit price	Impact on profit/loss 2015 $'000	2014 $'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 2015 $'000	2014 $'000
Hour-Glass Investment - Cash facility	+/ - 1%	-	+/- 565
Hour-Glass Investment - Strategic cash facility		-	-
Hour-Glass Investment - Medium-term growth facility	+/ - 6%	+/- 547	+/- 510
Hour-Glass Investment - Long-term growth facility	+/ - 15%	+/- 2208	+/- 1960

(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**	**2015 Total $'000**
Financial assets at fair value				
TCorp Hour Glass Investment Facility	-	23,846	-	23,846
	-	**23,846**	**-**	**23,846**

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**

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 2015 and 30 June 2014.

29. Events after the Reporting Period

a) On 28 August 2015, the NSW Government entered into an agreement with Australian Unity to transfer the Home Care Service by early 2016. Immediately prior to transfer, all Home Care Service operations are expected to transfer to another NSW public sector agency.

On the basis the transfer of assets and liabilities is expected to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds', the transfer itself is not expected to materially impact on the financial performance of the entity. Subsequent to the transfer, employee expenses are expected to reduce. Other financial effects cannot yet be estimated.

b) An administrative restructure resulting from Administrative Arrangements (Administrative Changes—Public Service Agencies) Order 2015 will result in the following:

From 1 July 2015:

· The Office of Communities (except the Office of Aboriginal Affairs) will transfer from the Department of Education and Communities to the Department of Family and Community Services

· Women NSW will transfer from the Department of Family and Community Services to the Ministry of Health.

End of Audited Financial Statements

Consolidated annual financial statements for the year ended 30 June 2015

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Home Care Service of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Home Care Service of New South Wales (the Service), which comprise the statements of financial position as at 30 June 2015, 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 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 Service and the consolidated entity as at 30 June 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 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 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 an 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 management, 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 Service or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of the 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 roles by the possibility of losing clients or income.

Karen Taylor
Director, Financial Audit Services

18 September 2015
SYDNEY

HOME CARE SERVICE OF NSW

FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

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 2015 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 Public Finance and Audit Regulation 2015 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
16 September 2015

Denise Dawson
Chief Finance Officer
16 September 2015

Home Care Service of New South Wales

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	Parent Actual 2015 $'000	Parent Actual 2014 $'000	Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	**-**	-	**174,094**	**182,963**	176,475
Personnel services	2(a)	**174,280**	174,948	**-**		-
Other operating expenses	2(b)	**58,018**	58,776	**58,018**	**38,778**	58,776
Depreciation and amortisation	2(c)	**1,226**	2,028	**1,226**	**1,326**	2,028
Total expenses excluding losses		**233,524**	235,752	**233,338**	**223,067**	237,279
Revenue						
Sale of goods and services	3(a)	**28,838**	26,932	**28,838**	**26,688**	26,932
Investment revenue	3(b)	**4,637**	4,582	**4,637**	**5,503**	4,582
Grants and contributions	3(c)	**202,739**	200,554	**202,739**	**192,509**	200,554
Other revenue	3(d)	**1,753**	2,364	**1,753**	**567**	2,364
Total revenue		**237,967**	234,432	**237,967**	**225,267**	234,432
Gain / (loss) on disposal	4	**578**	400	**578**	**438**	400
Other gains / (losses)	5	**(304)**	(354)	**(299)**	**(191)**	(379)
Net result		**4,717**	(1,274)	**4,908**	**2,447**	(2,826)
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase / (decrease) in property, plant and equipment revaluation surplus		**(25)**	(205)	**(25)**	**-**	(205)
Superannuation actuarial gain / (loss)		**-**	-	**(191)**	**-**	1,552
Total other comprehensive income		**(25)**	(205)	**(216)**	**-**	1,347
TOTAL COMPREHENSIVE INCOME		**4,692**	(1,479)	**4,692**	**2,447**	(1,479)

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 2015

	Notes	Parent Actual 2015 $'000	Parent Actual 2014 $'000	Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000
ASSETS						
Current assets						
Cash and cash equivalents	7	**64,546**	59,628	**64,546**	**56,860**	59,628
Receivables	8	**5,161**	5,372	**5,591**	**5,042**	5,816
Total current assets		**69,707**	65,000	**70,137**	**61,902**	65,444
Non-current assets						
Financial assets at fair value	9	**23,846**	21,564	**23,846**	**24,655**	21,564
Property, plant and equipment	10					
- Land and buildings		**635**	631	**635**	**788**	631
- Plant and equipment		**439**	1,683	**439**	**2,987**	1,683
Total property, plant and equipment		**1,074**	2,314	**1,074**	**3,775**	2,314
Total non-current assets		**24,920**	23,878	**24,920**	**28,430**	23,878
Total assets		**94,627**	88,878	**95,057**	**90,332**	89,322
LIABILITIES						
Current liabilities						
Payables	12	**2,807**	4,883	**9,253**	**6,982**	10,846
Provisions	13	**36,148**	33,772	**30,132**	**25,152**	28,252
Other		**-**	-	**-**	**12**	-
Total current liabilities		**38,955**	38,655	**39,385**	**32,146**	39,098
Non-current liabilities						
Provisions	13	**9,917**	9,160	**9,917**	**10,799**	9,161
Total non-current liabilities		**9,917**	9,160	**9,917**	**10,799**	9,161
Total liabilities		**48,872**	47,815	**49,302**	**42,945**	48,259
Net assets		**45,755**	41,063	**45,755**	**47,387**	41,063
Equity						
Reserves		**372**	397	**372**	**661**	397
Accumulated funds		**45,383**	40,666	**45,383**	**46,726**	40,666
Total equity		**45,755**	41,063	**45,755**	**47,387**	41,063

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 2015

	Parent			Consolidated		
	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014	**40,666**	**397**	**41,063**	**40,666**	**397**	**41,063**
Net result for the year	**4,717**	**-**	**4,717**	**4,908**	**-**	**4,908**
Other comprehensive income:						
Net increase / (decrease) in property, plant and equipment		**(25)**	**(25)**	**-**	**(25)**	**(25)**
Superannuation actuarial gains / (losses)	**-**	**-**	**-**	**(191)**	**-**	**(191)**
Total other comprehensive income	**-**	**(25)**	**(25)**	**(191)**	**(25)**	**(216)**
Total comprehensive income for the year	**4,717**	**(25)**	**4,692**	**4,717**	**(25)**	**4,692**
Balance at 30 June 2015	**45,383**	**372**	**45,755**	**45,383**	**372**	**45,755**
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

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 2015

	Notes	Parent Actual 2015 $'000	Parent Actual 2014 $'000	Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel services		**(171,152)**	(172,497)	**-**	**(182,056)**	-
Employee related		**-**	-	**(171,048)**	**-**	(172,497)
Other		**(69,504)**	(66,093)	**(69,608)**	**(60,157)**	(66,093)
Total payments		**(240,656)**	(238,590)	**(240,656)**	**(242,213)**	(238,590)
Receipts						
Sale of goods and services		**29,979**	27,645	**29,979**	**26,497**	27,645
Interest received		**2,355**	2,365	**2,355**	**2,670**	2,365
Grants and contributions		**210,936**	209,058	**210,936**	**192,509**	209,058
Other		**1,737**	2,364	**1,737**	**21,885**	2,364
Total receipts		**245,007**	241,432	**245,007**	**243,561**	241,432
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**4,351**	2,842	**4,351**	**1,348**	2,842
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of land and buildings, plant and equipment		**696**	870	**696**	**496**	870
Purchases of land and buildings, plant and equipment		**(129)**	(400)	**(129)**	**(3,000)**	(400)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**567**	470	**567**	**(2,504)**	470
NET INCREASE / (DECREASE) IN CASH		**4,918**	3,312	**4,918**	**(1,156)**	3,312
Opening cash and cash equivalents		**59,628**	56,316	**59,628**	**58,016**	56,316
CLOSING CASH AND CASH EQUIVALENTS	7	**64,546**	59,628	**64,546**	**56,860**	59,628

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 2015

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.

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, and like transactions and other events are accounted for using uniform accounting policies.

These financial statements for the year ended 30 June 2015 have been authorised for issue by the Secretary, Department of Family and Community Services on 16 September 2015.

(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* 2015 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 except where otherwise specified.

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

The financial statements have been prepared using a going concern basis. Notwithstanding plans to transfer operations to another NSW public sector agency during the 2015-16 financial year, there are currently no legislative proposals to abolish the entity. (Further information about the plans to transfer operations appear in Note 19- Events After the Reporting Date.)

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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

1. Summary of Significant Accounting Policies (continued)

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. 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 over the period of credit.

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 2015

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 three 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. Land and building assets were fully valued by an independent valuer at 28 February 2015 and updated by indexation factors provided by the independent valuer at 30 June 2015.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximationof fair value. HCS has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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 2015

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.

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 rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards .

HCS has not entered into any finance leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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
for the year ended 30 June 2015

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.

Fair value through profit or loss - 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 under AASB139.9(b)(ii); 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.

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 2015

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 NSW 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 15/09) 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 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 2015

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 18 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) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities 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.

(l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosued in the primary financial statements is explained in Note 16.

(m) 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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

1. Summary of Significant Accounting Policies (continued)

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

i. Effective for the first time in 2014-15

The accounting policies applied in 2014-15 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 2014-15:

- AASB 10 and AASB 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures.
- AASB 1055 Budgetary Reporting

2.

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 15/03:

Standards/Interpretations	Operative Date
AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	1- Jan-18
AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers	1- Jan-17
AASB 1056 Superannuation Entities	1 -Jul-16
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1-Jan -16
AASB 2014-9 regarding equity method in separate financial statements	1-Jan -16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan -16
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1-Jan -16
AASB 2015-3 regarding materiality	1-Jul-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.

(o) 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
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2. Expenses excluding losses

(a) Employee related expenses

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Salaries and wages (including annual leave)	**-**	-	**146,501**	143,712
Superannuation - defined benefit plans	**-**	-	**1,772**	1,867
Superannuation - defined contribution plans	**-**	-	**13,125**	12,248
Long service leave	**-**	-	**3,710**	3,146
Workers' compensation insurance	**-**	-	**8,955**	15,451
Fringe benefit tax	**-**	-	**31**	51
Personnel services	**174,280**	174,948	**-**	-
	174,280	174,948	**174,094**	176,475

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:

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Auditor's remuneration				
- audit of financial statements	**171**	167	**171**	167
Shared services	**14,585**	18,069	**14,585**	18,069
Contract services	**15,173**	15,277	**15,173**	15,277
Administration expenses	**4,904**	5,151	**4,904**	5,151
Other service delivery	**1,218**	1,029	**1,218**	1,029
Insurance premiums	**297**	288	**297**	288
Travel	**12,314**	12,149	**12,314**	12,149
Operating lease rental expenses				
- minimum lease payments	**3,997**	3,780	**3,997**	3,780
Training	**5,359**	2,866	**5,359**	2,866
Consultants	**-**	-	**-**	-
	58,018	58,776	**58,018**	58,776
**Reconciliation - Total Maintenance*				
Maintenance expense - contractor labour and other (non-employee related), as above	**72**	61	**72**	61
Employee related maintenance expense included in Note 2(a)	**-**	-	**-**	-
Total maintenance expenses included in Note 2(a) and 2(b)	**72**	61	**72**	61

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

2. Expenses excluding losses (continued)

(c) Depreciation and amortisation expense

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Depreciation				
Building	**28**	30	**28**	30
Plant and equipment	**62**	135	**62**	135
Motor vehicles	**283**	824	**283**	824
Amortisation				
Leasehold improvements	**853**	1,039	**853**	1,039
	1,226	2,028	**1,226**	2,028

3. Revenue

(a) Sale of goods and services

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Home and Community Care (HACC) fees	**17,205**	15,905	**17,205**	15,905
Veterans' Home Care fees	**6,120**	6,079	**6,120**	6,079
Community Options program fees	**26**	46	**26**	46
Corporate client fees	**3,918**	3,754	**3,918**	3,754
Others	**1,569**	1,148	**1,569**	1,148
	28,838	26,932	**28,838**	26,932

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

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Interest revenue	**1,020**	604	**1,020**	604
TCorp Hour Glass Investment facilities designated as fair value through profit and loss	**3,617**	3,978	**3,617**	3,978
	4,637	4,582	**4,637**	4,582

HCS banker pays interest on the aggregate net credit daily balance of the operating bank account. The interest rate is varied by the bank in line with money market rate movements and is credited to the account on a monthly basis.

Investment income was also earned on deposits at call with the Treasury Corporation (TCorp) , where unit value is determined on a daily basis. As at 31 March 2015, these deposits were transferred to the Treasury Banking system (TBS) in line with the Treasury requirements.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

3. Revenue (continued)

(c) Grants and contributions

	Parent 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Commonwealth Grants				
Home and Community Care program	**117,087**	111,804	**117,087**	111,804
Other Commonwealth Grants	**4,862**	3,724	**4,862**	3,724
State Grants				
Community Care Support Grants	**68,046**	71,856	**68,046**	71,856
Attendant Care program	**8,795**	6,416	**8,795**	6,416
Other government grants	**3,949**	6,754	**3,949**	6,754
	202,739	200,554	**202,739**	200,554

(d) Other revenue

Sundry income	**1,753**	2,364	**1,753**	2,364
	1,753	2,364	**1,753**	2,364

4. Gain / (loss) on disposal

Gain/(loss) on disposal of plant and equipment				
Proceeds from disposal	**696**	870	**696**	870
Less: Written down value of assets	**(118)**	(470)	**(118)**	(470)
Net gain/(loss) on disposal	**578**	400	**578**	400

5. Other gains / (losses)

Gain/(loss) on impairment of receivables	**(304)**	(354)	**(299)**	(379)
Other gains / (losses)	**(304)**	(354)	**(299)**	(379)

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 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Cash at bank and on hand	**64,546**	5,098	**64,546**	5,098
Short-term deposits	**-**	54,530	**-**	54,530
	64,546	59,628	**64,546**	59,628

As at 31 March 2015,short term deposits with TCorp were transferred to TBS in line with the Treasury requirements.

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)	**64,546**	59,628	**64,546**	59,628
Closing cash and cash equivalents (per statement of cash flows)	**64,546**	59,628	**64,546**	59,628

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – receivables

	Parent 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Sale of goods and services	**6,015**	6,061	**6,418**	6,484
Less: allowance for impairment	**(872)**	(915)	**(1,009)**	(1,123)
Prepayments	**-**	-	**-**	-
Sundry debtors	**18**	226	**182**	455
	5,161	5,372	**5,591**	5,816

Movement in allowance for impairment				
Balance at 1 July	**915**	869	**1,123**	1,059
Amounts written off during the year	**(237)**	(244)	**(303)**	(251)
Amounts recovered during the year	**-**	-	**-**	-
Increase/(decrease) in allowance recognised in profit or loss	**194**	290	**189**	315
Balance at 30 June	**872**	915	**1,009**	1,123

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

9. Non-current assets – financial assets at fair value

	Parent 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
TCorp Hour-Glass Investment facilities				
Medium-Term Growth Facility Trust	**9,124**	8,498	**9,124**	8,498
Long-Term Growth Facility Trust	**14,722**	13,066	**14,722**	13,066
	23,846	21,564	**23,846**	21,564

Refer to Note 18 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 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
At 30 June 2015 - fair value						
Gross carrying amount	635	6,156	248	714	1,561	9,314
Accumulated depreciation	-	(5,972)	(248)	(694)	(1,326)	(8,240)
Net carrying amount	**635**	**184**	**-**	**20**	**235**	**1,074**

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 2015	Land and buildings $'000	Leasehold improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Net carrying amount at start of year	631	967	1	79	636	2,314
Additions	57	70	-	2	-	129
Disposals	-	-	-	-	(118)	(118)
Depreciation expense	(28)	(853)	(1)	(61)	(283)	(1,226)
Net revaluation decrements	(25)	-	-	-	-	(25)
Net carrying amount at end of year	**635**	**184**	**-**	**20**	**235**	**1,074**

Asset under construction (AUC) values are included in the asset balances recorded in the above table. In 2015, the AUC included in land and building of Nil (2014: $83k); leasehold improvements of Nil (2014: $188K).

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
for the year ended 30 June 2015

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 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 previous 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 at start of year	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 decrements	(205)	-	-	-	-	(205)
Net carrying amount at end of year	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 of $83k (2013: $10k); leasehold improvements of $188k (2013: $250K).

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

11. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Consolidated and Parent 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Property, plant and equipment (Note 10)				
Land and buildings	**-**	**635**	**-**	**635**
	-	**635**	**-**	**635**

Consolidated and Parent 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment (Note 10)				
Land and buildings	**-**	**631**	**-**	**631**
	-	**631**	**-**	**631**

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

(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
Notes to and forming part of the financial statements
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12. Current liabilities - payables

	Parent 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Accrued salaries, wages and on-costs	**-**	-	**6,347**	5,846
Creditors	**2,795**	4,847	**2,868**	4,962
Other creditors	**12**	36	**38**	38
	2,807	4,883	**9,253**	10,846

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 18.

13. Current/non-current liabilities - provisions

	Parent 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Current				
Employee benefits and related on-costs				
Annual leave	**-**	-	**13,586**	13,400
Long service leave	**-**	-	**15,699**	14,162
Personnel services liability	**35,301**	33,082	**-**	-
	35,301	33,082	**29,285**	27,562
Other provisions				
Provision for make good	**847**	690	**847**	690
	847	690	**847**	690
Total current	**36,148**	33,772	**30,132**	28,252
Non-current				
Employee benefits and related on-costs				
Long service leave	**-**	-	**2,820**	2,537
Personnel services liability	**9,591**	8,682	**-**	-
Superannuation	**-**	-	**6,771**	6,146
	9,591	8,682	**9,591**	8,683
Other provisions				
Provision for make good	**326**	478	**326**	478
	326	478	**326**	478
Total non-current	**9,917**	9,160	**9,917**	9,161
Total provisions	**46,065**	42,932	**40,049**	37,413
Aggregate employee benefits and related on-costs				
Provisions - current	**35,301**	33,082	**29,285**	27,562
Provisions - non-current	**9,591**	8,682	**9,591**	8,683
Accrued salaries, wages and on-costs (note 12)	**-**	-	**6,347**	5,846
	44,892	41,764	**45,223**	42,091
Movements in provisions (other than employee benefits)				
Carrying amount at the beginning of financial year	**1,168**	1,105	**1,168**	1,105
Additional provisions recognised	**-**	162	**-**	162
Amounts used	**(5)**	(39)	**(5)**	(39)
Change in discount rate	**10**	(60)	**10**	(60)
Carrying amount at the end of financial year	**1,173**	1,168	**1,173**	1,168

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

Home Care Service of New South Wales
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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 2015 $'000	Parent 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Short-term				
Annual leave	-	-	11,076	11,851
Long service leave	-	-	7,368	6,806
	-	**-**	**18,444**	18,657
Long-term				
Annual leave	-	-	2,510	1,549
Long service leave	-	-	8,331	7,356
	-	**-**	**10,841**	8,905

Annual and Long Service Leave

Employee entitlements for annual leave and long service leave amounting to $32.1m (30 June 2014: $30.1m) are partially funded by investments of $23.8m (30 June 2014: $21.6m) in the TCorp Hour-Glass Investment Facility (Note 9) with the balance reflected in working capital.

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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)

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. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

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.

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 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Net Defined Benefit Liability/(Asset) at start of year	**4,829**	5,802	**521**	777	**795**	704	**6,145**	7,283
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Net Interest on the net defined benefit liability/(asset)	**152**	197	**15**	25	**28**	27	**195**	249
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/losses arising from settlements	**-**	-	**-**	-	**-**	-	**-**	-
Actual return on Fund assets less Interest income	**(2,504)**	(4,078)	**(370)**	(395)	**(168)**	(25)	**(3,042)**	(4,498)
Actuarial (gains)/losses arising from changes in demographic assumptions	**(14)**	-	**(1)**	-	**2**	-	**(13)**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**512**	605	**126**	157	**367**	85	**1,005**	847
Actuarial (gains)/losses arising from liability experience	**1,630**	2,159	**(64)**	(47)	**675**	(13)	**2,241**	2,099
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Employer contributions	**(1,136)**	(1,233)	**(201)**	(220)	**-**	-	**(1,337)**	(1,453)
Net Defined Benefit Liability/(Asset) at end of year	**4,804**	4,829	**268**	521	**1,699**	795	**6,771**	6,145

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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
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Fair value of Fund assets at beginning of the year	**32,292**	31,109	**4,571**	4,422	**1,671**	1,552	**38,534**	37,083
Interest income	**1,071**	1,071	**152**	152	**58**	58	**1,281**	1,281
Actual return on Fund assets less Interest income	**2,504**	4,078	**370**	395	**168**	25	**3,042**	4,498
Employer contributions	**1,136**	1,233	**201**	220	**-**	-	**1,337**	1,453
Contributions by participants	**546**	588	**-**	-	**-**	6	**546**	594
Benefits paid	**(4,553)**	(5,611)	**(589)**	(598)	**412**	(114)	**(4,730)**	(6,323)
Taxes, premiums & expenses paid	**(186)**	(176)	**83**	(20)	**13**	144	**(90)**	(52)
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**32,810**	32,292	**4,788**	4,571	**2,322**	1,671	**39,920**	38,534

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

Reconciliation of the Defined Benefit Obligation

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Present value of defined benefit obligations at beginning of the year	**37,120**	36,910	**5,093**	5,199	**2,466**	2,256	**44,679**	44,365
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Interest cost	**1,223**	1,268	**167**	178	**86**	85	**1,476**	1,531
Contributions by participants	**546**	588	**-**	-	**-**	6	**546**	594
Actuarial (gains)/losses arising from changes in demographic assumptions	**(14)**	-	**(1)**	-	**2**	-	**(13)**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**512**	605	**126**	157	**367**	85	**1,005**	847
Actuarial (gains)/losses arising from liability experience	**1,630**	2,159	**(64)**	(47)	**675**	(13)	**2,241**	2,099
Benefits paid	**(4,553)**	(5,611)	**(589)**	(598)	**412**	(114)	**(4,730)**	(6,323)
Taxes, premiums & expenses paid	**(186)**	(176)	**83**	(20)	**13**	144	**(90)**	(52)
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**37,613**	37,120	**5,057**	5,093	**4,021**	2,466	**46,691**	44,679

Reconciliation of the effect of the Asset Ceiling

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
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	**-**	-	**-**	-	**-**	-	**-**	-

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.

	2015 Total ($'000)	**2015 Quoted prices in active markets for identical assets Level 1 ($'000)**	**2015 Significant observable inputs Level 2 ($'000)**	**2015 Unobservable inputs Level 3 ($'000)**	2014 Total ($000)	2014 Quoted prices in active markets for identical assets Level 1 ($000)	2014 Significant observable inputs Level 2 ($000)	2014 Unobservable inputs Level 3 ($000)
Short Term Securities	**2,642**	**96**	**2,546**	**-**	2,453	1,573	880	-
Australian Fixed Interest	**2,657**	**1**	**2,639**	**17**	2,365	11	2,354	-
International Fixed Interest	**1,004**	**-**	**1,004**	**-**	881	-	881	-
Australian Equities	**10,407**	**9,899**	**504**	**4**	11,739	11,495	241	3
International Equities	**13,111**	**9,963**	**2,585**	**563**	10,954	8,173	2,781	-
Property	**3,452**	**948**	**718**	**1,786**	3,273	894	692	1,687
Alternatives	**7,170**	**622**	**3,020**	**3,528**	6,329	565	4,897	867
Total*	**40,443**	**21,529**	**13,016**	**5,898**	37,992	22,710	12,726	2,556

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

	June 2015	June 2014
Short Term Securities	**6.5%**	6.5%
Australian Fixed Interest	**6.6%**	6.2%
International Fixed Interest	**2.5%**	2.3%
Australian Equities	**25.7%**	30.9%
International Equities	**32.4%**	28.8%
Property	**8.6%**	8.6%
Cash	**-**	-
Alternatives	**17.7%**	16.7%
Total	**100.0%**	100.0%

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

*Additional to the assets disclosed above, at 30 June 2015 Pooled Fund has provisions for receivables/(payables) estimated to be around $1.7 billion, giving an estimated assets totalling around $42.2 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 2015 of $209.2 million in NSW government bonds.
Of the direct properties owned by the Pooled Fund:
- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of $159 million (30 June 2014: $153 million).
- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of $204 million (30 June 2014: $205 million).

Significant Actuarial Assumptions at the Reporting Date

	June 2015	June 2014
Discount rate	**3.03% pa**	3.57% pa
Salary increase rate (excluding promotional increases)	**2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter**	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	**2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018;**	2.5% pa

Home Care Service of New South Wales
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	2.50% pa thereafter	
Pensioner mortality	**The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.**	as per the 2012 Actuarial Investigation of the Pooled Fund

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

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

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.

	2015	**2015**	**2015**	2014	2014	2014
	Base Case	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.03%	2.03%	4.03%	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**46,691**	**48,844**	**44,810**	44,679	46,342	43,193
	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	0.0%	above rates plus 0.5% pa	above rates less 0.5% pa	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**46,691**	**47,032**	**46,386**	44,679	44,884	44,493
	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation ($'000)	46,691	47,361	46,045	44,679	45,262	44,115
	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation ($'000)	46,691	46,647	46,741	44,679	44,654	44,706

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.

The next triennial review is as at 30 June 2015, the report is expected to be released by the end of 2015.

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 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Accrued benefits	**34,127**	34,130	**4,337**	4,454	**1,915**	1,353	**40,379**	39,937
Net market value of fund assets	**(32,810)**	(32,292)	**(4,788)**	(4,571)	**(2,322)**	(1,671)	**(39,920)**	(38,534)
Net (surplus)/deficit	**1,317**	1,838	**(451)**	(117)	**(407)**	(318)	**459**	1,403

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%**	**-**

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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 2015	June 2014
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) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Expected contributions

	SASS 2015 $'000	SASS 2014 $'000	SANCS 2015 $'000	SANCS 2014 $'000	SSS 2015 $'000	SSS 2014 $'000	Total 2015 $'000	Total 2014 $'000
Expected employer contributions	**1,038**	1,118	**195**	208	**-**	9	**1,233**	1,335

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 5.7 (2014:4.7) years.

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

Profit and Loss Impact

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Net interest	**152**	197	**15**	25	**28**	27	**195**	249
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**1,487**	**1,574**	**257**	**249**	**28**	**44**	**1,772**	1,867

Other Comprehensive Income

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Actuarial (gains) losses on liabilities	**2,128**	2,763	**60**	110	**1,045**	73	**3,233**	2,946
Actual return on Fund assets less Interest income	**(2,504)**	(4,078)	**(370)**	(395)	**(168)**	(25)	**(3,042)**	(4,498)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Total remeasurement in Other Comprehensive Income	**(376)**	**(1,315)**	**(310)**	**(285)**	**877**	**48**	**191**	(1,552)

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14. Commitments for expenditure

	Parent 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	**2,588**	2,334	**2,588**	2,334
Later than one year and not later than five years	**1,741**	1,223	**1,741**	1,223
Later than five years	**-**	15	**-**	15
Total (including GST)	**4,329**	3,572	**4,329**	3,572

Operating lease commitments represent the unexpired portion of office accommodation property leases with state and local 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 $0.4m (2014: $0.3m) that are expected to be recoverable from the Australian Taxation Office.

HCS does not have any capital commitments as at 30 June 2015 (2014:Nil).

15. Contingent assets and contingent liabilities

HCS has no contingent liabilities and contingent assets at 30 June 2015 (2014: $NIL).

16. Budget Review

Net result

The net result at a surplus of $4.9m was higher than budget by $2.5m primarily driven by a $12.7m increase in revenue, mainly due to:

- $10.2m higher than budget grant funding
- $2.2m increase in sale of goods and services

Higher than budget expenses ($10.3m) partially offset the increase in revenue. The increase was primarily due to higher than budget other operating expenses offset by lower employee related expenses.

Assets and liabilities

Total assets at $95.1m were above budget by $4.7m. The increase is primarily due to higher cash and cash equivalent balance ($7.7m) which resulted from a higher than budgeted opening cash balance ($1.6m), lower than budgeted capital expenditure payments ($2.9m) and higher payables at 30 June 2015 ($2.3m).Offsetting the higher cash balances is a lower than budgeted property plant and equipment balance ($2.7m) mainly as a result of the lower than budget capital expenditure.
Total liabilities at $49.3m were above budget by $6.4m, mainly due to higher than budgeted payables ($2.3m) and higher provisions,primarily leave related ($4.1m).

Home Care Service of New South Wales
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16. Budget Review (continued)

Cash flows

The net increase in cash in 2014/15 was $6.1m above budget.This is mainly due to higher than budgeted opening cash balance ($1.6m),lower than budgeted cash outflow on investing activities as a result of the lower than budgeted capital expenditure ($2.9m) and higher than budgeted cash inflow from operating activities (3.0m). As result closing cash is $7.7m 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 2015 $'000	Parent 2014 $'000	**Consolidated 2015 $'000**	Consolidated 2014 $'000
Net cash used on operating activities	**4,351**	2,842	**4,351**	2,842
Depreciation	**(1,226)**	(2,028)	**(1,226)**	(2,028)
Allowance for impairment	**43**	(46)	**114**	(315)
Gain/(loss) on investments	**2,282**	2,157	**2,282**	2,157
Decrease/(increase) in provisions	**(3,123)**	(2,414)	**(2,626)**	(1,337)
Increase/(decrease) in prepayments and other assets	**(254)**	95	**(339)**	422
Decrease/(increase) in creditors	**2,076**	(2,340)	**1,593**	(3,475)
Net gain/(loss) on sale of plant and equipment	**578**	400	**578**	400
Assets recognised for the first time	**-**	-	**-**	-
Unwinding of discount on makegood provision	**(10)**	60	**(10)**	60
Superannuation actuarial (gains)/losses	**-**	-	**191**	(1,552)
Net result	**4,717**	(1,274)	**4,908**	(2,826)

Home Care Service of New South Wales
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18. Financial instruments

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

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

The Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management procedures are established to identify and analyse the risks faced by HCS, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Executive on a continual basis.

(a) Financial instrument categories

Parent

Financial assets	**Note**	**Category**	**Carrying amount 2015 $'000**	Carrying amount 2014 $'000
Class:				
Cash and cash equivalents	7	N/A	**64,546**	59,628
Receivables[1]	8	Loans and receivables (at amortised cost)	**5,161**	5,148
Financial assets at fair value	9	At fair value through profit or loss	**23,846**	21,564

Financial liabilities	**Note**	**Category**	**Carrying amount 2015 $'000**	Carrying amount 2014 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	**2,795**	4,847

Consolidated

Financial assets	**Note**	**Category**	**Carrying amount 2015 $'000**	Carrying amount 2014 $'000
Class:				
Cash and cash equivalents	7	N/A	**64,546**	59,628
Receivables[1]	8	Loans and receivables (at amortised cost)	**5,591**	5,591
Financial assets at fair value	9	At fair value through profit or loss	**23,846**	21,564

Financial liabilities	**Note**	**Category**	**Carrying amount 2015 $'000**	Carrying amount 2014 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	8,172	9,891

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).

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18. 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 TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph 18(d) below.

Receivables

All debtors are recognised as amounts receivable at balance date. Collectability of 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 debtors. Sales are made on 30 day terms.

HCS is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due (2015: $2.4m; 2014: $1.9m) and less than 6 months past due (2015: $1.1m; 2014: $1.7m) are not considered impaired and together these represent 76.2% (2014: 80.2%) of the total 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' and 'sundry debtors' in the 'receivables' category of the statement of financial position.

Parent	**Total[1,2]** $'000	**Past due but not impaired[1,2]** $'000	**Considered impaired[1,2]** $'000
2015			
< 3 months overdue	**1,374**	**1,021**	**353**
3 months - 6 months overdue	**166**	**33**	**133**
> 6 months overdue	**413**	**27**	**386**
2014			
< 3 months overdue	1,869	1,686	183
3 months - 6 months overdue	191	47	144
> 6 months overdue	588	-	588

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18. Financial instruments (continued)

Consolidated	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2015			
< 3 months overdue	**1,374**	**1,021**	**353**
3 months - 6 months overdue	**166**	**33**	**133**
> 6 months overdue	**576**	**53**	**523**
2014			
< 3 months overdue	1,869	1,686	183
3 months - 6 months overdue	191	47	144
> 6 months overdue	588	-	588

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 the financial year was $Nil (2014:$0.4k).

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

	2015 $'000	2014 $'000
Corporate card	**400**	400

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

18. 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[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2015								
Payables	**N/A**	**2,795**	**-**	**-**	**2,795**	**2,795**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2,795	**-**	**-**	**2,795**	**2,795**	**-**	**-**
2014								
Payables	N/A	4,847	-	-	4,847	4,847	-	-
Accrued Salaries, Wages and On-costs	N/A	-	-	-	-	-	-	-
		4,847	-	-	4,847	4,847	-	-

			$'000					
			Interest rate exposure			Maturity dates		
Consolidated	**Weighted average effective int. rate**	**Nominal amount[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2015								
Payables	**N/A**	**2,724**	**-**	**-**	**2,724**	**2,724**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**5,448**	**-**	**-**	**5,448**	**5,448**	**-**	**-**
		8,172	**-**	**-**	**8,172**	**8,172**	**-**	**-**
2014								
Payables	N/A	4,949	-	-	4,949	4,949	-	-
Accrued Salaries, Wages and On-costs	N/A	4,942	-	-	4,942	4,942	-	-
		9,891	-	-	9,891	9,891	-	-

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
for the year ended 30 June 2015

18. 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 2014. 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	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2015					
Financial assets					
Cash and cash equivalents	**64,534**	**(645)**	**(645)**	**645**	**645**
Receivables	**2,795**	**-**	**-**	**-**	**-**
Financial assets at fair value	**23,846**	**(238)**	**(238)**	**238**	**238**
Financial liabilities					
Payables	**2,795**	**-**	**-**	**-**	**-**
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	-	-	-	-

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

18. Financial instruments (continued)

Consolidated		-1%		+1%	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
2015					
Financial assets					
Cash and cash equivalents	**64,534**	**(645)**	**(645)**	**645**	**645**
Receivables	**5,591**	**-**	**-**	**-**	**-**
Financial assets at fair value	**23,846**	**(238)**	**(238)**	**238**	**238**
Financial liabilities					
Payables	**8,172**	**-**	**-**	**-**	**-**
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	-	-	-	-

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	2015 $'000	2014 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years	-	54,530
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years	**9,124**	8,498
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	7 years and over	**14,722**	13,066

As at 31 March 2015,short term deposits with TCorp were transferred to the Treasury Banking system (TBS) in line with the Treasury requirements.

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.

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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2015

18. 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	
			2015	2014
			$'000	$'000
Hour Glass Investment - Cash facility	**-**	**+/- 1%**	**+/- 0**	+/- 545
Hour Glass Investment - Medium-term growth facility	**9,124**	**+/- 6%**	**+/- 547**	+/- 510
Hour Glass Investment - Long-term growth facility	**14,722**	**+/- 15%**	**+/- 2208**	+/- 1960

(e) Fair value measurement

i. Fair value compared to carrying amount

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

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

ii. Fair value recognised in the statement of financial position

	Level 1	Level 2	Level 3	2015 Total
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
TCorp Hour-Glass Investment facility	**-**	**23,846**	**-**	**23,846**
				2014
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets at fair value				
TCorp Hour-Glass Investment facility	-	76,094	-	76,094

There were no transfers between level 1 and 2 during the period ended 30 June 2015 (2014: 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.

19. Events after the reporting date

On 28 August 2015, the NSW Government entered into an agreement with Australian Unity to transfer the Home Care Service by early 2016. Immediately prior to transfer, all operations are expected to transfer to another NSW public sector agency. The transfer of assets and liabilities is expected to be treated as contributions by owners and recognised as an adjustment to ‘Accumulated Funds’. After the date of transfer, the entity is expected to cease operations. There are currently no legislative proposals to abolish the entity so it remains a going concern.

End of audited financial statements

Annual financial statements for the year ended 30 June 2015

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 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2015, 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 *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 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 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 an 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 that are 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 management, 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 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.

Karen Taylor
Director, Financial Audit Services

18 September 2015
SYDNEY

HOME CARE SERVICE STAFF AGENCY

YEAR ENDED 30 JUNE 2015

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 2015 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 Public Finance and Audit Regulation 2015 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
16 September 2015

Denise Dawson
Chief Finance Officer
16 September 2015

Home Care Service Staff Agency
Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Expenses excluding losses			
Operating expenses			
Employee related	2	**174,094**	176,476
Total expenses excluding losses		**174,094**	176,476
Revenue			
Personnel services	3	**174,280**	174,949
Total revenue		**174,280**	174,949
Other gains / (losses)	4	**5**	(25)
Net result		**191**	(1,552)
Other comprehensive income			
Superannuation actuarial gains/(losses)		**(191)**	1,552
Total other comprehensive income		**(191)**	1,552
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 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Assets			
Current assets			
Receivables	6	**35,731**	33,525
Total current assets		**35,731**	33,525
Non-current assets			
Receivables	6	**9,591**	8,682
Total non-current assets		**9,591**	8,682
Total assets		**45,322**	42,207
Liabilities			
Current liabilities			
Payables	7	**6,437**	5,950
Provisions	8	**29,294**	27,575
Total current liabilities		**35,731**	33,525
Non-current liabilities			
Provisions	8	**9,591**	8,682
Total non-current liabilities		**9,591**	8,682
Total liabilities		**45,322**	42,207
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 2015

	Accumulated Funds $'000	Total Equity $'000
Balance at 1 July 2014	**-**	**-**
Net result for the year	**191**	**191**
Other comprehensive income:		
Superannuation actuarial gains/(losses)	**(191)**	**(191)**
Total other comprehensive income	**(191)**	**(191)**
Total comprehensive income for the year	**-**	**-**
Balance at 30 June 2015	**-**	**-**
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	-	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Cash Flows
for the year ended 30 June 2015

	Actual 2015 $'000	Actual 2014 $'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 2015

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 2015 have been authorised for issue by the Secretary, Department of Family and Community Services on 16 September 2015.

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 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

c. Statement of compliance

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

d. Insurance

HCS 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.

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.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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.

i. Rendering of services

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. 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.

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 agency has not retained control.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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 or cancelled or expires.

h. Liabilities

i. Payables

Payables include accrued wages, salaries and related on-costs where there is certainty as to the amount and timing of settlement. These amounts represent liabilities for goods and services provided to HCS 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 an approach using nominal annual leave plus annual leave on the nominal 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 15/09) 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 2015

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 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.

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

i. Effective for the first time in 2014-15

The accounting policies applied in 2014-15 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 2014-15.

- AASB 10 and AASB 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures.
- AASB 1055 Budgetary Reporting

ii. Issued but not yet effective

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

1. Summary of Significant Accounting Policies (continued)

The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 15/03:

Standards/Interpretations	Operative Date
AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	1- Jan-18
AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers	1- Jan-17
AASB 1056 Superannuation Entities	1 -Jul-16
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1-Jan -16
AASB 2014-9 regarding equity method in separate financial statements	1-Jan -16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan -16
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1-Jan -16
AASB 2015-3 regarding materiality	1-Jul-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.

a. 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 2015

2. Expenses Excluding Losses

	2015 $'000	2014 $'000
Salaries and wages (including annual leave)	**146,501**	143,712
Defined benefit superannuation	**1,772**	1,868
Defined contribution superannuation	**13,125**	12,248
Long service leave	**3,710**	3,146
Workers' compensation insurance	**8,955**	15,451
Fringe benefit tax	**31**	51
	174,094	176,476

3. Revenue

Revenue from personnel services	**174,280**	174,949
	174,280	174,949

HCS Staff Agency provides personnel services to HCS at cost.

4. Other Gains/(Losses)

Doubtful debts expense	**5**	(25)
	5	(25)

5. Service Groups of the Entity

HCS Staff Agency’s sole purpose is to provide personnel services to HCS.Accordingly, Service Group classifications are not applicable.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

6. Current/Non-Current – Receivables

	2015 $'000	2014 $'000
Current		
Personnel services receivable	**35,301**	33,082
Workers' compensation debtor	**403**	423
Sundry debtors	**164**	228
Less: Allowance for impairment	**(137)**	(208)
Total Current	**35,731**	33,525
Non current		
Personnel services receivable	**9,591**	8,682
Total Non-Current	**9,591**	8,682
Total Receivables	**45,322**	42,207

	2015 $'000	2014 $'000
Movements in the allowance for impairment		
Balance at 1 July	**208**	190
Amounts written off during the year	**(66)**	(7)
Amounts recovered during the year		-
Increase / (decrease) in allowance recognised in profit or loss	**(5)**	25
Balance at 30 June	**137**	208

7. Current Liabilities – Payables

	2015 $'000	2014 $'000
Accrued salaries, wages and on-costs	**5,448**	4,942
Payable to Australian Taxation Office - PAYG	**899**	903
Other payables	**90**	105
Total	**6,437**	5,950

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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8. Current/Non-Current Liabilities – Provisions

	2015	2014
	$'000	$'000
Current		
Employee Benefit and Related on-costs		
Annual leave	**13,586**	13,400
Long service leave	**15,699**	14,162
Fringe Benefit Tax	**9**	13
Total Current	**29,294**	27,575
Non-current		
Employee Benefit and Related on-costs		
Long service leave	**2,820**	2,537
Superannuation	**6,771**	6,145
Total Non-Current	**9,591**	8,682
Total Provisions	**38,885**	36,257
Aggregate employee benefits and related on-costs		
Provisions - current	**29,294**	27,575
Provisions - non-current	**9,591**	8,682
Accrued salaries, wages and on-costs (Note 7)	**5,448**	4,942
	44,333	41,199

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:

Short-term		
Annual leave	**11,076**	11,851
Long service leave	**7,368**	6,806
	18,444	18,657
Long-term		
Annual leave	**2,510**	1,549
Long service leave	**8,331**	7,356
	10,841	8,905

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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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. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

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 2015

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 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Net Defined Benefit Liability/(Asset) at start of year	**4,829**	5,802	**521**	777	**795**	704	**6,145**	7,283
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Net Interest on the net defined benefit liability/(asset)	**152**	197	**15**	25	**28**	27	**195**	249
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/losses arising from settlements	**-**	-	**-**	-	**-**	-	**-**	-
Actual return on Fund assets less Interest income	**(2,504)**	(4,078)	**(370)**	(395)	**(168)**	(25)	**(3,042)**	(4,498)
Actuarial (gains)/losses arising from changes in demographic assumptions	**(14)**	-	**(1)**	-	**2**	-	**(13)**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**512**	605	**126**	157	**367**	85	**1,005**	847
Actuarial (gains)/losses arising from liability experience	**1,630**	2,159	**(64)**	(47)	**675**	(13)	**2,241**	2,099
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Employer contributions	**(1,136)**	(1,233)	**(201)**	(220)	**-**	-	**(1,337)**	(1,453)
Net Defined Benefit Liability/(Asset) at end of year	**4,804**	4,829	**268**	521	**1,699**	795	**6,771**	6,145

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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

Reconciliation of the Fair Value of Fund Assets

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Fair value of Fund assets at beginning of the year	**32,292**	31,109	**4,571**	4,422	**1,671**	1,552	**38,534**	37,083
Interest income	**1,071**	1,071	**152**	152	**58**	58	**1,281**	1,281
Actual return on Fund assets less Interest income	**2,504**	4,078	**370**	395	**168**	25	**3,042**	4,498
Employer contributions	**1,136**	1,233	**201**	220	**-**	-	**1,337**	1,453
Contributions by participants	**546**	588	**-**	-	**-**	6	**546**	594
Benefits paid	**(4,553)**	(5,611)	**(589)**	(598)	**412**	(114)	**(4,730)**	(6,323)
Taxes, premiums & expenses paid	**(186)**	(176)	**83**	(20)	**13**	144	**(90)**	(52)
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**32,810**	32,292	**4,788**	4,571	**2,322**	1,671	**39,920**	38,534

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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

Reconciliation of the Defined Benefit Obligation

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Present value of defined benefit obligations at beginning of the year	**37,120**	36,910	**5,093**	5,199	**2,466**	2,256	**44,679**	44,365
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Interest cost	**1,223**	1,268	**167**	178	**86**	85	**1,476**	1,531
Contributions by participants	**546**	588	**-**	-	**-**	6	**546**	594
Actuarial (gains)/losses arising from changes in demographic assumptions	**(14)**	-	**(1)**	-	**2**	-	**(13)**	-
Actuarial (gains)/losses arising from changes in financial assumptions	**512**	605	**126**	157	**367**	85	**1,005**	847
Actuarial (gains)/losses arising from liability experience	**1,630**	2,159	**(64)**	(47)	**675**	(13)	**2,241**	2,099
Benefits paid	**(4,553)**	(5,611)	**(589)**	(598)	**412**	(114)	**(4,730)**	(6,323)
Taxes, premiums & expenses paid	**(186)**	(176)	**83**	(20)	**13**	144	**(90)**	(52)
Transfers in	**-**	-	**-**	-	**-**	-	**-**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**37,613**	37,120	**5,057**	5,093	**4,021**	2,466	**46,691**	44,679

Reconciliation of the effect of the Asset Ceiling

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
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
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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.

	2015 Total ($'000)	**2015** Quoted prices in active markets for identical assets Level 1 ($'000)	**2015** Significant observable inputs Level 2 ($'000)	**2015** Unobservable inputs Level 3 ($'000)	2014 Total ($'000)	2014 Quoted prices in active markets for identical assets Level 1 ($'000)	2014 Significant observable inputs Level 2 ($'000)	2014 Unobservable inputs Level 3 ($'000)
Short Term Securities	**2,642**	**96**	**2,546**	**-**	2,453	1,573	880	-
Australian Fixed Interest	**2,657**	**1**	**2,639**	**17**	2,365	11	2,354	-
International Fixed Interest	**1,004**	**-**	**1,004**	**-**	881	-	881	-
Australian Equities	**10,407**	**9,899**	**504**	**4**	11,739	11,495	241	3
International Equities	**13,111**	**9,963**	**2,585**	**563**	10,954	8,173	2,781	-
Property	**3,452**	**948**	**718**	**1,786**	3,273	894	692	1,687
Alternatives	**7,170**	**622**	**3,020**	**3,528**	6,329	565	4,897	867
Total*	**40,443**	**21,529**	**13,016**	**5,898**	37,992	22,710	12,726	2,556

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

	June 2015	June 2014
Short Term Securities	**6.5%**	6.5%
Australian Fixed Interest	**6.6%**	6.2%
International Fixed Interest	**2.5%**	2.3%
Australian Equities	**25.7%**	30.9%
International Equities	**32.4%**	28.8%
Property	**8.6%**	8.6%
Cash	**-**	-
Alternatives	**17.7%**	16.7%
Total	**100.0%**	100.0%

Home Care Service Staff Agency
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8. Current/Non-Current Liabilities – Provisions (continued)

*Additional to the assets disclosed above, at 30 June 2015 Pooled Fund has provisions for receivables/(payables) estimated to be around $1.7 billion, giving an estimated assets totalling around $42.2 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 2015 of $209.2 million in NSW government bonds.

Significant Actuarial Assumptions at the Reporting Date

	June 2015	June 2014
Discount rate	**3.03% pa**	3.57% pa
Salary increase rate (excluding promotional increases)	**2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter**	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	**2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter**	2.5% pa

Home Care Service Staff Agency
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Pensioner mortality	**The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age**	as per the 2012 Actuarial Investigation of the Pooled Fund

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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8. Current/Non-Current Liabilities – Provisions (continued)

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

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.

	2015	**2015**	**2015**	2014	2014	2014
	Base Case	**Scenario A**	**Scenario B**	Base Case	Scenario A	Scenario B
		+0.0% discount rate	**-0.0% discount rate**		+1.0% discount rate	-1.0% discount rate
Discount rate	3.03%	2.03%	4.03%	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**46,691**	**48,844**	**44,810**	44,679	46,342	43,193
	Base Case	**Scenario C**	**Scenario D**	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	**-0.5% rate of CPI increase**		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase		above rates plus 0.5% pa	above rates less 0.5% pa	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**46,691**	**47,032**	**46,386**	44,679	44,884	44,493
	Base Case	**Scenario E**	**Scenario F**	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	**-0.5% salary increase rate**		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation ($'000)	46,691	47,361	46,045	44,679	45,262	44,115
	Base Case	**Scenario G**	**Scenario H**	Base Case	Scenario G	Scenario H
		+5% pensioner mortality rates	**-5% pensioner mortality rates**		+5% pensioner mortality rates	-5% pensioner mortality rates
Defined benefit obligation ($'000)	46,691	46,647	46,741	44,679	44,654	44,706

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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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.

The next triennial review is as at 30 June 2015, the report is expected to be released by the end of 2015.

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 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Accrued benefits	**34,127**	34,130	**4,337**	4,454	**1,915**	1,353	**40,379**	39,937
Net market value of fund assets	**(32,810)**	(32,292)	**(4,788)**	(4,571)	**(2,322)**	(1,671)	**(39,920)**	(38,534)
Net (surplus)/deficit	**1,317**	1,838	**(451)**	(117)	**(407)**	(318)	**459**	1,403

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%**	**-**

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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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 2015**	June 2014
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) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	**2.5% pa**	2.5% pa

Expected contributions

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Expected employer contributions	**1,038**	1,118	**195**	208	**-**	9	**1,233**	1,335

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 5.7 (2014:4.7) years.

Home Care Service Staff Agency
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8. Current/Non-Current Liabilities – Provisions (continued)

Profit and Loss Impact

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Current service cost	**1,335**	1,377	**242**	224	**-**	17	**1,577**	1,618
Net interest	**152**	197	**15**	25	**28**	27	**195**	249
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**1,487**	1,574	**257**	249	**28**	44	**1,772**	1,867

Other Comprehensive Income

	SASS 2015 $'000	SASS 2014 $'000	**SANCS 2015 $'000**	SANCS 2014 $'000	**SSS 2015 $'000**	SSS 2014 $'000	**Total 2015 $'000**	Total 2014 $'000
Actuarial (gains) losses on liabilities	**2,128**	2,763	**60**	110	**1,045**	73	**3,233**	2,946
Actual return on Fund assets less Interest income	**(2,504)**	(4,078)	**(370)**	(395)	**(168)**	(25)	**(3,042)**	(4,498)
Adjustment for effect of asset ceiling	**-**	-	**-**	-	**-**	-	**-**	-
Total remeasurement in Other Comprehensive Income	**(376)**	(1,315)	**(310)**	(285)	**877**	48	**191**	(1,552)

Home Care Service Staff Agency
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9. Contingent Liabilities and Contingent Assets

HCS Staff Agency has no contingent liabilities and contingent assets at 30 June 2015 (30 June 2014:Nil).

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

	2015	2014
	$'000	$'000
Net cash used on operating activities	**-**	-
Decrease/(increase) in provisions	**(2,628)**	(1,373)
Increase / (decrease) in receivables	**3,115**	2,509
Decrease/(increase) in creditors	**(487)**	(1,136)
Superannuation actuarial losses	**191**	(1,552)
Net result	**191**	(1,552)

11. Commitments for Expenditure

HCS Staff Agency has no commitments as at 30 June 2015 (30 June 2014: Nil).

12. 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 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**	**Carrying amount 2015**	Carrying amount 2014
Class:			**$'000**	$'000
Receivables (1)	6	Loans and receivables (at amortised cost)	**45,322**	42,207

Financial Liabilities	**Note**	**Category**	**Carrying amount 2015**	Carrying amount 2014
Class:			**$'000**	$'000
Payables (2)	7	Financial liabilities measured at amortised cost	**5,555**	5,044

(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).

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b. Credit Risk

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

All debtors are recognised as amounts receivable at balance date. HCS Staff Agency's exposure to credit risk on its receivables is considered minimal because of the nature of its majority debtor (HCS) being a government body. 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 debtors.

HCS Staff Agency is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due (2015: $Nil; 2014: $Nil) and less than 6 months past due (2015: $Nil; 2014: $12.0k) are not considered impaired and together these represent 0% (2014: 5.3%) of the total debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total[1,2]	Past due but not impaired[1,2]	Considered impaired[1,2]
	$'000	**$'000**	**$'000**
2015			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	**164**	**27**	**137**
2014			
< 3 months overdue	16	1	15
3 months - 6 months overdue	22	11	11
> 6 months overdue	190	9	181

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 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 2015 (2014: $Nil).

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount (1) $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest Bearing $'000	< 1 year $'000	1 -5 years $'000	> 5 years $'000
2015								
Financial Liabilities:								
Payables	**N/A**	**107**	**-**	**-**	**107**	**107**	**-**	**-**
Accrued Salaries, Wages and on-costs	**N/A**	**5,448**	**-**	**-**	**5,448**	**5,448**	**-**	**-**
Total Financial Liabilities		**5,555**	**-**	**-**	**5,555**	**5,555**	**-**	**-**
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	-	-

(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.

13. Events after the reporting period

On 28 August 2015, the NSW Government entered into an agreement with Australian Unity to transfer the Home Care Service by early 2016. Immediately prior to transfer, employees of the entity and associated assets and liabilities are expected to transfer to another NSW public sector agency for nil consideration. After the date of transfer, the entity is expected to cease operations. There are currently no legislative proposals to abolish the entity so it remains a going concern.

End of Audited Financial Statements

Annual financial statements for the year ended 30 June 2015

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 2015, 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 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 determine is necessary to enable the preparation of financial statements that give a true and fair view and 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Trust
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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.

Karen Taylor
Director, Financial Audit Services

18 September 2015
SYDNEY

JOHN WILLIAMS MEMORIAL CHARITABLE TRUST

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

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 2015 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, Public Finance and Audit Regulation 2015 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 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
16 September 2015

Denise Dawson
Chief Financial Officer
16 September 2015

John Williams Memorial Charitable Trust
Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
Expenses excluding losses			
Auditors remuneration - audit of financial statements		**5**	6
Maintenance expenses		**163**	125
Depreciation	2	**123**	112
Total Expenses excluding losses		**291**	243
Revenue			
Investment revenue	3a	**53**	73
In-kind contribution revenue	3b	**28**	14
Total Revenue		**81**	87
Gain/(loss) on disposal of assets	4	**-**	-
Other gains / (losses)	5	**596**	406
Net result		**386**	250
Total other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**386**	250

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Financial Position
as at 30 June 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**1,918**	2,035
Receivables	7	**11**	-
Total Current Assets		**1,929**	2,035
Non-Current Assets			
Property, plant and equipment	8		
- Land and buildings		**7,873**	7,356
- Plant and equipment		**-**	-
Total Property, plant and equipment		**7,873**	7,356
Total Non-Current Assets		**7,873**	7,356
TOTAL ASSETS		**9,802**	9,391
LIABILITIES			
Current Liabilities			
Payables	10	**44**	19
Total Current Liabilities		**44**	19
TOTAL LIABILITIES		**44**	19
NET ASSETS		**9,758**	9,372
EQUITY			
Accumulated funds		**9,758**	9,372
TOTAL EQUITY		**9,758**	9,372

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 2015

	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total Equity $'000
Balance at 1 July 2014		**9,372**	**-**	**9,372**
Net result for the year		**386**	**-**	**386**
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**386**	**-**	**386**
Balance at 30 June 2015		**9,758**	**-**	**9,758**
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

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Cash Flows
for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Actual 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other		**(115)**	(346)
Total Payments		**(115)**	(346)
Receipts			
Interest received		**42**	73
Total Receipts		**42**	73
NET CASH FLOWS FROM OPERATING ACTIVITIES	12	**(73)**	(273)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		**(44)**	(236)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(44)**	(236)
NET INCREASE/(DECREASE) IN CASH			
Opening cash and cash equivalents		**2,035**	2,544
Net increase/(decrease) in cash		**(117)**	(509)
CLOSING CASH AND CASH EQUIVALENTS	6	**1,918**	2,035

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 2015

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 2015 have been authorised for issue by the Secretary, Department of Family and Community Services, on 16 September 2015.

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 2015*.
- 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 2015

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 FACS and Non Government Organisations (NGOs) to provide respite care to children with disabilities. In-kind contributions have been received from these organisations during 2014–15 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 2015

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 8 and Note 9 for further information regarding fair value.

The Trust revalues land and buildings at least every three 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. A full revaluation of land and buildings was carried out by a registered independent valuer as at 28 February 2015. 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 2015

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 2015

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 9 and Note 14 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 2014-15

All accounting policies applied in 2014-15 are consistent with those of the previous financial year.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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 (refer Treasury Circular NSWTC 15/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards):

Standards/Interpretations	Operative Date
AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	1 January 2018
AASB 2014-4 regarding acceptable methods of depreciation and Amortisation	1 January 2016
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1 January 2016
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1 January 2016
AASB 2015-3 regarding materiality	1 July 2015

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 2015

2. Depreciation

	2015	2014
	$'000	$'000
Buildings	**123**	112
	123	112

3. Revenue

a. Investment revenue

Interest received on bank accounts	**11**	2
TCorp Hour Glass cash facilities designated at fair value through profit or loss	**42**	71
	53	73

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

	2015	2014
	$'000	$'000
Maintenance provided free of charge by agencies utilising the Trust's properties	**28**	14
	28	14

4. Gain / (Loss) on Disposal

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)

Property, plant and equipment revaluation gains/(losses)	**596**	406
Other gains/(losses)	**596**	406

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

6. Current Assets – Cash and Cash Equivalents

	2015	2014
	$'000	$'000
Treasury Corporation	-	1,986
Cash at bank	1,918	49
	1,918	2,035

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)	1,918	2,035
Closing cash and cash equivalents (per Statement of Cash Flows)	1,918	2,035

Refer to Note 14 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current Assets – Receivables

	2015	2014
	$'000	$'000
Current		
Other receivables	11	-
	11	-

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

8. Non-Current Assets – Property, plant and equipment

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 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**
At 30 June 2015 - At fair value			
Gross carrying amount	**8,268**	**103**	**8,371**
Accumulated depreciation and impairment	**(395)**	**(103)**	**(498)**
Net carrying amount	**7,873**	**-**	**7,873**
Year ended 30 June 2015			
Net carrying amount at start of year	**7,356**	**-**	**7,356**
Additions	**44**	**-**	**44**
Disposals	**-**	**-**	**-**
Depreciation expense	**(123)**	**-**	**(123)**
Net revaluation increments	**596**	**-**	**596**
Net carrying amount at end of year	**7,873**	**-**	**7,873**

	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

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

9. Fair value measurement of non-financial assets

a. Fair value hierarchy

2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Property, plant and equipment				
Land and buildings	-	4,310	3,563	7,873
Plant and equipment	-	-	-	-
Non-current assets held for sale	-	-	-	-
	-	4,310	3,563	7,873

b. Valuation techniques, inputs and processes

Land and building assets were fully valued by an independent valuer at 28 February 2015 and updated by indexation factors provided by the independent valuer at 30 June 2015.

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 2014/15

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

9. Fair value measurement of non-financial assets (continued)

c. Reconciliation of recurring Level 3 fair value measurements

2015	Land and Buildings $'000	Plant and Equipment $'000	Non-current asset held for sale $'000	Total $'000
Fair value as at 1 July 2014	**3,584**	**-**	**-**	**3,584**
Additions	**-**	**-**	**-**	**-**
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'	**39**	**-**	**-**	**39**
Transfers from Level 2	**-**	**-**	**-**	**-**
Transfers to Level 2	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**
Depreciation	**(60)**	**-**	**-**	**(60)**
	3,563	**-**	**-**	**3,563**

10. Current Liabilities – Payables

	2015 $'000	2014 $'000
Creditors	**44**	19
	44	19

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 14.

11. Contingent Liabilities and Contingent Assets

The Trust has no contingent liability and contingent assets at 30 June 2015 (2014: $Nil).

12. Reconciliation of Cash Flows from Operating Activities to Net Result

	2015 $'000	2014 $'000
Net cash used on operating activities	**(73)**	(273)
Depreciation	**(123)**	(112)
Increase/(decrease) in prepayments and other assets	**11**	-
Decrease/(increase) in creditors	**(25)**	229
Net gain/(loss) on sale of plant and equipment	**-**	-
Property, plant and equipment revaluation gains/(losses)	**596**	406
Surplus/(deficit) for the year	**386**	250

13. Commitments for Expenditure

The Trust has no expenditure commitments as at 30 June 2015 (2014: $Nil).

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

14. 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 Deputy Secretary 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	
			2015	2014
			$'000	$'000
Class:				
Cash and cash equivalents[1]	6	N/A	**1,918**	2,035
Receivables	7	Loans and receivables (at amortised cost)	**11**	-

Financial Liabilities	Note	Category	Carrying Amount	
			2015	2014
			$'000	$'000
Class:				
Payables[2]	10	Financial liabilities measured at amortised cost	**44**	19

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 was 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. The TCorp cash facility was transferred to the Westpac operating bank account as part of the Treasury Banking System on 1 April 2015.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

14. Financial instruments (continued)

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

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 (2015: $Nil; 2014: $Nil) and less than three months past due (2015: $Nil; 2014:$Nil) are not considered impaired and together these represent 100.0% (2014: 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 2015 (2014: $Nil).

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

Maturity analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure $'000				Maturity Dates		
	Weighted Average Effective Int.Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1 -5 years	> 5 years
2015								
Financial Liabilities:								
Payables	**N/A**	**44**	**-**	**-**	**44**	**44**	**-**	**-**
Total Financial Liabilities		**44**	**-**	**-**	**44**	**44**	**-**	**-**
2014								
Financial Liabilities:								
Payables	N/A	19	-	-	19	19	-	-
Total Financial Liabilities		19	-	-	19	19	-	-

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

14. Financial instruments (continued)

Notes:

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

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 2014. 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%
2015					
Financial assets					
Cash and cash equivalents	**1,918**	**(19)**	**(19)**	**19**	**19**
Receivables	**11**		**-**	**-**	**-**
Financial Liabilities					
Payables	**44**	**-**	**-**	**-**	**-**
2014					
Financial assets					
Cash and cash equivalents	2,035	(20)	(20)	20	20
Receivables	-	-	-	-	-
Financial liabilities					
Payables	19	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2015 $'000	2014 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years	-	1,986

At 31 March 2015, TCorp cash facilities were transferred to the Westpac bank account in line with NSW Treasury requirements.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2015

14. 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).

	Change in unit price	Impact on profit/loss	
		2015	2014
		$'000	$'000
Hour Glass Investment - Cash facility	+/-1%	**+/-0**	+/-20

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.

15. 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 for the year ended 30 June 2015

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 2015, 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 2015, and of its financial performance and its cash flows for the year then ended 30 June 2015 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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.

Karen Taylor
Director, Financial Audit Services

1 October 2015
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:

1. the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Aboriginal Housing Office as at 30 June 2015 and its financial performance for the year then ended.
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 2015, Financial Reporting Code, Directives published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

As at 30 September 2015, 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 and on behalf of
Aboriginal Housing Office

30 September 2015

Start of Audited Financial Statements

Aboriginal Housing Office

Statement of comprehensive income for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Expenses excluding losses				
Operating expenses				
Personnel Services	2(a)	11,642	12,220	14,203
Other operating expenses	2(b)	50,616	57,799	56,302
Depreciation and amortisation	2(c)	14,848	14,424	12,873
Grants and Subsidies	2(d)	29,112	31,939	36,371
Total Expenses excluding losses		106,218	116,382	119,749
Revenue				
Rent and other tenant charges	3(a)	52,381	48,652	49,682
Investment revenue	3(b)	988	763	1,740
Grants and contributions	3(c)	99,373	116,456	97,349
Other	3(d)	3,944	-	26,693
Total Revenue		156,686	165,871	175,464
Gain / (loss) on disposal of property, plant and equipment	4	(1,521)	200	(3,648)
Other losses	5	(656)	-	(632)
Net result		48,291	49,689	51,435
Other comprehensive income				
Items that will not be reclassified to net result				
Net increase / (decrease) in property, plant and equipment revaluation surplus		136,075	-	133,321
Total other comprehensive income for the year		136,075	-	133,321
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		184,366	49,689	184,756

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of financial position as at 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	26,197	38,518	51,406
Receivables	7	4,561	5,425	5,642
Total Current Assets		30,758	43,943	57,048
Non-Current Assets				
Receivables	7	-	4,685	-
Property, plant and equipment	8	1,587,733	1,499,687	1,418,498
Intangible assets	9	-	-	-
Total Non-Current Assets		1,587,733	1,504,372	1,418,498
Total Assets		1,618,491	1,548,315	1,475,546
LIABILITIES				
Current Liabilities				
Payables	11	26,573	23,892	44,984
Provisions	12	396	22	22
		26,969	23,914	45,006
Total Current Liabilities		26,969	23,914	45,006
Non-Current Liabilities				
Provisions	12	-	318	384
Total Non-Current Liabilities		-	318	384
Total Liabilities		26,969	24,232	45,390
Net Assets		1,591,522	1,524,083	1,430,156
EQUITY				
Reserves		673,047	575,394	537,492
Accumulated funds		918,475	948,689	892,664
Total Equity		1,591,522	1,524,083	1,430,156

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of cash flows for the year ended 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(11,642)	(12,220)	(14,010)
Payment to suppliers		(51,672)	(57,359)	(54,537)
Grants and subsidies paid		(29,112)	(31,939)	(36,371)
Total Payments		(92,426)	(101,518)	(104,918)
Receipts				
Rent and other tenant charges received		52,741	48,652	49,718
Interest received		988	763	1,740
Grants and contributions received		99,374	116,456	97,349
Other		10	(886)	-
Total Receipts		153,113	164,985	148,807
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	60,687	63,467	43,889
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and plant and equipment		740	3,000	610
Purchases of property and plant and equipment		(63,636)	(67,829)	(41,878)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(62,896)	(64,829)	(41,268)
NET INCREASE/(DECREASE) IN CASH		(2,209)	(1,362)	2,621
Opening cash and cash equivalents		51,406	39,880	48,785
Administrative restructure (Surplus funds returned to Treasury)		(23,000)		
CLOSING CASH AND CASH EQUIVALENTS	6	26,197	38,518	51,406

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of changes in equity for the year ended 30 June 2015

2015	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		892,664	537,492	1,430,156
Changes in accounting policy		-	-	-
Restated total equity at 1 July 2014		892,664	537,492	1,430,156
Net result for the year		48,291	-	48,291
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	136,075	136,075
Total other comprehensive income		-	136,075	136,075
Total comprehensive income for the year		48,291	136,075	184,366
Transfer between equity items				
Transfer of surplus cash to Treasury		(23,000)	-	(23,000)
Transfer arising from disposals of property plant and equipment		520	(520)	-
Balance at 30 June 2015		918,475	673,047	1,591,522

2014	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2013		840,272	406,321	1,246,593
Changes in accounting policy due to AASB 119	19	(1,193)	-	(1,193)
Restated total equity 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

The accompanying notes form part of these financial statements

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015

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 is 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 Accounts.

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 2015 have been authorised for issue by the Secretary on 29 September 2015.

(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 2015* 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

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

(e) Currency presentation

The financial statements are presented in Australian dollars and all amounts 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) Income recognition

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

(i) Rent and other tenant charges

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.

(ii) Grants and contributions

Government grants and contributions from other bodies are recognised as income when the AHO gains control over the grants and contributions. Control is normally obtained when cash is received.

(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.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 the 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.

Any superannuation asset recognised is limited to the total of any unrecognised past service 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.

Re-measurements 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 re-measurements 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 the 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.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 an 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.

A percentage of repairs and maintenance on properties costing in aggregate more than $10,000 are capitalised. Individual repairs and maintenance costing more than $5,000 are capitalised

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. Items of expenditure on property, plant and equipment (including cyclical maintenance) that exceeds $5,000 for an asset that delivers future economic benefits (extending the useful life of the property) will be regarded as capital in nature and recorded as a fixed asset.

(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 2015 and was based on an independent assessment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For non-specialised property, plant and equipment with short useful lives, are measured at depreciated historical cost as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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 than 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:

	2015 % Rate	2014 % Rate
Property		
Building	2	2
Plant & Equipment		
Office furniture and fittings	33	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.

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Leased assets

Leases in terms of which the AHO assumes substantially all the risks and benefits 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 benefits 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 as an expense on a straight-line basis over the lease term.

(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.

(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 or an amount that approximates fair value, impairment can only arise in the rare circumstances such as 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 10 and Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(s) 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 entity's policy on the revaluation of property, plant and equipment as discussed in note 1(m)(iv).

(ii) Accumulated funds

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

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

(t) 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.

(u) Application of new and revised Accounting Standards

Except for the changes 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 10 and AASB 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures.
AASB 1055 Budgetary Reporting

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

The effects of the application of AASB 119 'Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119' for the first time in 2013/14 are reflected in Note 19 for comparative purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained in Note 17.

(w) 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.

(x) 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, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	1-Jan-18
AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers	1-Jan-17
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1-Jan-16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan-16
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1-Jan-16
AASB 2015-3 regarding materiality	1-Jul-15

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.

2. Expenses Excluding Losses

(a) Personnel services

	2015 $'000	2014 $'000
Salaries and wages (including annual leave)	**7,454**	8,479
Superannuation - defined contribution plans	**697**	562
Superannuation - defined benefit plans	**941**	1,639
Salary and wages (Temporary Staff)	**1,473**	2,189
Long service leave	**38**	513
Workers' compensation insurance	**72**	59
Payroll tax and fringe benefit tax	**575**	566
Redundancy payments	**385**	194
Other	**7**	2
Fee for personnel services from AHO Group of Staff (DFaCS)	**11,642**	14,203

(b) Other operating expenses

	2015 $'000	2014 $'000
Auditor's remuneration - audit of the financial report	**71**	75
Auditor's remuneration - other services	**-**	21
Advertising and promotions	**62**	61
Data processing services	**23**	39
Consultancy	**40**	314
Other contractors	**2,275**	2,160
NSW Businesslink fees	**1,160**	1,340
Fee for services rendered	**8,225**	7,198
Insurance	**634**	761
Legal costs	**46**	-
Office maintenance (i)	**(14)**	6
Minor equipment purchases	**14**	43
Motor vehicle expenses	**71**	72
Motor vehicle leasing costs	**122**	104
Rent and accommodation expense	**756**	773
Telephone	**111**	140
Postage and freight	**9**	12
Printing and stationery	**68**	79
Training and development expense	**362**	131
Travelling, removal and subsistence	**401**	455
Building maintenance and utilities expense	**36,177**	42,136
Other	**3**	382
	50,616	56,302

(i) Reconciliation - Total maintenance		
Maintenance expense - contractor labour and other (non-employee related)	**9**	6
Write-back of un-used make good provision	**(23)**	-
Total maintenance expenses included in Note 2 (b)	**(14)**	6

	2015 $'000	2014 $'000
(c) Depreciation and amortisation expense		
Depreciation		
Buildings	**14,739**	12,798
Computer equipment	**-**	5
Leasehold improvements	**101**	65
Furniture and equipment	**8**	4
Plant and equipment	**-**	1
	14,848	12,873

(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.

	2015 $'000	2014 $'000
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**25,399**	31,211
Other grants	**3,713**	5,160
	29,112	36,371

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

	2015 $'000	2014 $'000
3. Revenues		
(a) Rent and other tenant charges		
Market rental	**71,887**	67,402
Less: Rental rebates	**(22,761)**	(20,783)
	49,126	46,619
Tenant charges	**3,255**	3,063
	52,381	49,682
(b) Investment revenue		
Interest received on bank accounts	**988**	1,740
	988	1,740
(c) Grants and contributions		
State Social Housing	**4,075**	5,030
National Affordable Housing Agreement (NAHA)	**27,636**	27,150
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**66,133**	65,169
Grant from NSW FACS Community Services	**1,529**	-
	99,373	97,349

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). The AHO also receives grants from the NSW department of FACs under State Social Housing program, and additional contributions for a tenancy support IT grant of $1,220,000, and $309,000 for the delivery of 2 programs in the western region of NSW.

	2015 $'000	2014 $'000
(d) Other contributions		
Assets acquired free of liability	**3,934**	26,693
Other	**10**	-
	3,944	26,693

2015
16 Properties at a fair value of $3,934,000 were recognised for the first time. This comprised of 10 Properties at a fair value of $1,155,000 as a result of the Kamilaroi Local Aboriginal Land Council entering liquidation, and 6 others at a fair value of $2,779,000.

2014
Assets were 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.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

	2015 $'000	2014 $'000
4. (i) Gain/(Loss) on disposal of property, plant and equipment		
Proceeds from disposal	**813**	625
Disposal costs	**(73)**	(15)
Carrying amount of assets disposed	**(868)**	(640)
Net Gain/(Loss) on disposal of property	**(128)**	(30)
(ii) Loss on transfers/demolitions and retirements		
Written down value of assets demolished	**(868)**	(1,906)
Written down value of assets transferred	**(168)**	(675)
Written down value of assets retired	**(357)**	(286)
Written down value of assets written-off	**-**	(751)
	(1,393)	(3,618)
Total Net Gain/(Loss) on Disposal	**(1,521)**	(3,648)
5. Other losses		
Allowance for impairment of receivables	**(656)**	(632)
	(656)	(632)

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

6. Current assets - cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	**26,197**	51,406
	26,197	51,406

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:

	2015 $'000	2014 $'000
Cash and cash equivalents (per statement of financial position)	**26,197**	51,406
Closing cash and cash equivalents (per statement of cash flows)	**26,197**	51,406

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current/non-current assets - receivables

	2015 $'000	2014 $'000
Current		
Rental debtors	**5,273**	4,592
Less : allowance for impairment	**(3,433)**	(2,905)
Sundry debtors	**27**	(91)
Receivables from related parties	**2,582**	3,261
Less : allowance for impairment	**-**	-
	4,449	4,857
Prepayments - Other	**-**	690
GST receivable (net)	**112**	95
Total receivables	**4,561**	5,642
Movement in the allowance for impairment		
Balance at 1 July	**(2,905)**	(2,512)
Amounts written off during the year	**128**	239
Increase/(decrease) in allowance recognised in comprehensive income	**(656)**	(632)
Balance at 30 June	**(3,433)**	(2,905)

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

2015	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 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
At 30 June 2015 - fair value				
Gross carrying amount	1,571,047	968	16,730	1,588,745
Accumulated depreciation and impairment	(136)	(876)	-	(1,012)
Net Carrying Amount	1,570,911	92	16,730	1,587,733

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:

2015 Period ended 30 June 2015	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Net Carrying Amount at start of year	1,380,138	199	38,161	1,418,498
Additions	6,790	-	39,543	46,333
Assets recognised for the first time	3,934	-	-	3,934
Make good/Non cash	-	2	-	2
Transfers to NSW Land and Housing Corporation	(168)	-	-	(168)
Transfers from work in progress	60,617	-	(60,617)	-
Disposals	(868)	-	-	(868)
Write-off	-	-	(357)	(357)
Demolition	(868)	-	-	(868)
Net revaluation increment	136,075	-	-	136,075
Depreciation expense	(14,739)	(109)	-	(14,848)
Net Carrying Amount at end of year	1,570,911	92	16,730	1,587,733

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 Year 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	-	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)	-
Transfer 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

9. Intangible assets

	2015	
	Software $'000	Total $'000
At 1 July 2014		
Cost (gross carrying amount)	84	84
Accumulated amortisation and impairment	(84)	(84)
Net Carrying Amount	-	-

	Software $'000	Total $'000
At 30 June 2015		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net Carrying Amount	-	-

2015

Software costs and accumulated amortisation were fully written off during the year.

2014

	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	-	-
	-	-

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	-	-	1,587,641	1,587,641
		-	-	1,587,641	1,587,641

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

b) Valuation techniques, inputs and processes

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 these respective groups of properties within the property portfolio. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is calculated annually as at 31 December. As such, an uplift market movement factor is provided from a registered valuer for the six months period ended 30

This methodology involves a physical independent valuation **each year** of one-third of the benchmark properties. 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
- 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.

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.

Due to the extent of extrapolation and calculations for block title adjustments and uplift factors, management considers that an overall type 3 input level is appropriate.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

11. Current / non-current liabilities - payables

	2015 $'000	2014 $'000
Current liabilities - payables		
Payable for personnel services (i)	**13,382**	12,830
Creditors - trade	**335**	35
Creditors - sundry	**2,377**	2,178
Accrued operating expenditure	**3,859**	6,020
NSW Land and Housing Corporation	**6,620**	23,921
	26,573	44,984
(i) Payable for personnel services included:		
Liabilities for defined benefit superannuation schemes (Note 20)	10,378	9,563
Liabilities for LSL	1,746	1,947
Liabilities for Annual Leave	805	888
Liabilities for Payroll Tax	176	168
Liabilities for Accrued Salaries and Payroll Deductions	263	261
Liabilities for Accrued FBT	14	3
	13,382	12,830

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

	2015 $'000	2014 $'000
Current		
Other provisions		
Restoration	**396**	22
	396	22
Non-current		
Other provisions		
Restoration	**-**	384
	-	384
Total Provisions	**396**	406

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)

2015	**Restoration $'000**	**Total $'000**
Carrying amount at the beginning of the financial year	**406**	**406**
Additional provision recognised	**2**	**2**
Unused amounts reversed	**(22)**	**(22)**
Change in discount rate	**10**	**10**
Carrying amount at the end of the financial year	**396**	**396**

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2015
(continued)

	2015 $'000	2014 $'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:

	2015 $'000	2014 $'000
Not later than one year	**824**	5,757
Later than one and not later than five years	**36**	-
Total (including GST)	**860**	5,757

(b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2015 $'000	2014 $'000
Not later than one year	507	852
Later than one year but not later than five years	60	634
Total (including GST)	**567**	1,486

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 $0.099m (2014: - $0.518m) 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 2015 (2014 - $Nil)

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

	2015 $'000	2014 $'000
Net cash from operating activities	**60,687**	43,889
Net gain / (loss) on disposal of assets	**(1,521)**	(3,648)
Depreciation and amortisation	**(14,848)**	(12,873)
Assets acquired free of liabilities	**3,934**	26,693
Allowance for impairment	**(656)**	(632)
Unwinding of discount on make good provision	**(10)**	(8)
Write back of unused make good provision	**22**	-
Increase / (decrease) in receivables	**265**	(2,062)
Decrease / (increase) in payables	**1,108**	1,037
Increase / (decrease) in prepayments and other assets	**(690)**	(960)
Net result	**48,291**	51,436

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

			2015	2014
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	6	N/A	26,197	51,406
Receivables (1)	7	Loans and receivables (at amort. cost)	4,449	4,857
Total financial assets			30,646	56,263

Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	11	Financial liabilities (at amort. cost)	26,573	44,984
Total financial liabilities			26,573	44,984

(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.

2015	$'000 Total (1,2)	$'000 Past due but not impaired (1,2)	$'000 Considered Impaired (1,2)
< 3 months overdue	1,867	1,867	-
3 months - 6 months overdue	3,433	-	3,433
> 6 months overdue	-	-	-

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	-	-	-

(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 2015 year (2014: $Nil).

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

At 30 June 2015	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	13,382	13,382	-	-	13,382
Creditors	13,191	13,191	-	-	13,191
Total	26,573	26,573	-	-	26,573

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

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

	2015 $'000	2014 $'000
Tape Negotiation Authority	**20,000**	20,000

This facility authorises the bank to debit the Aboriginal Housing's Office operating bank account up to the above limit when processing the electronic payroll and accounts payables.

The AHO has access to the following credit card facility with Westpac Bank	**90**	90

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 2015	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	26,197	(262)	(262)	262	262
Total increase/(decrease)		(262)	(262)	262	262

		-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
Total increase/(decrease)		(514)	(514)	514	514

(e) Fair Value compared to carrying amount

The carrying value of receivables less any impairment provision is a reasonable approximation of their fair value due to their short term nature.

17. Budget review

Net Cost of Services (NCOS)

The Net Cost of Service (Net Result) for the AHO for 2014/15 was $48.3 million, which is just under the approved budget presented to Parliament of $49.7 million.

Expenditure was $10 million lower than the budget, but this was reversed by a below budget result in revenue of $9 million and losses on disposals, demolitions and impairments of $2 million.

The major variances to budget for expenditure were:

Grants and subsidies ($2.8 million lower) - This is due to the timing of subsidy payments and property tenancy support for the Aboriginal Community Housing Providers which will be delivered in quarter 1 of the 2015/16 year.

Other Operating Expenses ($7.2 million lower) - This is mostly due to a $6.7 million capitalisation of planned repairs and upgrades on AHO owned dwellings. After a detailed review of the cyclical program, a proportion of these upgrade costs were considered to enhance and extend the useful life of AHO's dwellings and thereby satisfy the capitalisation requirements under AASB 116. These costs were reallocated from recurrent repairs and maintenance expenses and are disclosed as capital expenditure (balance sheet).

The major variances to budget for revenue were:

NPARIH Implementation Plan Changes – The National Partnership Remote Indigenous Housing (NPARIH) saw a net reduction of $18.5 million to capital revenue, with a small increase to recurrent repairs revenue. The AHO negotiated a reduction in the current (2014/15) year NPARIH capital program as a result of a new 2 year Implementation Plan with the Commonwealth. This sought to smooth capital spending over the remaining 4 years of the NP (ending 30 June 2018). The 2014/15 year had very high dwelling unit targets, with these being seen as unworkable given the limited availability of land/dwellings and resources of Aboriginal builders in the targeted remote areas. It is important to note that there was no net change to funding from the Commonwealth over the life of the NP.

This large reduction to revenue was offset by:
Rental income - $3.7 million above budget. The increase is due to greater than expected receipts of rental through increases to number of properties and improved capture of Commonwealth Rental Assistance (CRA).

Other FACS Grants - $1.5 million over budget. This is a combination of a one time tenancy support IT grant of $1.2 million , and $300,000 for a funding agreement with Community Services for the delivery of 2 programs in the western region of NSW.

Asset Transfers/Asset Recognition - $3.9 million increase through the transfer in of 16 properties from community housing providers.

There was also a $2 million impact against budget for losses on disposals, demolitions and impairments. These losses relate to the write-off and/or disposal of properties and the write-off of abandoned projects in capital work in progress. There have been 11 properties demolished, most of which were subject to major fire damage or termite infestation and in addition one (1) property was returned to the NSW Land and Housing Corporation. The other component of these losses was a $656,000 impairment to rental debtors.

Assets and Liabilities

The major variances to budget were:

Cash and cash equivalents: was $12 million lower than budget. The AHO entered the Treasury Banking System in March 2015. A condition of entry was to reduce its cash reserves to a pre determined 'cash buffer'. This resulted in a cash/equity transfer back to Treasury of $23 million on 30 June 2015. This large reduction to cash was lessened by the receipt of budget rollovers for NPARIH grants that were due from last year ($6 million) that were not paid until early 2014/15. Another $4 million was received in June to cover acquisitions of property. These two receipts generated a $10m increase to cash compared to budget.

Property, Plant and Equipment: was $88 million higher than budget due to the significant asset revaluation increment. The budget did not allow for an increment of this magnitude. This large increase over budget was partially offset by the reduction of the NPARIH capital program (discussed above).

Payables: balance was $3 million over the budget. The major reason for this was the $2 million reallocation of rental income paid in advance by tenants to be shown as unearned income (liability). The budget did not allow for this reallocation. The other $1 million is due to the increase to the superannuation liability from the actuarial loss.

Reserves: the asset revaluation reserve movement was much larger than predicted when the budget was established. A more modest increment was anticipated, but the large increase in values, especially in metropolitan Sydney and the Illawarra where double digit growth was common, grew the value of the asset portfolio by $136 million.

Cash Flows

The cash position is significantly lower than budget and year-end due to the $23 million cash transfer/equity adjustment arising from the Treasury Banking System entry. This was partially compensated for by the additional NPARIH grants income arising from budget rollovers.

Please note operating payments are lower than budget mostly due to the $6.7 million capitalisation of planned repairs and upgrades (now shown as purchases of building – investing cashflows), and lower grants and subsidy payments.

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 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 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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Member Numbers								
Contributors	3	4	6	8	3	4	12	16
Pensioners	-	-	-	-	5	5	5	5
Superannuation Position	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accrued liability	1,214	1,325	587	716	14,962	14,213	16,763	16,254
Estimated reserve account balance	(366)	(529)	(259)	(377)	(5,760)	(5,785)	(6,385)	(6,691)
Net liability recognised in statement of financial position	848	796	328	339	9,202	8,428	10,378	9,563

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 2015

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 the NSW Land and Housing Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Corporation
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

14 September 2015
SYDNEY

NSW LAND AND HOUSING CORPORATION

STATEMENT BY THE SECRETARY OF THE DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

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 of the Department of Family and Community Services, state that in my opinion the accompanying financial statements and notes of the NSW Land and Housing Corporation:

1. Exhibit a true and fair view of the financial position of the NSW Land and Housing Corporation as at 30 June 2015 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 2015* 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 of Department of Family and Community Services
For and on behalf of the NSW Land and Housing Corporation
11 September 2015

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NSW LAND AND HOUSING CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Revenue			
Rent and other tenant charges	4	851 886	820 502
Government grants	5	164 010	167 329
Investment revenue	6	8 536	11 024
Management fees	7	21 530	23 326
Other revenue	8	74 035	35 139
Total Revenue		**1 119 997**	**1 057 320**
Expenses			
Repairs and maintenance	9	272 163	223 040
Council rates		121 572	116 965
Water rates		99 387	100 064
Tenancy management		115 100	117 360
Personnel services	10	55 467	53 414
Depreciation and amortisation	12	361 603	326 774
Grants and subsidies	13	87 942	487 770
Finance costs	14	62 908	68 211
Allowance for impairment	18*(iii)* ,19	3 626	23 179
Other expenses	11	142 683	123 806
Total Expenses excluding losses		**1 322 451**	**1 640 583**
Loss on disposal of assets	15	36 576	43 621
NET RESULT		**(239 030)**	**(626 884)**
Other comprehensive income			
Items that will not be reclassified to net result:			
Net increase in property, plant and equipment asset revaluation reserve	21*(i)*	4 300 805	1 867 122
Other comprehensive income for the year		**4 300 805**	**1 867 122**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4 061 775**	**1 240 238**

The accompanying notes form part of these financial statements.

2

NSW LAND AND HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	89 906	88 300
Receivables	17	25 793	37 924
Other financial assets	18	137 828	191 232
Other	19	6 180	3 084
Assets held for sale	20	49 295	30 182
Total Current Assets		**309 002**	**350 722**
Non-Current Assets			
Other financial assets	18	1 292	1 390
Property, plant and equipment	21	39 343 688	35 251 713
Intangible assets	22	3 807	235
Other	19	-	9 178
Total Non-Current Assets		**39 348 787**	**35 262 516**
TOTAL ASSETS		**39 657 789**	**35 613 238**
LIABILITIES			
Current Liabilities			
Payables	23	259 192	233 734
Borrowings	24	82 051	57 546
Provisions	25	5 115	5 518
Total Current Liabilities		**346 358**	**296 798**
Non-Current Liabilities			
Payables	23	246	127
Borrowings	24	542 033	623 268
Provisions	25	14 357	25
Total Non-Current Liabilities		**556 636**	**623 420**
TOTAL LIABILITIES		**902 994**	**920 218**
NET ASSETS		**38 754 795**	**34 693 020**
EQUITY			
Revaluation Reserves		28 684 818	24 483 219
Accumulated Funds		10 069 977	10 209 801
TOTAL EQUITY		**38 754 795**	**34 693 020**

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 2015

		Accumulated Funds		Asset Revaluation Reserve		Total	
		2015	2014	2015	2014	2015	201
	Notes	$'000	$'000	$'000	$'000	$'000	$'00
Balance at 1 July		10 209 801	11 072 956	24 483 219	22 379 826	34 693 020	33 452 78
Net result for the year		(239 030)	(626 884)	-	-	(239 030)	(626 884
Other Comprehensive Income:							
Net increase in property, plant and equipment asset valuations	21*(i)*,*(ii)*	-	-	4 300 805	1 867 122	4 300 805	1 867 12
Total other comprehensive income		-	-	4 300 805	1 867 122	4 300 805	1 867 12
Total comprehensive income for the year		(239 030)	(626 884)	4 300 805	1 867 122	4 061 775	1 240 23
Transfer between equity items:							
Transfers on disposal of assets		99 206	(236 271)	(99 206)	236 271	-	
Total Transfer between equity items		99 206	(236 271)	(99 206)	236 271	-	
Balance at 30 June		**10 069 977**	**10 209 801**	**28 684 818**	**24 483 219**	**38 754 795**	**34 693 020**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $'000	2014 $'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		851 266	821 075
Government grants - Commonwealth		-	641
Government grants - other NSW government agencies		164 010	166 688
Interest received		8 553	10 086
Management fees		21 530	23 326
Other		58 988	29 094
Total receipts		**1 104 347**	**1 050 910**
Payments			
Property and residential tenancy		(576 692)	(546 177)
Tenancy Management		(115 100)	(117 360)
Personnel services		(48 629)	(47 969)
Finance costs		(48 612)	(52 099)
Grants and subsidies		(3 000)	(3 000)
Other		(46 856)	(42 248)
Total payments		**(838 889)**	**(808 853)**
Net cash flows from Operating Activities	29	**265 458**	**242 057**
Cash flows from Investing Activities			
Receipts			
Proceeds from sale of property, plant and equipment		152 443	125 797
Proceeds from redemption of investments		52 143	-
Total receipts		**204 586**	**125 797**
Payments			
Purchase of property, plant and equipment		(426 142)	(282 583)
Purchase of investments		-	(118 621)
Total payments		**(426 142)**	**(401 204)**
Net cash flows from Investing Activities		**(221 556)**	**(275 407)**
Cash flows from Financing Activities			
Payments			
Repayments of borrowings		(42 296)	(41 255)
Net cash flows from Financing Activities		**(42 296)**	**(41 255)**
Net increase/(decrease) in cash and cash equivalents		**1 606**	**(74 605)**
Opening cash and cash equivalents		88 300	162 905
CLOSING CASH AND CASH EQUIVALENTS	16	**89 906**	**88 300**

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 2015

NOTE 1: THE REPORTING ENTITY

The NSW Land and Housing Corporation (LAHC) is a NSW Government entity. It is a Statutory Authority and has no controlled entities.

LAHC is a *not-for-profit* entity as profit is not its principle objective and it has no cash generating units. 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*.

LAHC is a member of the Department of Family and Community Services (FACS) cluster of agencies, but is not controlled by FACS for financial reporting purposes. The financial statements of LAHC are consolidated with the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2015 have been authorised by the Secretary on 11 September 2015.

NOTE 2: BASIS OF PREPARATION

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 Regulation 2015*; and
- Financial Reporting Directions issued by the Treasurer.

a) Statement of Compliance

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 year for all amounts reported in the financial statements.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 year the estimates are revised and in future years.

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 years 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 revenue 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 revenue on a straight-line basis.

LAHC estimates market rent for its properties. Public housing tenants are 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.

Community housing

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, LAHC retains control over the leased residential properties, however, 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 revenue when 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 2015

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 as revenue when services are provided.

(v) Sale of assets

The gain or loss from the sale of assets is recognised in the statement of comprehensive income when LAHC transfers the risks / rewards of the asset for a reliably measurable price and it is probable LAHC will receive the benefits. When property assets are sold, the gain or loss from the sale is recognised at the contract settlement date.

b) Finance costs

Finance costs are recognised as expenses in the year in which they are incurred.

c) Insurance

LAHC manages its insurance activities through insurance brokers. Insurance premiums are paid annually and are recognised as an expense on a straight line basis over the period covered.

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 LAHC as a purchaser, that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

(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 2015

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 year 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

Payables represent liabilities for goods and services received by LAHC. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, long term 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 year.

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 LAHC transfers the financial assets:

a) where substantially all the risks and rewards have been transferred; or

b) where LAHC has not transferred substantially all the risks and rewards, if LAHC has not retained control.

Where LAHC has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of LAHC's continuing involvement in the assets.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 Threshold

Property, plant and equipment, including leasehold improvements, generally 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

Assets acquired are initially recognised at cost.

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.

LAHC recognises 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.

Residential properties acquired are recognised on settlement as property, plant and equipment upon exchange of purchase and sale 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. The net gain or loss is recognised within the Statement of Comprehensive Income.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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

LAHC expenses the cost of routine repairs and maintenance as incurred to maintain its property portfolio at certain 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

LAHC incurs costs necessary to bring aged dwellings within its property portfolio to LAHC's standard condition. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

(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 year 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. LAHC has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

Revaluation increments are credited directly to the Asset Revaluation Reserve, except, 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, in this instance, is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except, to the extent that a credit balance exists in the Asset Revaluation Reserve in respect of the same class of assets where in this instance, they are debited directly to the Asset Revaluation Reserve.

As 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.

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.

(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. LAHC undertakes ongoing maintenance and upgrading in order to maintain properties at a certain 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 year 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 recognised as expenses when all government approvals are obtained and substantially all the risks and rewards have been transferred.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 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 LAHC. However, intangible assets acquired at no or nominal cost are measured at fair value.

For computer software developed internally by 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. As there are no active markets for LAHC's intangible assets 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 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, 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 LAHC.

Long term leases of land

As a lessor, 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 LAHC does not assume substantially all the risks and rewards of ownership, are classified as operating leases and not recognised in 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 2015

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment

(i) Financial assets

All financial assets, except those measured at fair value through the profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that 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

LAHC 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 of disposal.

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 2015

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Liabilities

(i) Personnel Services

LAHC does not have any employees.

The Department of Family and Community Services provides personnel services to 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 year 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 year 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

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 2014-15, the rate is 9.5%.

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, 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 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 2015

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Fair value hierarchy

A number of LAHC'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, LAHC categorises, for disclosure purposes, the valuation techniques 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.

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 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 years' net results.

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 2015

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 15/03 *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.	Nature of Change	Operative Date	Title
AASB 2013-9 (Part C) and 2014-8; AASB 9, 2010-7, 2014-1 (Part E) and 2014-7	Amends AASB 9 including adding hedge accounting and amending requirements relating to 'own credit risk'	1 Jan 2015 1 Jan 2018	Financial Instruments
AASB 14 and 2014-1 (Part D)	Specifies the financial reporting requirements for regulatory deferral account balances	1 Jan 2016	Regulatory Deferral Accounts
AASB 15 and 2014-5	Establishes principles to report useful information about nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer	1 Jan 2017	Revenue Contracts with Customers
AASB 2014-3	Guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business	1 Jan 2016	Accounting for Acquisitions of Interests in Joint Operations
AASB 2014-4	Specifies amendments to AASB 116 and 138 in clarifying the principles for the basis of depreciation and amortisation	1 Jan 2016	Acceptable methods of depreciation and amortisation
AASB 2014-9	Amends AASB 127 to allow the use of the equity method of accounting for investments in subsidiaries, joint ventures and associates	1 Jan 2016	Equity method in separate financial statements
AASB 2014-10	Amends AASB 10 and 128 to address inconsistency in dealing with the sale or contribution of assets between an investor or joint venture	1 Jan 2016	Sale or contribution of assets between an investor and its associate or joint venture

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) New Australian accounting standards and interpretations issued but not effective *(continued)*

AASB No.	Nature of Change	Operative Date	Title
AASB 2015-1	Specifies various editorial corrections to AASB 5, 7, 119 and 134	1 Jan 2016	Annual improvements to Australian accounting Standards 2012-2014 cycle
AASB 2015-2	Amends AASB 101 to provide clarification as to presentation and disclosure requirements to ensure entities are able to use judgement in determining what information to disclose	1 Jan 2016	Disclosure Initiative: Amendments to AASB 101
AASB 2015-3	Amendments to numerous Australian Accounting Standards as a result of the withdrawal of 1031	1 Jul 2015	Materiality
AASB 2015-6	Amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities	1 Jul 2016	Extending related party disclosures to not-for-profit public sector entities

LAHC anticipates that the adoption of these Standards in the period of initial application will have no material financial impact on the financial statements.

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: RENT AND OTHER TENANT CHARGES

	2015 $'000	2014 $'000
Market rent and other tenant charges (notional)	1 869 773	1 757 851
Less: rental subsidies to tenants (notional)	(1057 248)	(975 039)
Water usage charges	39 361	37 690
Total rent and other tenant charges	**851 886**	**820 502**

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
Total Commonwealth grants	**-**	**641**
Other government agencies		
NSW Department of Family & Community Services *(ii)*	164 010	166 688
Total grants from other government agencies	**164 010**	**166 688**
Total Government grants	**164 010**	**167 329**

(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.

(ii) These include grants that are for 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	456	441
Bank deposits	7 990	10 506
Other	90	77
Total investment revenue	**8 536**	**11 024**

NOTE 7: MANAGEMENT FEES

Project management fees	19 557	21 402
Property management fees	1 973	1 924
Total management fees	**21 530**	**23 326**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: OTHER REVENUE

	2015 $'000	2014 $'000
Environmental Program recoveries *(i)*	83	143
Long service leave - accepted by the Crown	3 614	3 738
Superannuation - defined benefit plan accepted by the Crown	1 464	1 500
Bad debts recovered	498	585
Insurance recovery	208	202
Transfer of assets from Aboriginal Housing Office (note 21 *(i) & (ii)*)	168	639
Tenant damage recovered	2 439	1 875
Initial recognition of land & buildings	21 803	258
GST input taxed credits *(ii)*	-	11 222
Vesting and input tax credits	5 953	3 179
Liquidation damages realised	2 830	1 582
Re-measurement for finance leased properties	-	2 261
Finance lease liability de-recognition *(iv)*	27 176	-
Development Bond Claim	801	-
Service allowance contributions	-	3 510
Contractor risk performance	2 756	-
Lease dispute compensation	1 517	-
Sundry *(iii)*	2 725	4 445
Total other revenue	**74 035**	**35 139**

(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 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 was 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 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.

(iv) Refer Note 32 regarding the former Bonnyrigg Living Communities Project.

NOTE 9: REPAIRS AND MAINTENANCE

Residential properties	271 883	222 782
Commercial properties	187	166
Other	93	92
Total repairs and maintenance	**272 163**	**223 040**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: PERSONNEL SERVICES

	2015 $'000	2014 $'000
Salaries	38 336	36 338
Annual leave and leave loading	4 681	4 619
Long service leave - assumed by the Crown	3 614	3 738
Superannuation - defined benefit plan assumed by the Crown	1 464	1 500
Superannuation - defined contribution plan	3 901	3 739
Workers' compensation insurance	213	303
Payroll and fringe benefit tax	3 229	3 150
Other	29	27
Total personnel services	**55 467**	**53 414**

Personnel services are provided by the Department of Family and Community Services.

NOTE 11: OTHER EXPENSES

	2015 $'000	2014 $'000
Management and other fees *(i)*	37 083	20 505
Operating lease rental expense - minimum lease payments *(ii)*	59 980	56 528
Office accommodation	2 965	2 819
Insurance	4 240	5 180
Temporary assistance	8 113	4 678
Staff development	233	344
Building maintenance	203	257
Utilities	5 454	5 808
Computer maintenance and software licences	807	199
Printing, postage and stationery	366	354
Motor vehicle	1 045	926
Auditors' remuneration	372	363
Other auditors - other assurance services	310	178
Travel	716	688
Telecommunication	382	426
Compensation payments	3 264	4 374
Consultants' fees	-	80
Professional services	3 059	4 580
Tenant relocation	99	269
Department of Family and Community Services - Business Services *(iii)*	12 886	13 670
Other	1 106	1 580
Total other expenses	**142 683**	**123 806**

(i) Management and other fees include service and termination fees in respect of the former Bonnyrigg Living Communities Project.

(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) Department of Family and Community Services - Business Services 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 2015

NOTE 12: DEPRECIATION AND AMORTISATION

	2015 $'000	2014 $'000
Depreciation		
Residential properties	360 531	324 961
Commercial properties	471	458
Community purpose built properties	262	268
Finance leased properties	-	572
Computer hardware	20	21
Office furniture and equipment	-	1
Motor vehicles	205	389
Total depreciation	**361 489**	**326 670**
Amortisation		
Intangible assets	114	104
Total amortisation	**114**	**104**
Total depreciation and amortisation	**361 603**	**326 774**

NOTE 13: GRANTS AND SUBSIDIES

Grants to community groups - vested properties *(a)* (note 21 *(i)*)	70 510	461 234
Grants to community groups - other	14 282	-
Property transfers to Aboriginal Housing Office (note 21 *(ii)*)	-	23 321
Amortisation of write down on borrowing (note 24 *(i)*)	150	215
Other	3 000	3 000
Total grants and subsidies expense	**87 942**	**487 770**

(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 296 properties (2014: 2,721 properties) with a carrying value of $70.5 million (2014: $461.2 million). In 2014 and prior years 5,820 properties with a carrying value of $1,406.9 million were vested to community housing providers.

NOTE 14: FINANCE COSTS

Finance costs comprise:		
Interest on interest bearing liabilities:		
State Advances – Commonwealth loans	48 509	49 549
NSW Treasury Corporation	10 914	11 364
Crown Entity	1 190	1 745
Loss on re-measurement of finance lease Liability	-	1 634
Other	2 295	3 919
Total finance costs	**62 908**	**68 211**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: GAIN/(LOSS) ON DISPOSAL

(i) **Sale of assets**	**2015 $'000**	**2014 $'000**
Residential properties		
Sales proceeds	103 033	97 123
Less: selling expenses	(13 934)	(4 622)
Net proceeds	89 099	92 501
Less: carrying amount of assets sold	(69 704)	(98 303)
Gain/(Loss)	**19 395**	**(5 802)**
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	39 277	27 627
Less: selling expenses	(1 234)	(268)
Net proceeds	38 043	27 359
Less: carrying amount of assets sold	(54 077)	(15 912)
(Loss)/Gain	**(16 034)**	**11 447**
Motor Vehicles		
Sales proceeds	318	752
Less: selling expenses	-	(8)
Net proceeds	318	744
Less: carrying amount of assets sold	(345)	(831)
(Loss)	**(27)**	**(87)**
Gain	**3 334**	**5 520**

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: GAIN/(LOSS) ON DISPOSAL (continued)

	2015 $'000	2014 $'000
Total asset sales of property, plant and equipment		
Sales proceeds	142 628	125 872
Less: selling expenses	(15 168)	(4 917)
Net proceeds	127 460	120 955
Less: carrying amount of assets sold (note 21 (i) & (ii))	(124 126)	(115 435)
Gain	**3 334**	**5 520**
(ii) **Assets demolished**		
Carrying amount of demolished properties (note 21 (i) & (ii))	**(13 161)**	**(23 791)**

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.

	2015 $'000	2014 $'000
(iii) **Assets written off and impaired**		
Property, plant and equipment (note 21 *(i) & (ii))*	(15 984)	(29 315)
Property rectification	(9 970)	-
Intangibles (note 22*(i)*)	-	(1)
Impairment – non-current assets classified as held for sale (note 20)	(1 446)	(1 120)
Assets written off and impaired	**(27 400)**	**(30 436)**
Loss on disposal of property, plant and equipment	**(37 227)**	**(48 707)**
(iv) **Sale of assets held for sale**		
Residential properties		
Sales proceeds	8 258	18 546
Less: selling expenses	(35)	(697)
Net proceeds	8 223	17 849
Less: carrying amount of assets sold	(7 924)	(15 335)
Gain	**299**	**2 514**
Vacant Land		
Sales proceeds	17 286	9 249
Less: selling expenses	(526)	(286)
Net proceeds	16 760	8 963
Less: carrying amount of assets sold	(16 408)	(6 391)
Gain	**352**	**2 572**
Gain on sale of assets held for sale	**651**	**5 086**
Total sales of assets held for sale		
Sales proceeds	25 544	27 795
Less: selling expenses	(561)	(983)
Net proceeds	24 983	26 812
Less: carrying amount of assets sold (note 20)	(24 332)	(21 726)
Gain on sale of assets held for sale	**651**	**5 086**
Total loss on disposal of assets	**(36 576)**	**(43 621)**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash on hand and at bank	89 906	70 147
Deposits at call - NSW Treasury Corporation – Hour Glass cash facilities	-	18 153
Total cash and cash equivalents *(i)*	**89 906**	**88 300**

(i) Cash and cash equivalents include amounts that have been restricted in terms of their use as follows:

	2015 $'000	2014 $'000
Housing Reserve Fund (HRF) (note 1)	4 752	2 491
Housing Affordability Fund (HAF) (note 5 *(i)*)	14 262	17 756
Millers Point Restricted Funds (note 26)	3 837	-
Restricted cash and cash equivalents	**22 851**	**20 247**

NOTE 17: CURRENT ASSETS – RECEIVABLES

	2015 $'000	2014 $'000
Current		
Rental debtors	33 117	30 489
Less: allowance for impairment *(i)*	(27 870)	(25 497)
Net rental debtors	5 247	4 992
Property sales debtors	722	447
Commercial property sales debtors	99	261
Sundry debtors	3 485	3 362
Less: allowance for impairment *(ii)*	(124)	(83)
Net Sundry Debtors	3 361	3 279
Receivables – other government departments	16 364	28 945
Total current receivables	**25 793**	**37 924**

(i) The movement in the allowance for impairment of rental debtors is as follows:

	2015	2014
Balance, beginning of year	25 497	23 053
Debts written off	(1 210)	(1 334)
Increase in allowance for impairment	3 583	3 778
Balance, end of year	**27 870**	**25 497**

(ii) The movement in the allowance for impairment of sundry debtors is as follows:

	2015	2014
Balance, beginning of year	83	193
Debts written off	(6)	(1)
Increase/(Decrease) in allowance for impairment	47	(109)
Balance, end of year	**124**	**83**

(iii) The movement in the aggregate allowance for impairment in receivables is as follows:

	2015	2014
Balance, beginning of year	25 580	23 246
Debts written off	(1 216)	(1 335)
Increase in allowance for impairment	3 630	3 669
Balance, end of year	**27 994**	**25 580**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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:

	2015 $'000	2014 $'000
Current		
Loans and Investments		
Term deposits *(i)*	137 621	190 826
Mortgage Assistance Scheme	225	439
Less: allowance for impairment *(ii)*	(18)	(33)
Net	207	406
Total loans and investments	137 828	191 232
Total current other financial assets	**137 828**	**191 232**
Non-current		
Loans and Investments		
Mortgage Assistance Scheme	1 292	1 390
Total loans and investments	1 292	1 390
Total non-current other financial assets	**1 292**	**1 390**
Total other financial assets	**139 120**	**192 622**

(i) Other financial assets include deposits that are restricted in terms of their use as follows:

Housing Reserve Fund (HRF) (note 1)	72 616	69 303
Total	**72 616**	**69 303**

(ii) The movement in the allowance for impairment in loans under the Mortgage Assistance Scheme is below:

Current		
Balance, beginning of year	33	22
Debts written off	(11)	-
(Decrease)/Increase in allowance for impairment	(4)	11
Balance, end of year	**18**	**33**

(iii) Total movement in allowance for impairment in receivables and loans under the Mortgage Assistance Scheme is as follows:

Current		
Balance, beginning of year	25 613	23 268
Debts written off	(1 227)	(1 335)
Allowance for impairment (note 17*(iii)* and note 18*(ii)*)	3 626	3 680
Balance, end of year	**28 012**	**25 613**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19: CURRENT / NON-CURRENT ASSETS – OTHER

	2015 $'000	2014 $'000
Current		
Head leasing	5 482	2 476
Other	698	608
Total current other	**6 180**	**3 084**
Non-current		
Other	-	28 677
Less: allowance for impairment	-	(19 499)
Total non-current other	**-**	**9 178**
Total other	**6 180**	**12 262**

NOTE 20: ASSETS HELD FOR SALE

Residential properties	23 848	13 742
Community purpose built properties	3 078	-
Vacant land	22 369	16 440
Total assets classified as held for sale	**49 295**	**30 182**

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	18 589	13 230
Less: Fair value less cost to sell	(18 030)	(12 699)
Impairment loss	559	531
Vacant land -		
Net carrying amount at the time of reclassification	23 158	16 686
Less: Fair value less cost to sell	(22 337)	(16 097)
Impairment loss	821	589
Community purpose built properties -		
Net carrying amount at the time of reclassification	3 144	-
Less: Fair value less cost to sell	(3 078)	-
Impairment loss	66	-
Impairment loss on measurement of assets held for sale	**1 446**	**1 120**
Impairment – non-current assets classified as held for sale (note 15 *(iii)*)	**1 446**	**1 120**

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	30 182	23 112
Sale of assets – carrying amount (note 15 *(iv)*)	(24 332)	(21 726)
Impairment loss	(1 446)	(1 120)
Reclassified from non-current assets to assets held for sale (note 21 *(i)*)	44,891	29 916
Carrying amount at end of year	**49 295**	**30 182**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
Property		
Residential properties		
Land, at gross carrying amount	19 154 388	17 734 503
Buildings, at gross carrying amount	19 401 914	16 723 432
Less: Accumulated depreciation	(729)	(21 125)
	19 401 185	16 702 307
Residential properties - net carrying amount	**38 555 573**	**34 436 810**
Commercial properties		
Land, at gross carrying amount	26 113	26 610
Buildings, at gross carrying amount	22 838	23 492
Less: Accumulated depreciation	(245)	(235)
	22 593	23 257
Commercial properties – net carrying amount	**48 706**	**49 867**
Finance leased properties - Bonnyrigg Living Communities (note 3i)*(i)*)		
Land, at gross carrying amount	-	13 402
Buildings, at gross carrying amount	-	29 042
Less: Accumulated amortisation	-	-
	-	29 042
Finance leased properties - net carrying amount	**-**	**42 444**
Community purpose built properties		
Land, at gross carrying amount	52 991	37 158
Buildings, at gross carrying amount	22 638	13 273
Less: Accumulated depreciation	(226)	(133)
	22 412	13 140
Community purpose built properties – net carrying amount	**75 403**	**50 298**
Land for redevelopment	**319 666**	**304 894**
Vacant land	**41 079**	**45 065**
Land under roads	**54 745**	**54 009**
Work in progress, at gross carrying amount	**247 755**	**266 035**
Leasehold improvements		
Leasehold improvements, at cost	1 751	10 997
Assets Written off (note 21*(i)*)	(1 344)	(2 240)
Less: Accumulated amortisation	-	(7 390)
Leasehold improvements	**407**	**1 367**
Total property – net carrying amount	**39 343 334**	**35 250 789**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	2015 $'000	2014 $'000
Plant and Equipment		
Computer hardware, at gross carrying amount	60	75
Less: Accumulated depreciation	(51)	(46)
	9	**29**
Office furniture and equipment, at gross carrying amount	11	514
Less: Accumulated depreciation	(11)	(514)
	-	**-**
Motor vehicles, at gross carrying amount	950	1 673
Less: Accumulated depreciation	(605)	(778)
	345	**895**
Total plant and equipment – net carrying amount	**354**	**924**
Total property, plant and equipment – net carrying amount	**39 343 688**	**35 251 713**

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 $8.7 million (2014: $7.9 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 2015

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 2015	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	34 436 810	49 867	42 444	50 298	304 894	45 065	54 009	266 035	1 367	29	895	35 251 713
Additions/capital improvements	230 111	38	-	-	1 877	563	-	178 843	384	-	-	411 816
Input tax credits - vested properties	169	-	-	-	-	-	-	-	-	-	-	169
Transfers to completed properties	167 677	22	-	-	80 350	-	-	(248 049)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(18 589)	-	-	(3 144)	(22 763)	(395)	-	-	-	-	-	(44 891)
Carrying amount of assets sold (note 15)	(69 704)	-	-	-	(53 301)	(776)	-	-	-	-	(345)	(124 126)
Transfers from Aboriginal Housing Office (note 8)	160	-	-	-	8	-	-	-	-	-	-	168
Transfers between classes:												
- Residential Properties	(34 162)	-	-	6 763	27 399	-	-	-	-	-	-	-
- Finance Lease Properties	42 444	-	(42 444)	-	-	-	-	-	-	-	-	-
- Commercial Properties	1 931	(4 341)	-	800	1 610	-	-	-	-	-	-	-
- Community Purpose Built Properties	(13 042)	-	-	12 992	50	-	-	-	-	-	-	-
- Land Held for Redevelopment	81	-	-	-	(54 809)	-	-	54 728	-	-	-	-
- Vacant Land	-	-	-	1 510	1 025	(4 641)	2 106	-	-	-	-	-
- Work in Progress	-	-	-	-	550	-	3 249	(3 799)	-	-	-	-
Transfers from Bonnyrigg Project Company	-	-	-	-	9 178	-	-	-	-	-	-	9 178
Demolitions (note 15 *(ii)*)	(13 004)	-	-	(157)	-	-	-	-	-	-	-	(13 161)
Write-off (note 15 *(iii)*)	(14 627)	-	-	(8)	-	(2)	-	(3)	(1 344)	-	-	(15 984)
Community Housing vested properties (note 13)	(70 510)	-	-	-	-	-	-	-	-	-	-	(70 510)
Revaluation increment	4 270 359	3 591	-	6 611	23 598	1 265	(4 619)	-	-	-	-	4 300 805
Depreciation expense (note 12)	(360 531)	(471)	-	(262)	-	-	-	-	-	(20)	(205)	(361 489)
Net carrying amount at end of year	**38 555 573**	**48 706**	**-**	**75 403**	**319 666**	**41 079**	**54 745**	**247 755**	**407**	**9**	**345**	**39 343 688**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 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
At 30 June 2015 - fair value												
Gross carrying amount	38 556 302	48 951	-	75 629	319 666	41 079	54 745	247 755	1 751	71	950	39 346 899
Accumulated depreciation and impairment	(729)	(245)	-	(226)	-	-	-	-	(1 344)	(62)	(605)	(3 211)
Net carrying amount	38 555 573	48 706	-	75 403	319 666	41 079	54 745	247 755	407	9	345	39 343 688

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.*

Level 3 Fair Value Hierarchy	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelopment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improvements	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'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 2015

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 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 2015

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Property revaluation methodology by asset class

a) Land and Building

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 LAHC's benchmark properties (approximately 1,700) 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 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 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 2015 (5% increase was applied to Sydney Inner, Sydney Outer and Sydney Surrounds, 4% to Illawarra and 0% movement for all other regions).

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 $370.3 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 $6,492.9 million. The adjustment is dependant on a cost matrix of four variable factors to effect the sub-division and individual separation of a unique property from a super lot or group block of properties. The four variables are a combination of fixed dollar amounts ($) and percent costs (%).
    - These are:
        - Title costs ($) – including estimates for legal fees and council fees (ranging from $4,700 to $26,000) ;
        - Remedial works ($) - including costs for separate facilities such as water and sewerage plus costs to support current environmental council codes (ranging from $2,400 to $4,500) ;
        - 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%).
    - 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.
    - Title costs and remedial works are fixed costs related to unit numbers and are not directly impacted by the valuation of the property.
    - 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.
    - As valuations increase, the greater the impact of selling costs and profit and risk allowance on the block title adjustment.
    - 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 2015

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 years were shorter (longer);
    - the occupancy rates were higher (lower);
    - the rent-free years were shorter (longer); or
    - the capitalisation rate is lower (higher)

Significant unobservable inputs

Capitalisation rates range from 5.0% to 9.25%

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 2015

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.

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22: INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Software, cost	4 066	421
Less: accumulated amortisation	(259)	(186)
Total intangible assets	**3 807**	**235**

(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.

Carrying amount at start of year	235	272
Additions/capital improvements	3 686	68
Write-off (note 15 *(iii)*)	-	(1)
Amortisation (note 12)	(114)	(104)
Carrying amount at end of year	**3 807**	**235**

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 2013		
Cost (gross carrying amount)	375	375
Accumulated amortisation and impairment	(103)	(103)
Net carrying amount	272	272
At 30 June 2014 and 1 July 2014		
Cost (gross carrying amount)	421	421
Accumulated amortisation and impairment	(186)	(186)
Net carrying amount	235	235
At 30 June 2015		
Cost (gross carrying amount)	4 066	4 066
Accumulated amortisation and impairment	(259)	(259)
Net carrying amount	3 807	3 807

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: CURRENT/NON-CURRENT LIABILITIES – PAYABLES

	2015 $'000	2014 $'000
Current		
Trade creditors	42 664	40 685
Rent received in advance	40 866	38 359
Other creditors – credit balances in sundry debtors	744	2 042
Department of Family & Community Services - personnel	11 385	9,744
Accrued operating expenditure	68 995	72 657
Accrued capital expenditure	74 536	55 428
Department of Family & Community Services - HNSW	2 728	5 212
Other creditors	17 274	9 607
Total current payables	**259 192**	**233 734**
Non-current		
Department of Family & Community Services - personnel	246	127
Total non-current payables	**246**	**127**
Total payables	**259 438**	**233 861**

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24: CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	2015 $'000	2014 $'000
Current - unsecured		
State advances – Commonwealth loans	14 914	15 052
NSW Treasury Corporation	53 964	27 958
Crown Entity *(i)*	12 740	12 240
Finance lease - Bonnyrigg	-	1 880
Other	433	416
Total current interest bearing liabilities	**82 051**	**57 546**
Non-current - unsecured		
State advances – Commonwealth loans	404 488	419 402
NSW Treasury Corporation	131 381	157 737
Crown Entity *(i)*	-	12 590
Finance lease - Bonnyrigg	-	26 942
Other	6 164	6 597
Total non-current interest bearing liabilities	**542 033**	**623 268**
Total interest bearing liabilities *(ii)*	**624 084**	**680 814**

(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	919 277	991 324
Less: Re-measurement adjustment	(295 193)	(310 510)
Balance reported in Statement of Financial Position	**624 084**	**680 814**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24: CURRENT/NON-CURRENT LIABILITIES - BORROWINGS (continued)

(iii) The nominal value of borrowings is expected to be repaid as follows:

	Principal 2015 $'000	Interest 2015 $'000	2015 Total $'000
Not later than one year	96 699	43 980	140 679
Later than one year but no later than five years	203 580	137 288	340 868
Later than five years	618 998	264 195	883 193
Total cash outflow	**919 277**	**445 463**	**1 364 740**

	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**

Interest payable, excluding interest payable to the Crown Entity, was accrued on the basis of prevailing interest rates as at 30 June 2015. 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 has been de-recognised during the financial year following termination of the Bonnyrigg project on 1 March 2015.

The table below reflects the finance lease liability in respect of the Bonnyrigg project and its expected repayment as at 30 June 2014.

	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**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2015 $'000	2014 $'000
Current		
Third party claims *(i)* & *(ii)(a)*	5 065	5 361
Head leasing refurbishments *(ii)(b)* & *(iii)*	50	157
Total current provisions	**5 115**	**5 518**
Non-current		
Head leasing refurbishments *(ii)(c)* & *(iii)*	75	25
Other	14 282	-
Total non-current provisions	**14 357**	**25**
Total provisions	**19 472**	**5 543**

(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:

	2015	2014
Balance, beginning of year	5 361	3 968
Payment	(3 557)	(3 024)
Increase in provision	3 261	4 417
Balance, end of year	**5 065**	**5 361**

(b) The movement in current provisions for head leasing refurbishments is as follows:

	2015	2014
Balance, beginning of year	157	1 032
Payment	(36)	(546)
(Decrease) in provision	(71)	(329)
Balance, end of year	**50**	**157**

(c) The movement in non-current provisions for head leasing refurbishments is as follows:

	2015	2014
Balance, beginning of year	25	199
Payment	-	-
Increase/(Decrease) in provision	50	(174)
Balance, end of year	**75**	**25**

(d) The movement for non-current provisions for Social Housing Subsidy Program is as follows:

	2015	2014
Balance, beginning of year	-	-
Payment	-	-
Increase in provision	14 282	-
Balance, end of year	**14 282**	-

(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
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: MILLERS POINT RESTRICTED FUNDS BANK ACCOUNT

	2015 $'000	
Statement of Cash Receipts and payments		
Receipts		
Net proceeds from Millers Point property sales	40 946	(c)
Interest	96	(d)
Total Receipts	**41 042**	
Payments		
Expenditures relating to Millers Point accommodation plan	10 077	(e)
Expenditures relating to reinvestment	45 947	(f)
Total Payments	**56 024**	
Balance (shortfall) / surplus	**(14 982)**	(g)
Funding from LAHC working capital	18 819	
Closing Balance of Bank Account	**3 837**	

(a) In January 2015, LAHC established a dedicated bank account to receive sales proceeds and incur expenditure attributed to both the Millers Point Accommodation Plan and expenditures incurred on reinvestment of new dwellings. In order for expenditure to be incurred in an efficient and timely manner to progress sales and redevelopments, LAHC will utilise its working capital as required to fund expenditures to supplement the timing of Millers Point sales proceeds which will need to be reimbursed.

(b) Under the arrangements, the Minister for Family and Community Services will approve an annual allocation of expenditure to be committed to residential developments subject to Millers Point sales and settlements. The approval is exercised as part of the LAHC annual budget process.

(c) Net proceeds from sales reflects the gross sales less selling expenses, including agents' commissions, legal fees, bank fees, water and council rate adjustments.

(d) Interest reflects earnings on the Millers Point bank account.

(e) Expenditures associated with the Millers Point Accommodation Plan relate to bringing the Millers Point properties to sale and include a range of costs such as infrastructure and titling costs, tenancy relocation costs, marketing costs, third party service provider costs, change of use and conservation management plans for heritage purposes.

(f) Expenditures associated with reinvestment, including all pre-construction costs that potentially cross over prior financial years, relate to the supply of new dwellings. It is expected that over 1,500 new dwellings will be funded from the Millers Point net sales proceeds.

(g) The Balance (shortfall) / surplus reflects the overall position of the Millers Point account as at balance date. Where the account is in a shortfall, it will be necessary to fund the Millers Point expenditures from LAHC working capital. This position will occur while expenditures exceed the timing of net proceeds from sales.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: COMMITMENTS FOR EXPENDITURE

The commitments reported below are inclusive of Goods and Services Tax.

	2015 $'000	2014 $'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	111 465	80 983
Later than 1 year but not later than 5 years	222	4 616
Later than 5 years	-	-
	111 687	**85 599**
(ii)* Operating Leases - Head leasing *(b)		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	35 837	32 070
Later than 1 year but not later than 5 years	25 005	17 017
Later than 5 years	-	-
	60 842	**49 087**
***(iii)* Operating Leases – Office accommodation**		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	-	248
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	-	**248**

(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 NIL (2014: $0.6 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. The rent payable is fully funded from tenant subleases and grants from NSW Department of Family and Community Services (refer Note 5).

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 $18.0 million (2014: $14.9 million) for which the LAHC may be liable.

NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2015 $'000	2014 $'000
Net result for the year	**(239 030)**	**(626 884)**
Grants to community groups - vested properties (note 13)	70 510	461 234
Other non-cash items	(18 010)	(2 471)
Amortisation of prepaid land contribution	-	848
(Gain) on sale of assets (note 15*(i),(iv)*)	(3 985)	(10 606)
Property transfers to Aboriginal Housing Office (note 13)	-	23 321
Assets demolished (note 15*(ii)*)	13 161	23 791
Assets written off (note 15*(iii)*)	27 400	30 436
Depreciation and amortisation (note 12)	361 603	326 774
Re-measurement adjustment of borrowings	15 317	14 597
Increase in provision for impairment of receivables	2 414	2 334
Decrease / (Increase) in receivables	9 717	(670)
Increase in other provisions	13 929	344
Increase / (Decrease) in payables	6 350	(25 073)
(Decrease) / Increase in provision for impairment of other assets	(19 499)	19 499
Increase in other assets	25 581	4 583
Net cash flows from operating activities	**265 458**	**242 057**

NOTE 30: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, LAHC transferred / received properties to/from the Aboriginal Housing Office (AHO) amounting to NIL (2014: $23.3 million) and $0.16 million (2014: $0.6 million) respectively. Also as partial settlement of an AHO liability, LAHC returned properties of equivalent value amounting to NIL (2014: $2.9 million) (refer note 21 *(i)*).

Furthermore during the year, LAHC vested properties to community housing providers with a carrying value of $70.5 million (2014: $461.2 million) (refer note 13 *(a)* and note 21 *(i)*).

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 2015

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 including Commonwealth Bank of Australia (CBA), National Australia Bank (NAB), Suncorp, Bankwest, St George, Bank of Queensland (BOQ).

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. LAHC's main transaction banking account is held with Westpac Banking Corporation. Prior to 31 March 2015 interest earned on the Westpac bank account was 85 basis points above the Reserve Bank of Australia's cash rate. From 1 April 2015 interest earned on the Westpac bank account is based on the Reserve Bank of Australia's cash rate.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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**
2015			
< 3 months overdue	5 441	6 144	11 585
3 months - 6 months overdue	-	2 051	2 051
> 6 months overdue	-	19 799	19 799
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

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 2015

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 fixed term deposit investments with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The Standard & Poor's credit rating for St George, Westpac, CBA, NAB and Bankwest is A1+ for short term investments. Suncorp and BOQ are 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 3.04% (2014: 3.49%) on an average balance during the year of $274 million (2014: $306 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.

While current liabilities are greater than current assets, LAHC, as in prior years, expects to maintain its strategic assets sales program to generate sufficient cash flows to enable all liabilities to be met as and when they fall due. During the past 5 years there have been no defaults or breaches on any loans or liabilities payable.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

2015	Weighted Avg. Effective Interest Rate %	Nominal Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Interest Rate Exposure: Variable Interest Rate $'000	Interest Rate Exposure: Non-interest bearing $'000	Maturity Dates: < 1 yr $'000	Maturity Dates: 1-5 yrs $'000	Maturity Dates: > 5 yrs $'000
Financial assets								
Cash on hand and at bank	2.97	89 906	-	89 896	10	89 906	-	-
Total Cash		89 906	-	89 896	10	89 906	-	-
Receivables *(i)*		25 793	-	-	25 793	25 793	-	-
Other financial assets:								
Short term	3.19	137 828	137 621		207	137 828	-	-
Medium term	-	1 292	-	-	1 292	-	1 292	-
Total financial assets		**254 819**	**137,621**	**89 896**	**27 302**	**253 527**	**1 292**	**-**
Financial liabilities *(ii)*								
Payables *(iii)* :								
Accrued salaries, wages and on-costs	-	11 631	-	-	11 631	11 385	246	-
Trade creditors	-	42,664	-	-	42,664	42,664	-	-
Accrued operating expenditure	-	68 995	-	-	68 995	68 995	-	-
Accrued capital expenditure	-	74 536	-	-	74 536	74 536	-	-
Other	-	16 466	-	-	16 466	16 466	-	-
Borrowings:								
Commonwealth loans	4.53	718 449	718 449	-	-	29 876	122 675	565 898
TCorp borrowings								
MRP Loan	5.16	157 080	157 080	-	-	29 239	79 078	48 763
OCH Loan	9.71	24 331	24 331	-	-	24 331	-	-
Crown Entity	4.75	12 820	12 820	-	-	12 820	-	-
Other	4.64	6 597	6 597	-	-	433	1 827	4 337
Total financial liabilities		**1 133 569**	**919 277**	**-**	**214 292**	**310 745**	**203 826**	**618 998**

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 2015

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

2014	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	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 *(iv)* :								
Commonwealth loans	4.53	748 090	748 090	-	-	29 641	121 612	596 837
TCorp borrowings								
MRP Loan	5.58	158 008	158 008	-	-	27 957	83 316	46 735
OCH Loan	9.71	24 331	24 331	-	-	-	24 331	-
Crown Entity	4.75	25 060	25 060	-	-	12 240	12 820	-
Finance Lease	-	28 822	-	-	28 822	1 880	6 456	20 486
Other	4.64	7 013	7 013	-	-	416	1 802	4 795
Total financial liabilities		**1 184 583**	**962 502**	**-**	**222 081**	**265 266**	**250 464**	**668 853**

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).
(iv) Prior year nominal amounts have been restated to align with Treasury Management Policy and reporting of liquidity risk.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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
2015					
Financial assets					
Cash and cash equivalents	89 906	899	899	(899)	(899)
Receivables	25 793	258	258	(258)	(258)
Short term investments	137,828	1,378	1,378	(1 378)	(1 378)
Other	1 292	13	13	(13)	(13)
Financial liabilities					
Payables	(214 292)	(2 143)	(2 143)	2 143	2 143
State advances - Commonwealth loans	(419 402)	(4 194)	(4 194)	4 194	4 194
TCorp borrowings	(185 345)	(1 853)	(1 853)	1 853	1 853
Crown Entity	(12 740)	(127)	(127)	127	127
Other	(6 597)	(66)	(66)	66	66
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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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. **Note:** The LAHC has no direct equity investments. The LAHC no longer holds units in the Hour-Glass investment trust as at 30 June 2015. All units were redeemed and funds transferred to Westpac bank under the NSW Treasury Banking System.

Facility	Investment Sectors	Investment Horizon	2015 $'000	2014 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	-	18 153

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).

Impact on profit / loss	Change in unit price	2015 $'000	2014 $'000
Hour Glass Investment - Cash facility	+-1%	-	182

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 Liabilities	Net Carrying Amount		Fair Value	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial liabilities				
Treasury Corporation loans	185 345	185 695	198 789	200 266
Total interest bearing liabilities	185 345	185 695	198 789	200 266
Total financial liabilities	**185 345**	**185 695**	**198 789**	**200 266**

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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
2015				
Financial assets at fair value				
Short term	-	163 621	-	163 621
Other	-	1 292	-	1 292
Total assets at fair value	-	164 913	-	164 913

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
2014				
Financial assets at fair value				
Short term	-	247 309	-	247 309
Other	-	1 390	-	1 390
Total assets at fair value	-	248 699	-	248 699

Prior year amounts have been restated to exclude cash on hand and at bank.

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 32: BONNYRIGG LIVING COMMUNITIES PUBLIC PRIVATE PARTNERSHIP PROJECT

The Bonnyrigg Living Communities project was a public private partnership (PPP) between LAHC and the Project Company, New Leaf Communities. As a result of entities providing redevelopment services to the Project Company being placed under receivership (Becton Property Group and its subsidiary Bonnyrigg Development), the NSW Government, in September 2014, approved for NSW Treasury to enter into negotiations with Bonnyrigg Partnerships with a view of resolving the PPP position.

LAHC signed a Deed of Termination effective on the 1st March 2015. As a result, LAHC made a payment of $14.7 million to settle its obligations (Note 11), the finance leased properties (Note 21) were transferred to residential properties and the finance lease liability (Note 24) was fully extinguished.

NOTE 33: EVENTS AFTER THE REPORTING DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of LAHC.

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

-------------------- END OF AUDITED FINANCIAL STATEMENTS ---------------------

Register of Land Held

STATEMENT OF FINANCIAL POSITION	**2015**	**2014**
	$'000	**$'000**
Residential properties	19 154 388	17 734 503
Land for redevelopment	319 666	304 894
Finance Leased Properties	-	13 402
Vacant land	41 079	45 065
Land under Roads	54 745	54 009
Commercial properties	26 113	26 610
Community purpose built properties	52 991	37 158
Assets held for sale		
Residential properties	14 796	6 252
Vacant Land	22 369	16 440
Total	**19 686 147**	**18 238 333**

Land values as per notes to the financial statements and in documentation supporting the notes.

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Financial statements for the year ended 30 June 2015

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Home Purchase Assistance Fund

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Home Purchase Assistance Fund (the Fund), which comprise the statement of financial position as at 30 June 2015, 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 Fund as at 30 June 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

The Trustees' Responsibility for the Financial Statements

The Trustee is responsible for preparing 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 Trustee determines is necessary to enable the preparation of financial statements that give a true and fair view and 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Fund
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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.

Karen Taylor
Director, Financial Audit Services

29 September 2015
SYDNEY

Home Purchase Assistance Fund

Statement by Trustee

In accordance with a resolution of the Trustee of the Home Purchase Assistance Fund, we declare on behalf of the Trust that in our opinion:

1. The accompanying Financial Statements and notes thereto exhibit a true and fair view of the financial position of the Home Purchase Assistance Fund as at 30 June 2015 and its financial performance for the year then ended.

2. The accompanying Financial Statements and notes thereto have been prepared in accordance with the terms of the Trust Deed dated 14 February 1989, the Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities issued by the Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.

Michael Thomson,
TRUSTEE

Sydney, 28 September 2015

Home Purchase Assistance Fund

Statement of Comprehensive Income
For the year ended 30 June 2015

	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Expenses			
Grants and subsidies	845	2,149	-
Trustee's remuneration	153	154	158
Auditor's remuneration (audit of financial statements)	38	32	31
Indemnity paid for defaulting mortgages	9	14	86
Other expenses	30	28	26
Total expenses	**1,075**	**2,377**	**301**
Revenue			
Interest from mortgage loans	7	10	10
Interest from investments – related parties	819	840	1,018
Interest from investments – non-related parties	9,664	11,380	11,003
Total interest revenue	10,490	12,230	12,031
Other revenue	18	12	9
Total revenue	**10,508**	**12,242**	**12,040**
Net result	**9,433**	**9,865**	**11,739**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**9,433**	**9,865**	**11,739**

Home Purchase Assistance Fund

Statement of Financial Position
As at 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Assets				
Current assets				
Cash and cash equivalents	2(a)	197,785	144,554	135,369
Receivables	3	2,508	2,631	2,290
Other financial assets	4	74,200	129,808	147,868
Total current assets		**274,493**	**276,993**	**285,527**
Non-current assets				
Receivables	3	90	73	103
Other financial assets	4	10,554	10,642	12,738
Total non-current assets		**10,644**	**10,715**	**12,841**
Total assets		**285,137**	**287,708**	**298,368**
Liabilities				
Current liabilities				
Payables	5	49	277	51
Provisions	6	49	55	64
Total current liabilities		**98**	**332**	**115**
Non-current liabilities		**-**	**-**	**-**
Total non-current liabilities		**-**	**-**	**-**
Total liabilities		**98**	**332**	**115**
Net assets		**285,039**	**287,376**	**298,253**
Equity				
Accumulated funds		285,039	287,376	298,253
Total Equity		**285,039**	**287,376**	**298,253**

Home Purchase Assistance Fund

Statement of Changes in Equity
For the year ended 30 June 2015

	Notes	Accumulated Funds 2015 $'000	Accumulated Funds 2014 $'000
Balance as at 1 July		298,253	307,241
Net result		9,433	11,739
Other comprehensive income		-	-
Total comprehensive income for the year		**9,433**	**11,739**
Transactions with owners in their capacity as owners			
Distribution to beneficiaries	8	(22,647)	(20,727)
Total transactions with owners in their capacity as owners		**(22,647)**	**(20,727)**
Balance as at 30 June		**285,039**	**298,253**

Home Purchase Assistance Fund

Statement of Cash Flows
For the year ended 30 June 2015

	Notes	Actual 2015 $'000	Budget 2015 $'000	Actual 2014 $'000
Cash flows from operating activities				
Interest received:				
Interest from mortgage loans		7	10	10
Investments - related parties		819	840	1,018
Investments - non-related parties		9,372	11,299	11,775
Other non-related parties		40	22	22
Mortgage loans		47	28	58
Other income		18	12	9
Payments for grants and subsidies		(845)	(2,149)	-
Indemnity paid for defaulting mortgages		(24)	(14)	(22)
Trustee's remuneration		(153)	(154)	(197)
Auditor's remuneration		(43)	(32)	(28)
Other expenses		(27)	(30)	(32)
Net cash received from operating activities	2(b)	**9,211**	**9,832**	**12,613**
Cash flows from investing activities				
Cash inflow from investments in interest bearing bonds		2,348	2,164	2,830
Cash inflow/(outflow) from investments into short term deposits		73,504	-	(95,303)
Proceeds from sale of investments		-	4,872	-
Net cash received from/(used in) investing activities		**75,852**	**7,036**	**(92,473)**
Cash flows from financing activities				
Payments to New South Wales Treasury		(20,093)	(20,092)	(20,457)
Payments to Special Beneficiaries		(2,554)	(490)	(464)
Net cash used in financing activities		**(22,647)**	**(20,582)**	**(20,921)**
Net increase/(decrease) in cash and cash equivalents		**62,416**	**(3,714)**	**(100,781)**
Cash and cash equivalents at the beginning of the year		**135,369**	**148,268**	**236,150**
Cash and cash equivalents at the end of the year	2(a)	**197,785**	**144,554**	**135,369**

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

Reporting entity

Home Purchase Assistance Fund (the Fund) is consolidated as a part of the New South Wales (the State) Total State Sector Accounts. The Fund was established by a Trust Deed dated 14 February 1989 and operates as a not-for-profit entity for the purpose of supporting and administering the State's Home Purchase programmes.

The parties to the Trust Deed are the Housing NSW (formerly known as NSW Department of Housing) and the New South Wales Treasury representing the State (the beneficiary), Permanent Custodians Limited as Trustee and Trust Company Fiduciary Services Limited as Guarantor (formerly known as Permanent Trustee Company Limited). The special beneficiary is Trust Company Fiduciary Services Limited as Trustee for the FANMAC Trusts.

From 1 June 2005, Permanent Custodians Limited became 100% owned by BNY Mellon (Australia) Pty Limited which is in turn 50% owned by Trust Company of Australia Limited and 50% owned by The Bank of New York Mellon. Trust Company Limited is a listed public company, incorporated and operating in Australia. On 28 November 2013 shareholders of The Trust Company Limited voted to accept a proposal from Perpetual Limited for it to acquire 100% of The Trust Company by way of a Scheme of Arrangement. On 18 December 2013, the Scheme of Arrangement was formally implemented and The Trust Company became wholly owned by Perpetual Limited.

Under arrangements existing prior to the appointment of Permanent Custodians Limited as Trustee of the Fund, the New South Wales Treasury incurred loan liabilities with the Commonwealth on behalf of the Home Purchase Assistance Scheme as a capital contribution (refer to note 8). When the Trust was established in 1989, NSW Land and Housing Corporation's existing home purchase assistance programmes which included a number of home loan portfolios resulting from earlier lending programmes, were transferred to the Fund.

The beneficiary of the Fund is the Minister administering the *Housing Act 2001*. The special beneficiary is Permanent Trustee Company Limited as Trustee for all of the FANMAC Trusts and the Shared Equity Schemes.

Under the Trust Deed the beneficiary is entitled to all the income of the Fund on 30 June less amounts to which each special beneficiary is entitled. Income distributions may be requested by the beneficiary at its discretion. Trust distributions can be made from the surplus for the year (refer to note 8).

The Trustee, in accordance with paragraph 3.4 of the Trust Deed shall distribute the remaining capital of the Trust Fund to the beneficiary on the vesting date. The vesting date (paragraph 1.1) is defined as the first to occur of the following dates:

a) the date of expiration of the period of 80 years from the date of commencement of the Trust, which is 14 February 1989;
b) the date upon which the Trust is terminated pursuant to the terms of this deed, Statute or general law.

Distributions paid are included in cash flows from financing activities in the statement of cash flows.

The financial statements for the year ended 30 June 2015 were authorised for issue by the Trustee on 28 September 2015.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Fund are general purpose financial statements which have been prepared on accrual basis and in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983* , the Public Finance and Audit Regulation 2015 and the Financial Reporting Directions published in Financial Reporting Code for NSW General Government Sector Entities issued by the Treasurer.

The financial statements have been prepared on the basis of historical cost convention, except for the valuation of certain financial instruments. All amounts are rounded to the nearest thousand dollars expressed in Australian currency. Accounting policies are consistent with those of the previous year.

(b) Income recognition – interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 "*Financial Instruments: Recognition and Measurement* ". Interest revenue on cash and cash equivalents are recognised at nominal value. Other revenue relates to recovery of indemnity claim during the year.

(c) Accounting for goods and services tax (GST)

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

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

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

(d) Investments

i) Short term money market deposits

The Fund invests in short term money market deposits with Australian banks and Australian subsidiaries of international banks. These deposits have a maturity day greater than 90 days and lower than 365 days.

ii) Non-quoted securities

The First Australian National Mortgage Acceptance Corporation Limited (FANMAC) Bond is a non-tradable security which is specific to the requirements of the Fund. It is measured at cost which represents fair value as this instrument does not have a tradable market and was not purchased with a premium or discount.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(e) Income tax
The surplus arising out of the Fund is fully distributed to the beneficiaries and accordingly no income tax is payable by the Fund.

(f) Payables
Payables and accruals are recognised when the Fund becomes obliged to make future payments resulting from the purchase of services.

(g) Receivables
Mortgage and other receivables are recognised as amounts receivable at reporting date using amortised cost method. All receivables are reviewed on an ongoing basis and any debts that are known to be uncollectible are written off. In addition, an allowance for impairment is raised when there is some objective evidence that the Fund will not be able to collect all amounts due.

(h) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, short term deposits with the maturity date of three months or less from reporting date.

(i) Accounting estimates and judgments
The preparation of financial statements in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. They are disclosed in the relevant notes in the financial statements.

(j) New Australian Accounting Standards Issued but not effective
In the current year, the Fund adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting period. In accordance with the NSW Treasury mandate (TC 15/03), the Fund did not early adopt any of these accounting standards and interpretations that are not yet effective.

The Fund'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 Fund. 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 Fund.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

1. Summary of significant accounting policies (continued)

(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 the *Public Finance and Audit Act 1983* where there has been a transfer of functions between agencies. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) Comparative information

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

2. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash at bank, short-term (on demand) deposits and bank bills.

	2015 $'000	2014 $'000
(a) Cash and cash equivalents consists of:		
Cash and cash equivalents at bank	702	924
Term deposits with the maturity within 90 days	197,083	134,445
	197,785	135,369
(b) Reconciliation of net result for the year to net cash flows from operating activities		
Net result	9,433	11,739
Net repayment of loans receivable:		
Mortgage loans	47	58
Changes in net assets and liabilities:		
(Increase)/decrease in interest receivable	(252)	793
(Increase) in goods and services tax recoverable	-	(3)
(Decrease)/increase in sundry payables and provisions	(17)	26
Net cash provided by operating activities	9,211	12,613

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

3. Receivables

	2015 $'000	2014 $'000
Mortgage loans	11	45
Interest receivable - non-related parties	2,494	2,242
Goods and services tax recoverable	3	3
Total current receivables	2,508	2,290
Mortgage loans	90	103
Total non-current receivables:	90	103

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

4. Other financial assets

	2015 $'000	2014 $'000
Short term money market deposits	72,200	145,704
Investment in non-quoted securities at cost (i)	2,000	2,164
Total current other financial assets	74,200	147,868
Investment in non-quoted securities at cost (i)	10,554	12,738
Total non-current other financial assets	10,554	12,738

(i) Investment in the FANMAC Master Trust which was established in 2001 for the specific purpose of providing a consolidated entity to house the Fund's current holding of FANMAC mortgages and its future purchase obligations from maturing FANMAC Trusts. The total value of the investment in the FANMAC Master Trust at 30 June 2015 was $12.6 million (30 June 2014: $14.9 million). The Master Trust securities are not traded in the financial markets.

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

5. Payables

	2015 $'000	2014 $'000
Accounting fees	27	24
Audit fees	22	27
Total payables	49	51

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

6. Provisions

	2015 $'000	2014 $'000
Government Guaranteed Loan Scheme	49	64

7. Related party information

During the year, the Fund transacted with the following related entities: the State (the beneficiary of the Trust), BNY Mellon (Australia) Pty Limited.

Apart from administrative services all other transactions with related parties were conducted on a normal commercial basis and are disclosed in the statement of financial position, statement of comprehensive income, statement of cash flows and the accompanying notes to the financial statements.

Administrative services were provided by Housing NSW staff to the Fund during the year on a free-of-charge basis.

8. Accumulated Funds

Repayment schedule
The nominal value of loan under the Home Purchase Assistance Program is detailed in the table below:

	Principal 30 June 2015 $'000	Interest 30 June 2015 $'000	2015 Total $'000	Principal 30 June 2014 $'000	Interest 30 June 2014 $'000	2014 Total $'000
Not later than one year	11,283	8,330	19,613	11,259	8,833	20,092
Later than one year but not later than five years	45,690	28,199	73,889	45,546	30,260	75,806
Later than five years	126,429	37,369	163,798	137,856	43,638	181,494
Total Cash outflow	**183,402**	**73,898**	**257,300**	**194,661**	**82,731**	**277,392**

Distributions to beneficiaries
Under the terms of the Home Purchase Assistance Fund Trust Deed, at the direction of Treasury and Department of Family and Community Services (which direction is made annually), repayments of principal and interest on the loans owed to NSW Treasury will be paid out of the net assets attributable to beneficiaries and/or income of the Fund through distributions.

FANMAC Trust	424	270
Shared Equity Schemes	2,130	-
NSW Treasury	20,093	20,457
	22,647	20,727

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial instruments

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

(a) Cash and cash equivalents

Cash comprises cash at bank, while cash equivalents comprise short term deposits with Australian banks. Term deposits have specific maturity dates for terms of up to 90 days. Interest on cash is earned on a daily basis and paid monthly while interest on the term deposits is calculated on a yearly basis and paid at maturity of each instrument.

(b) Term deposits with maturity more than 90 days

These represent term deposits with Australian banks and the Australian subsidiaries of international banks. These deposits have a maturity day greater than 90 days and lower than 365 days.

(c) FANMAC Master Trust Bonds (long-term securities)

Bonds issued by the Master Trust have been wholly-owned by the Fund since the trust was established in 2001 through the consolidation of several other FANMAC Trusts. The bonds have a maturity date in 2070. Interest and principal are paid on the bonds monthly.

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

Risk management policies are established to identify and analyse the risks faced by the fund, to set risk limits and controls and to monitor risks. Investments are only carried out by officers with approved financial delegations.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial instruments (continued)

The net carrying amount of the financial assets and financial liabilities are outlined below:

Categories of Financial Instruments

	Notes	Category	2015 $'000	2014 $'000
Financial assets				
Cash and cash equivalents	2	N/A	197,785	135,369
Receivables (i)	3	Loans and receivables (at amortised cost)	2,595	2,390
Other financial assets	4	Other financial assets	84,754	160,606
Total financial assets			**285,134**	**298,365**
Financial liabilities				
Payables (ii)	5	Financial liabilities	49	51
Total financial liabilities			**49**	**51**

(i) exclude statutory receivables and prepayments (i.e. not within the scope of AASB 7)
(ii) exclude statutory payables and unearned revenue (i.e. not within the scope of AASB 7)

Financial assets that are past due or impaired

There are no financial assets that are past due or impaired as at 30 June 2015 (30 June 2014: Nil).

Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The Fund's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the statement of financial position. Mortgage and other receivables are recognised as amounts receivable at balance date. All receivables are reviewed on an ongoing basis. In addition, an allowance for impairment is raised when there is some objective evidence that the fund will not be able to collect all amounts due.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial instruments (continued)

The table below outlines the maturity analysis based on carrying amounts for all financial assets of the Fund:

2015	Weighted average interest rate %	Variable interest rate $'m	Fixed interest rate <1 year $'m	Fixed interest rate 1-5 yrs. $'m	Fixed interest rate >5 year $'m	Non-interest bearing $'m	Total $'m
Financial assets							
Cash and cash equivalents	3.12%	0.7	197.1	-	-	-	197.8
Receivables	3.06%	0.1	-	-	-	2.5	2.6
Other financial assets	3.35%	10.6	74.2	-	-	-	84.8
Total financial assets		**11.4**	**271.3**	**-**	**-**	**2.5**	**285.2**

2014	Weighted average interest rate %	Variable interest rate $'m	Fixed interest rate <1 year $'m	Fixed interest rate 1-5 yrs. $'m	Fixed interest rate >5 year $'m	Non-interest bearing $'m	Total $'m
Financial assets							
Cash and cash equivalents	3.57%	0.9	134.5	-	-	-	135.4
Receivables	5.65%	0.1	-	-	-	2.3	2.4
Other financial assets	3.53%	12.7	147.9	-	-	-	160.6
Total financial assets		**13.7**	**282.4**	**-**	**-**	**2.3**	**298.4**

The table below outlines the concentration of categories of financial assets for the Fund:

2015	Governments $'m	Banks $'m	Other $'m	Total $'m
Financial assets				
Cash and cash equivalents	-	197.8	-	197.8
Receivables	-	2.5	0.1	2.6
Other financial assets	-	72.2	12.6	84.8
Total financial assets	**-**	**272.5**	**12.7**	**285.2**

2014	Governments $'m	Banks $'m	Other $'m	Total $'m
Financial assets				
Cash and cash equivalents	-	135.4	-	135.4
Receivables	-	2.3	0.1	2.4
Other financial assets	-	145.7	14.9	160.6
Total financial assets	**-**	**283.4**	**15.0**	**298.4**

Receivables

Collectability of all debtors is reviewed on an ongoing basis. Procedures are followed to recover any outstanding amounts; these include the issuing of letters of demand. The Fund is not exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due and less the 6 months past due are not considered impaired. No receivables were past due or impaired at 30 June 2015 (30 June 2014: Nil).

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial Instruments (continued)

Authority deposits and fixed interest investments

The Fund has placed funds on fixed term deposit with Australian Banks (CBA, WBC, ANZ, NAB, ST GEORGE, BANKWEST and SUNCORP) and Australian subsidiaries of foreign banks (HSBC, ING).

Standard and Poor's credit ratings as at the reporting date for the Australian banks (CBA, WBC, ANZ, NAB, ST GEORGE, BANKWEST, and HSBC) are A1+ for short term investments and AA- for long term investments. SUNCORP is rated A1 for short term and A+ for long term. ING rated A1 for short term and A for long term.

The weighted average interest rate on the investment portfolio as at 30 June 2015 was 3.12% (30 June 2014: 3.57%). None of these assets are past due or impaired.

The following information is provided in accordance with the provisions of AASB 7 "*Financial Instruments: Disclosures*". The Fund monitors and manages the financial risks relating its operations. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to meet its payment obligations when they fall due. The Fund continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. No assets have been pledged as collateral. The funds exposure to liquidity risk is deemed insignificant based on prior years' 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 Treasury's Circular NSW TC 11/12 dated 14 July 2011. If trade terms are not specified, payments must be made within 30 days of receipt of a correctly rendered invoice, unless an existing contract or standing offer (i.e. pre 14 July 2011) provides for an alternative time period. If payment is not made within the specified time period, simple interest must be paid automatically.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial Instruments (continued)

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 Fund's exposures to market risk are primarily through interest rate risk on the Investment Funds. The Fund 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. The Fund is not exposed to any other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the fund 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 reporting date. The analysis is performed on the same basis for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Fund's investments portfolio. This risk is minimised by undertaking mainly fixed rate Investments, primarily with Australian Banks and Treasury Corporations in NSW.

The Fund does not account for any fixed rate financial instruments at fair value through statement of comprehensive income or as available for sale.

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 Fund's exposure to interest rate risk is set out on the following page.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

9. Financial instruments (continued)

	Carrying amount $'000	+1% Net Result $'000	+1% Equity $'000	-1% -Net Result $'000	-1% Equity $'000
2015					
Financial assets					
Cash and cash equivalents	197,785	1,978	1,978	(1,978)	(1,978)
Other financial assets	2,598	26	26	(26)	(26)
Receivables	84,754	848	848	(848)	(848)
Total financial assets	**285,137**	**2,852**	**2,852**	**(2,852)**	**(2,852)**
Payables	49	-	-	-	-
Total financial liabilities	**49**	**-**	**-**	**-**	**-**

	Carrying amount $'000	+1% Net Result $'000	+1% Equity $'000	-1% -Net Result $'000	-1% Equity $'000
2014					
Financial assets					
Cash and cash equivalents	135,369	1,354	1,354	(1,354)	(1,354)
Other financial assets	160,606	1,606	1,606	(1,606)	(1,606)
Receivables	2,390	-	-	-	-
Total financial assets	**298,365**	**2,960**	**2,960**	**(2,960)**	**(2,960)**
Payables	51	-	-	-	-
Total financial liabilities	**51**	-	-	-	-

Fair value measurement

The carrying amount of financial instruments recognised in the statement of financial position approximates the fair value due to short term nature of many of the financial instruments.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- level 3: unobservable inputs for the asset or liability

The Fund had no assets or liabilities measured at fair value on a non- recurring basis as at 30 June 2015 (30 June 2014: Nil).

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

10. Contingent liability

Under clause 4 of the Home Purchase Assistance Fund Trust Deed and a Memorandum of Understanding with the Registry of Co-operatives and Associations, the Trustee, from time to time as and when required must purchase mortgages and defaulting mortgages in the Home Fund Loan program and meet claims in the Government Guaranteed loan Scheme.

No payments were required to be made on defaulting FANMAC mortgages for the year ended 30 June 2015 (30 June 2014: Nil).

11. Commitments

The Fund is committed to support the National Rental Affordable Scheme, over 10 years as follows:

	2015 $'000	2014 $'000
Not later than one year	6,072	1,382
Later than one year but not later than five years	26,869	26,947
Later than five years	33,216	36,614
Total	**66,157**	**64,943**

12. Investment powers compliance

Under the Public Authorities (Financial Arrangements) Regulation 2005, the Trustee of the Home Purchase Assistance Fund (the "Fund") is defined as an entity included in the definition of an "authority", thereby having Part 2 investment powers under Public Authorities (Financial Arrangements) Act 1987 (the "Act").

The following investments are authorised for an authority which may exercise Part 2 investment powers:

a) deposits with a bank or the Treasury Corporation and deposits with or withdrawable shares in a building society or credit union (not including certificates of deposit or other transferable securities),

b) investments in an Hour-Glass investment facility of the Treasury Corporation (being a facility under which the Treasury Corporation accepts funds on behalf of Government and public or other authorities for investment by Fund Managers approved by the Treasury Corporation),

c) investments with, issued by, or guaranteed by, the Government of New South Wales or an eligible entity which is the Government of any other State or of the Commonwealth or of a Territory,

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

12. Investment powers compliance (continued)

d) bills of exchange that have been accepted by a bank, building society or credit union,

e) a loan to an eligible entity which is a dealer in the short-term money market and in relation to which, at the time the loan is made, the Reserve Bank of Australia stands as lender of last resort,

f) certificates of deposit issued by a bank, building society or credit union,

g) such additional investments as are prescribed.

The legislative change to increase the investment powers of the Fund under the Act from Part 1 to Part 2 was effective from 13 January 2010.

13. Budget Review

Net Result
For the year ended 30 June 2015, the net result of the Fund was unfavourable by $430,000 as compared to the budgeted amount. The unfavourable result is primarily attributable to the following:

a) Interest income received is $1.7m lower than budgeted amount due to lower than budgeted interest rates for the underlying investments (i.e. term deposits) during the year.

b) National Rental Affordability Scheme grant payment to Family and Community Services is $1.3m lower than budgeted allocation due to timing of payment.

Assets and liabilities

a) Assets – Total assets as at 30 June 2015, was unfavourable by $2.6m as compared to the budgeted amount, principally due to reduction in interest revenue from investments.

b) Liabilities – Total liabilities of the Fund as at 30 June 2015, was lower than the budgeted amount due to payment of contingent liability on Rent Buy Scheme and lower Government Guaranteed Loan Schemes provision requirement.

Cash flows

a) Cash flows from operating activities – The actual cash inflow provided by operating activities were unfavourable as compared to the budgeted amount by $621,000. The reason for the unfavourable inflow from operating activities is listed below:

- Interest income received is lower than the budgeted amount by $1.9m due to lower than expected interest rates during the year.
- Lower payment in relation to National Rental Affordability Scheme of $1.3m.

b) Cash flows from investing activities – The actual cash flow provided by investing activities was favourable as compared to the budgeted amount, due to classification of short term deposits.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2015

13. Budget Review (continued)

Others

a) Financial Cost – This represents distribution to Rent Buy Scheme beneficiary amounting to $2.1m.

14. Subsequent events

There are no events subsequent to the balance sheet date which affect the financial statements.

15. Additional Fund information

Home Purchase Assistance Fund is registered in and operates in Australia.

Registered office

BNY Mellon (Australia) Pty Limited
Level 2, 35 Clarence Street
Sydney NSW 2000

****END OF AUDITED FINANCIAL STATEMENTS****

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Family & Community Services

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