



Periodic Financial Statements 2015/16

Quarter 1



Norfolk Island Hospital Enterprise

Statement of Comprehensive Income for the Norfolk Island Hospital Enterprise
for the period ended 30 September 2015

	Notes	2016 Actual \$	2016 Budget \$
EXPENSES			
Employee benefits	1A	724,091	769,212
Suppliers	1B	398,271	409,463
Depreciation and amortisation	1C	75,641	102,146
Loss on disposal of assets	1D	158	125
Write-down and impairment of assets	1E	39	2,500
Total expenses		1,198,200	1,283,446
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	2A	326,621	328,750
Fees	2B	394,394	412,125
Interest	2C	4,302	2,300
Rental income	2D	2,896	3,750
Other revenue	2E	51,639	125
Total own-source revenue		779,852	747,050
Resources received free of charge	2F	8,684	7,500
Total resources received free of charge		8,684	7,500
Net cost of services		(409,664)	(528,896)
Revenue received from Government	2G	466,750	466,750
Surplus (Deficit) attributable to the Norfolk Island Hospital Enterprise		57,086	(62,146)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		-	-
Total other comprehensive income		-	-
Total comprehensive income (loss) attributable to the Norfolk Island Hospital Enterprise		57,086	(62,146)

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet for the Norfolk Island Hospital Enterprise
as at 30 September 2015

	Notes	2016 Actual \$	2016 Budget \$
ASSETS			
Financial Assets			
Cash and cash equivalents	3A	529,217	558,906
Trade and other receivables	3B	161,262	374,280
Other investments	3C	297,741	214,711
Total financial assets		988,220	1,147,897
Non-Financial Assets			
Land and buildings	4A	1,783,534	2,691,468
Property, plant and equipment	4B,C	578,812	699,027
Intangibles	4D,E	333	594
Inventories	4F	199,151	201,752
Other non-financial assets	4G	194,898	55,792
Total non-financial assets		2,756,728	3,648,633
Total assets		3,744,948	4,796,530
LIABILITIES			
Payables			
Suppliers	5A	110,681	105,838
Other payables	5B	39,308	114,313
Total payables		149,989	220,151
Provisions			
Employee provisions	6A	705,016	642,239
Total provisions		705,016	642,239
Total liabilities		855,005	862,390
Net assets		2,889,943	3,934,140
EQUITY			
Reserves		316,386	581,834
Retained surplus (accumulated deficit)		2,573,557	3,352,306
Total equity		2,889,943	3,934,140

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Norfolk Island Hospital Enterprise
for the period ended 30 September 2015

	Retained earnings		Asset revaluation reserve		Total equity	
	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$	2016 Actual \$	2016 Budget \$
Opening balance						
Balance carried forward from previous period	2,516,471	3,414,452	316,386	581,834	2,832,857	3,996,286
Adjusted opening balance	2,516,471	3,414,452	316,386	581,834	2,832,857	3,996,286
Comprehensive income						
Surplus (Deficit) for the period	57,086	(62,146)			57,086	(62,146)
Total comprehensive income	57,086	(62,146)	-	-	57,086	(62,146)
Revaluation						
Increase in value of assets	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
Closing balance as at 30 September	2,573,557	3,352,306	316,386	581,834	2,889,943	3,934,140

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement for the Norfolk Island Hospital Enterprise
for the period ended 30 September 2015

	Notes	2016 Actual \$	2016 Budget \$
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		899,145	744,925
Receipts received from the Administration of Norfolk Island		466,750	466,750
Donations		51,639	125
Interest		4,302	2,000
Total cash received		<u>1,421,836</u>	<u>1,213,800</u>
Cash used			
Employees and suppliers		1,334,547	1,173,800
Total cash used		<u>1,334,547</u>	<u>1,173,800</u>
Net cash from (used by) operating activities		<u>87,289</u>	<u>40,000</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of land, property, plant and equipment		-	40,000
Purchase of financial instruments		78,199	-
Total cash used		<u>78,199</u>	<u>40,000</u>
Net cash from (used by) investing activities		<u>(78,199)</u>	<u>(40,000)</u>
Net increase (decrease) in cash held			
		<u>9,090</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period		520,127	558,906
Cash and cash equivalents at the end of the reporting period	3A	<u>529,217</u>	<u>558,906</u>

The above statement should be read in conjunction with the accompanying notes.

Note 1: Expenses

	2016 Actual \$	2016 Budget \$
Note 1A: Employee Benefits		
Wages and salaries	713,962	758,712
Superannuation	10,129	10,500
Total employee benefits	724,091	769,212
Note 1B: Supplier		
Goods and services		
General hospital	111,769	144,541
Dispensary	134,376	130,175
Laboratory	38,249	46,538
Physiotherapy department	4,066	5,488
Dental	22,989	9,388
Aged care	20,294	19,875
Other	60,664	48,120
Total goods and services	392,407	404,125
Goods and services are made up of:		
Provision of goods – related entities	-	-
Provision of goods – external entities	196,040	154,942
Rendering of services – related entities	69,903	64,499
Rendering of services – external entities	126,464	184,685
Total goods and services	392,407	404,125
Other supplier expenses		
Workers compensation expenses	5,864	5,338
Total other supplier expenses	5,864	5,338
Total supplier expenses	398,271	409,463
Note 1C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	36,791	23,674
Buildings	38,778	78,452
Total depreciation	75,569	102,126
Amortisation:		
Intangibles - computer software	72	20
Total amortisation	72	20
Total depreciation and amortisation	75,641	102,146
Note 1D: Loss on Sale of Assets		
Property, plant and equipment:		
Carrying value of assets sold	158	125
Total losses from asset sales	158	125
Note 1E: Write-Down and Impairment of Assets		
Asset write-down and impairments from:		
Bad debts	39	2,500
Total write-down and impairment of assets	39	2,500

Note 2: Income

	2016 Actual	2016 Budget
	\$	\$
OWN-SOURCE INCOME		
<u>Note 2A: Sale of Goods and Rendering of Services</u>		
Provision of goods - related entities	-	-
Provision of goods - external entities	185,153	162,000
Rendering of services - related entities	14,908	11,750
Rendering of services - external entities	126,560	155,000
Total sale of goods and rendering of services	326,621	328,750
<u>Note 2B: Fees</u>		
General hospital fees	133,354	109,250
Laboratory fees	31,323	45,000
X-Ray fees	20,808	20,000
Dental fees	31,876	31,125
Aged care fees	177,033	206,750
Total fees	394,394	412,125
Fees for Healthcare related services amounting to \$103,924 were received from the Administration of Norfolk Island for the year to 30 September 2015 (2016 Budget: Nil).		
<u>Note 2C: Interest</u>		
Deposits	4,302	2,300
Total interest	4,302	2,300
<u>Note 2D: Rental Income</u>		
Hospital properties	2,896	3,750
Total rental income	2,896	3,750
<u>Note 2E: Other Revenue</u>		
Donations	51,639	125
Total other revenue	51,639	125
<u>Note 2F: Resources Received Free of Charge</u>		
Audit fee	7,500	7,500
Insurance and asset revaluation fees	1,184	-
Total resources received free of charge	8,684	7,500
REVENUE FROM GOVERNMENT		
<u>Note 2G: Revenue from Government</u>		
Revenue received from the Administration of Norfolk Island	466,750	466,750
Total revenue from Government	466,750	466,750

Note 3: Financial Assets

	2016 Actual	2016 Budget
	\$	\$
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	529,217	558,906
Total cash and cash equivalents	529,217	558,906
Note 3B: Trade and Other Receivables		
Goods and Services:		
Goods and services - related entities	107,003	12,377
Goods and services - external entities	309,298	521,903
Total receivables for goods and services	416,301	534,280
Appropriation Receivable:		
Appropriation Receivable from the Administration of Norfolk Island	(95,039)	-
Total appropriation receivable	(95,039)	-
Less impairment allowance account:		
Goods and services	(160,000)	(160,000)
Total impairment allowance account	(160,000)	(160,000)
Total trade and other receivables (net)	161,262	374,280
Receivables are expected to be recovered in:		
No more than 12 months	161,262	374,280
Total trade and other receivables (net)	161,262	374,280
Receivables are aged as follows:		
Not overdue	97,285	161,791
Overdue by:		
0 to 30 days	60,479	100,581
31 to 60 days	14,986	24,922
More than 60 days	148,512	246,986
Total receivables (gross)	321,262	534,280
The impairment allowance account is aged as follows:		
Overdue by:		
0 to 30 days	3,498	3,498
31 to 60 days	(14,986)	(14,986)
More than 60 days	(148,512)	(148,512)
Total impairment allowance account	(160,000)	(160,000)

The NIHE does not have a system to record receivables which are past due greater than 91 days.

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2015 Actual

	Goods and services	Total
	\$	\$
Opening balance	(160,000)	(160,000)
Amounts written off	-	-
Closing balance	(160,000)	(160,000)

Movements in relation to 201 Budget

	Goods and services	Total
	\$	\$
Opening balance	(160,000)	(160,000)
Amounts written off	-	-
Closing balance	(160,000)	(160,000)

	2016 Actual	2016 Budget
	\$	\$
Note 3C: Other Investments		
Term deposits	297,741	214,711
Total other investments	297,741	214,711

All other investments are expected to be recovered within 12 months.

Note 4: Non-Financial Assets

	2016 Actual \$	2016 Budget \$
Note 4A: Land and Buildings		
Land:		
Fair value	375,000	375,000
Total land	375,000	375,000
Buildings on freehold land:		
Fair value	1,447,312	2,394,920
Accumulated depreciation	(38,778)	(78,452)
Total buildings on freehold land	1,408,534	2,316,468
Total land and buildings	1,783,534	2,691,468

No land or buildings were expected to be sold or disposed of within the next 12 months.

Revaluation of land and buildings

Land and buildings were revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd.

Note 4B: Property, Plant and Equipment

	2016 Actual \$	2016 Budget \$
Property, plant and equipment:		
Fair value	615,602	722,701
Accumulated depreciation	(36,791)	(23,674)
Total property, plant and equipment	578,812	699,027

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluation of property, plant and equipment

Land and buildings were revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd.

Note 4C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment 2016 Actual

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	375,000	1,447,312	1,822,312	615,602	2,437,914
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 1 July 2015	375,000	1,447,312	1,822,312	615,602	2,437,914
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	-	-
Depreciation expense	-	(38,778)	(38,778)	(36,791)	(75,569)
Revaluation Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-
Net book value 30 September 2015	375,000	1,408,534	1,783,534	578,812	2,362,346
Net book value as of 30 September 2015					
Gross book value	375,000	1,447,312	1,822,312	615,602	2,437,914
Accumulated depreciation and impairment	-	(38,778)	(38,778)	(36,791)	(75,569)
Net book value 30 September 2015	375,000	1,408,534	1,783,534	578,812	2,362,346

Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment 2016 Budget

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2015					
Gross book value	375,000	2,394,920	2,769,920	722,701	3,492,621
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 1 July 2015	375,000	2,394,920	2,769,920	722,701	3,492,621
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	-	-
Depreciation expense	-	(78,452)	(78,452)	(23,674)	(102,126)
Disposals	-	-	-	-	-
Net book value 30 September 2015	375,000	2,316,468	2,691,468	699,027	3,390,495
Net book value as of 30 September 2015					
Gross book value	375,000	2,394,920	2,769,920	722,701	3,492,621
Accumulated depreciation and impairment	-	(78,452)	(78,452)	(23,674)	(102,126)
Net book value 30 September 2015	375,000	2,316,468	2,691,468	699,027	3,390,495

Note 4: Non-Financial Assets

	2016 Actual \$	2016 Budget \$
Note 4D: Intangibles		
Computer software:		
Purchased	405	614
Accumulated amortisation	(72)	(20)
Total computer software	333	594
Total intangibles	333	594

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 4E: Reconciliation of the Opening and Closing Balances of Intangibles 2015 Actual

	Computer software purchased \$
As at 1 July 2015	
Gross book value	405
Accumulated amortisation and impairment	-
Net book value 1 July 2015	405
Additions by purchase or internally developed	-
Amortisation	(72)
Revaluation adjustment	-
Net book value 30 September 2015	333
Net book value as of 30 September 2015 represented by:	
Gross book value	405
Accumulated amortisation and impairment	(72)
Net book value 30 September 2015	333

Note 4E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2015 Budget

	Computer software purchased \$
As at 1 July 2015	
Gross book value	614
Accumulated amortisation and impairment	-
Net book value 1 July 2015	614
Additions by purchase or internally developed	-
Amortisation	(20)
Net book value 30 September 2015	594
Net book value as of 30 September 2015 represented by:	
Gross book value	614
Accumulated amortisation and impairment	(20)
Net book value 30 September 2015	594

	2016 Actual \$	2016 Budget \$
Note 4F: Inventories		
Inventories held for sale:		
Finished goods	131,108	132,820
Total inventories held for sale	131,108	132,820
Inventories held for distribution	68,043	68,932
Total inventories	199,151	201,752

During the 2016 year to 30 September, \$106,233 of inventory held for sale was recognised as an expense (2016 Budget: \$94,306).

During the 2016 year to 30 September, \$39,081 of inventory held for distribution was recognised as an expense (2016 Budget: \$34,694).

No items of inventory were recognised at fair value less cost to sell.

All inventories are expected to be sold or distributed in the next 12 months.

Note 4G: Other Non-Financial Assets

	2016 Actual \$	2016 Budget \$
Prepayments	194,898	55,792
Total other non-financial assets	194,898	55,792

All other financial assets are expected to be recovered in the next 12 months.

No indicators of impairment were found for other non-financial assets.

Note 4: Non-Financial Assets

Note 4H: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
 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.

Note 4I: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2016 Actual

	Fair value measurements at the end of the reporting period using			
	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	375,000	-	375,000	-
Buildings	1,447,312	-	-	1,447,312
Property, plant and equipment	615,602	-	-	615,602
Total non-financial assets	<u>2,437,914</u>	<u>-</u>	<u>375,000</u>	<u>2,062,914</u>
	2,437,914	-	375,000	2,062,914

Total fair value measurements of assets in the statement of financial position
 The highest and best use of all non-financial assets are the same as their current use.

Note 4J: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2015

	Category (Level 2 or 3)	Fair value \$'000	Valuation technique(s)1	Inputs used 2	Range 3
Non-financial assets					
Land	Level 2	375,000	Market Approach and Cost Approach	Estimated replacement Expected useful life	N/A
Buildings	Level 3	1,447,312	Depreciated replacement cost	Estimated replacement Expected useful life	N/A
Property, plant and equipment	Level 3	615,602	Approach and Cost Approach	Estimated replacement Expected useful life	N/A

- There were no changes in valuation technique from the previous reporting period.
- Significant level 3 inputs utilised by the NIHE are derived and evaluated as follows:

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors to the asset under consideration.

- The NIHE has chosen to adopt AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of the NIHE's non-financial assets are not primarily dependent on their ability to generate cash flows. The NIHE has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.

Note 5: Payables

	2016 Actual	2016 Budget
	\$	\$
Note 5A: Suppliers		
Trade creditors and accruals	<u>110,681</u>	<u>105,838</u>
Total suppliers payables	<u>110,681</u>	<u>105,838</u>

Suppliers payables expected to be settled within 12 months:

Related entities	12,441	11,897
External entities	<u>98,240</u>	<u>93,942</u>
Total	<u>110,681</u>	<u>105,839</u>

Settlement is usually made within 30 days.

Note 5B: Other Payables

Accrued salaries and wages	<u>39,308</u>	<u>114,313</u>
Total other payables	<u>39,308</u>	<u>114,313</u>

All other payables are expected to be settled within 12 months.

Note 6: Provisions

	2016 Actual	2016 Budget
	\$	\$
Note 6A: Employee Provisions		
Annual leave	223,400	203,508
Long service leave	413,498	376,679
Other	68,118	62,052
Total employee provisions	705,016	642,239
Employee provisions are expected to be settled in:		
No more than 12 months	424,024	391,924
More than 12 months	280,992	250,315
Total employee provisions	705,016	642,239