



Periodic Financial Statements 2015/16

Quarter 2



Norfolk Island Hospital Enterprise

Statement of Comprehensive Income for the Norfolk Island Hospital Enterprise
for the period ended 31 December 2015

	Notes	2016 Actual \$	2016 Budget \$	Quarter 2 \$
EXPENSES				
Employee benefits	1A	1,507,214	1,512,250	783,123
Suppliers	1B	802,872	845,350	404,600
Depreciation and amortisation	1C	133,861	204,291	58,219
Loss on disposal of assets	1D	180	-	23
Write-down and impairment of assets	1E	407	5,000	368
Total expenses		2,444,534	2,566,891	1,246,333
LESS:				
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services	2A	644,337	659,750	317,717
Fees	2B	721,291	822,000	326,898
Interest	2C	5,931	4,600	1,629
Rental income	2D	6,250	7,500	3,354
Other revenue	2E	51,761	250	122
Total own-source revenue		1,429,570	1,494,100	649,720
Resources received free of charge	2F	17,379	15,000	8,696
Total resources received free of charge		17,379	15,000	8,696
Net cost of services		(997,585)	(1,057,791)	(587,917)
Revenue received from Government	2G	933,500	933,500	466,750
Surplus (Deficit) attributable to the Norfolk Island Hospital Enterprise		(64,085)	(124,291)	(121,167)
OTHER COMPREHENSIVE INCOME				
Changes in asset revaluation reserves		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income (loss) attributable to the Norfolk Island Hospital Enterprise		(64,085)	(124,291)	(121,167)

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

Balance Sheet for the Norfolk Island Hospital Enterprise
as at 31 December 2015

	Notes	2016 Actual \$	2016 Budget \$
ASSETS			
Financial Assets			
Cash and cash equivalents	3A	506,579	558,906
Trade and other receivables	3B	165,350	374,280
Other investments	3C	299,066	214,711
Total financial assets		970,995	1,147,897
Non-Financial Assets			
Land and buildings	4A	1,762,811	2,613,017
Property, plant and equipment	4B,C	553,507	675,353
Intangibles	4D,E	261	574
Inventories	4F	199,151	201,752
Other non-financial assets	4G	127,633	55,792
Total non-financial assets		2,643,363	3,546,488
Total assets		3,614,358	4,694,385
LIABILITIES			
Payables			
Suppliers	5A	131,127	105,838
Other payables	5B	8,674	114,313
Total payables		139,801	220,151
Provisions			
Employee provisions	6A	705,783	642,240
Total provisions		705,783	642,240
Total liabilities		845,585	862,391
Net assets		2,768,774	3,831,994
EQUITY			
Reserves		316,386	581,834
Retained surplus (accumulated deficit)		2,452,389	3,250,160
Total equity		2,768,775	3,831,994

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 31 December 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	2,516,474	3,374,451	316,386	581,834	2,832,860	3,956,285
Adjusted opening balance	2,516,474	3,374,451	316,386	581,834	2,832,860	3,956,285
Comprehensive income						
Surplus (Deficit) for the period	(64,085)	(124,291)			(64,085)	(124,291)
Total comprehensive income	(64,085)	(124,291)	-	-	(64,085)	(124,291)
Revaluation						
Increase in value of assets	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-
Closing balance as at 31 December	2,452,389	3,250,160	316,386	581,834	2,768,775	3,831,994

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 31 December 2015

	Notes	2016 Actual \$	2016 Budget \$	Quarter 2 \$
OPERATING ACTIVITIES				
Cash received				
Sales of goods and rendering of services		1,543,023	1,489,850	643,878
Receipts received from the Administration of Norfolk Island		933,500	933,500	466,750
Donations		51,761	250	122
Interest		5,931	4,000	1,629
Total cash received		<u>2,534,215</u>	<u>2,427,600</u>	<u>1,112,379</u>
Cash used				
Employees and suppliers		2,468,239	2,347,600	1,133,692
Total cash used		<u>2,468,239</u>	<u>2,347,600</u>	<u>1,133,692</u>
Net cash from (used by) operating activities		<u>65,976</u>	<u>80,000</u>	<u>(21,313)</u>
INVESTING ACTIVITIES				
Cash used				
Purchase of land, property, plant and equipment		-	80,000	-
Purchase of financial instruments		79,523	-	1,325
Total cash used		<u>79,523</u>	<u>80,000</u>	<u>1,325</u>
Net cash from (used by) investing activities		<u>(79,523)</u>	<u>(80,000)</u>	<u>(1,325)</u>
Net increase (decrease) in cash held		<u>(13,547)</u>	<u>-</u>	<u>(22,638)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>520,126</u>	558,906	<u>529,217</u>
Cash and cash equivalents at the end of the reporting period	3A	<u>506,579</u>	558,906	<u>506,579</u>

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

Note 1: Expenses

	2016 Actual \$	2016 Budget \$	Quarter 2 \$
Note 1A: Employee Benefits			
Wages and salaries	1,486,955	1,491,250	772,992
Superannuation	20,259	21,000	10,131
Total employee benefits	1,507,214	1,512,250	783,123
Note 1B: Supplier			
Goods and services			
General hospital	216,826	252,085	105,057
Dispensary	226,347	222,850	91,971
Laboratory	69,526	85,325	31,277
Physiotherapy department	4,140	3,150	73
Dental	32,849	18,025	9,860
Aged care	39,564	26,950	19,270
Other	202,107	225,965	141,443
Total goods and services	791,359	834,350	398,951
Goods and services are made up of:			
Provision of goods – related entities	-	-	-
Provision of goods – external entities	393,305	359,425	197,264
Rendering of services – related entities	34,306	28,500	(35,596)
Rendering of services – external entities	363,748	446,425	237,283
Total goods and services	791,359	834,350	398,951
Other supplier expenses			
Workers compensation expenses	11,513	11,000	5,649
Total other supplier expenses	11,513	11,000	5,649
Total supplier expenses	802,872	845,350	404,600
Note 1C: Depreciation and Amortisation			
Depreciation:			
Property, plant and equipment	74,216	47,348	37,425
Buildings	59,501	156,903	20,722
Total depreciation	133,717	204,251	58,147
Amortisation:			
Intangibles - computer software	144	40	72
Total amortisation	144	40	72
Total depreciation and amortisation	133,861	204,291	58,219
Note 1D: Loss on Sale of Assets			
Property, plant and equipment:			
Carrying value of assets sold	180	-	23
Total losses from asset sales	180	-	23
Note 1E: Write-Down and Impairment of Assets			
Asset write-down and impairments from:			
Bad debts	407	5,000	368
Total write-down and impairment of assets	407	5,000	368

Note 2: Income

	2016 Actual	2016 Budget	Quarter 2
	\$	\$	\$
OWN-SOURCE INCOME			
<u>Note 2A: Sale of Goods and Rendering of Services</u>			
Provision of goods - related entities	-	-	-
Provision of goods - external entities	370,187	324,000	185,034
Rendering of services - related entities	30,959	23,500	16,052
Rendering of services - external entities	243,191	312,250	116,631
Total sale of goods and rendering of services	644,337	659,750	317,717
<u>Note 2B: Fees</u>			
General hospital fees	205,780	218,500	72,426
Laboratory fees	73,155	90,000	41,832
X-Ray fees	37,105	40,000	16,297
Dental fees	65,243	60,000	33,367
Aged care fees	340,008	413,500	162,976
Total fees	721,291	822,000	326,898
Fees for Healthcare related services amounting to \$117,607 were received from the Administration of Norfolk Island for the year to 31 December 2015 (2016 Budget: Nil).			
<u>Note 2C: Interest</u>			
Deposits	5,931	4,600	1,629
Total interest	5,931	4,600	1,629
<u>Note 2D: Rental Income</u>			
Hospital properties	6,250	7,500	3,354
Total rental income	6,250	7,500	3,354
<u>Note 2E: Other Revenue</u>			
Donations	51,761	250	122
Total other revenue	51,761	250	122
<u>Note 2F: Resources Received Free of Charge</u>			
Audit fee	15,000	15,000	7,500
Insurance and asset revaluation fees	2,379	-	1,196
Total resources received free of charge	17,379	15,000	8,696
REVENUE FROM GOVERNMENT			
<u>Note 2G: Revenue from Government</u>			
Revenue received from the Administration of Norfolk Island	933,500	933,500	466,750
Total revenue from Government	933,500	933,500	466,750

Note 3: Financial Assets

	2016 Actual	2016 Budget
	\$	\$
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	506,579	558,906
Total cash and cash equivalents	506,579	558,906
Note 3B: Trade and Other Receivables		
Goods and Services:		
Goods and services - related entities	-	12,377
Goods and services - external entities	388,710	521,903
Total receivables for goods and services	388,710	534,280
Appropriation Receivable:		
Appropriation Receivable from the Administration of Norfolk Island	(63,360)	-
Total appropriation receivable	(63,360)	-
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)	165,350	374,280
Receivables are expected to be recovered in:		
No more than 12 months	165,350	374,280
Total trade and other receivables (net)	165,350	374,280
Receivables are aged as follows:		
Not overdue	125,070	205,387
Overdue by:		
0 to 30 days	34,389	56,473
31 to 60 days	15,674	25,739
More than 60 days	150,217	246,681
Total receivables (gross)	325,350	534,280
The impairment allowance account is aged as follows:		
Overdue by:		
0 to 30 days	5,891	5,891
31 to 60 days	(15,674)	(15,674)
More than 60 days	(150,217)	(150,217)
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	299,066	214,711
Total other investments	299,066	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	(59,501)	(156,903)
Total buildings on freehold land	1,387,811	2,238,017
Total land and buildings	1,762,811	2,613,017

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	627,723	722,701
Accumulated depreciation	(74,216)	(47,348)
Total property, plant and equipment	553,507	675,353

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	622,717	2,445,029
Accumulated depreciation and impairment	-	-	-	-	-
Net book value 1 July 2015	375,000	1,447,312	1,822,312	622,717	2,445,029
Additions:					
By purchase or donation	-	-	-	-	-
Work in progress	-	-	-	5,006	5,006
Depreciation expense	-	(59,501)	(59,501)	(74,216)	(133,716)
Revaluation Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-
Net book value 31 December 2015	375,000	1,387,811	1,762,811	553,507	2,316,319
Net book value 31 December 2015					
Gross book value	375,000	1,447,312	1,822,312	627,723	2,450,035
Accumulated depreciation and impairment	-	(59,501)	(59,501)	(74,216)	(133,716)
Net book value 31 December 2015	375,000	1,387,811	1,762,812	553,507	2,316,319

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	-	(156,903)	(156,903)	(47,348)	(204,251)
Disposals	-	-	-	-	-
Net book value 31 December 2015	375,000	2,238,017	2,613,017	675,353	3,288,370
Net book value 31 December 2015					
Gross book value	375,000	2,394,920	2,769,920	722,701	3,492,621
Accumulated depreciation and impairment	-	(156,903)	(156,903)	(47,348)	(204,251)
Net book value 31 December 2015	375,000	2,238,017	2,613,017	675,353	3,288,370

Note 4: Non-Financial Assets

	2016 Actual \$	2016 Budget \$
Note 4D: Intangibles		
Computer software:		
Purchased	405	614
Accumulated amortisation	(144)	(40)
Total computer software	261	574
Total intangibles	261	574

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 2016 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	(144)
Revaluation adjustment	-
Net book value 31 December 2015	261
Net book value as of 31 December 2015 represented by:	
Gross book value	405
Accumulated amortisation and impairment	(144)
Net book value 31 December 2015	261

Note 4E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2016 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	(40)
Net book value 31 December 2015	574
Net book value as of 31 December 2015 represented by:	
Gross book value	614
Accumulated amortisation and impairment	(40)
Net book value 31 December 2015	574

	2016 Actual \$	2016 Budget \$
Note 4F: Inventories		
Inventories held for sale:		
Finished goods	131,440	133,156
Total inventories held for sale	131,440	133,156
Inventories held for distribution	67,711	68,596
Total inventories	199,151	201,752

During the 2016 year to 31 December, \$198,312 of inventory held for sale was recognised as an expense (2016 Budget: \$94,306).

During the 2016 year to 31 December, \$73,348 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	127,633	55,792
Total other non-financial assets	127,633	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	627,723	-	-	627,723
Total non-financial assets	2,450,035	-	375,000	2,075,035
	2,450,035	-	375,000	2,075,035

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 2016

	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	627,723	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>131,127</u>	<u>105,838</u>
Total suppliers payables	<u>131,127</u>	<u>105,838</u>

Suppliers payables expected to be settled within 12 months:

Related entities	24,589	19,847
External entities	<u>106,538</u>	<u>85,991</u>
Total	<u>131,127</u>	<u>105,838</u>

Settlement is usually made within 30 days.

Note 5B: Other Payables

Accrued salaries and wages	<u>8,674</u>	<u>114,313</u>
Total other payables	<u>8,674</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	236,872	215,546
Long service leave	396,403	360,714
Other	72,508	65,980
Total employee provisions	705,783	642,240
Employee provisions are expected to be settled in:		
No more than 12 months	430,528	391,924
More than 12 months	275,255	250,316
Total employee provisions	705,783	642,240