



## **St Vincent's Hospital Sydney Limited**

**ABN 77 054 038 872**

### **Annual Report 30 June 2013**

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The annual report covers St Vincent's Hospital Sydney Limited as an individual entity and is presented in Australian dollars.

St Vincent's Hospital Sydney Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The registered office of the company is located at:

Level 1  
75 Grafton Street  
Bondi Junction, NSW 2022

The principal place of business of the company is located at:

St Vincent's Hospital Sydney Limited  
390 Victoria Street  
Darlinghurst NSW 2010

The annual report was authorised for issue by the directors on 15 October 2013. The company has the power to amend and reissue the annual report.

Your directors present their report on the Company for the year ended 30 June 2013.

## **Directors**

The following persons held office as directors of the Company during the whole of the financial year and up to the date of this report (unless otherwise stated):

Mr J Gurry (Resigned on 4 October 2012)  
Mr P Robertson AM (Appointed Chair on 5 October 2012)  
Fr F Brennan SJ AO  
Sr M Confoy RSC  
Mr B Earle  
Ms P Faulkner AO  
Mr G Humphrys  
Ms B Hutchinson AM  
Prof. P Smith  
Mr G Sword AM (Resigned on 4 October 2012) Sr M Walters RSC (Resigned on 1 August 2013)  
Mr P McClintock AO (Appointed on 1 January 2013)  
Prof. S Crowe AM (Appointed on 1 January 2013)

Subsequent to the year end and prior to the date of signing of this directors' report, Ms Melissa Babbage, a senior financial executive, and Sister Mary Wright IBVM, a Canon lawyer, were appointed to the board on 1 October 2013.

## **Objectives and principal activities**

The short and long term objectives and principal activities of the Company, as detailed in its constitution, are:

- To provide direct relief of sickness, suffering and distress through supporting the health service facilities operating hospitals, and other health care facilities and by itself conducting such facilities; and
- To provide relief without discrimination.

## **Performance measurement**

The directors monitor the Company's progress against these objectives at regular board meetings including:

- reports on all aspects of the Company's operations presented at regular board meetings and Committees including the following committees: the Finance and Investment Committee; the Mission, Ethics & Advocacy Committee; the People & Culture Committee; the Quality & Safety Committee; and, the Audit & Risk Committee;
- the development of a multi-year Strategic Plan and periodic review of this plan;
- feedback from clients who have accessed the Company's services through a range of client-focused mechanisms such as patient satisfaction surveys; and,
- Social Accountability report which provides the board with an overview of the Company's Mission related projects including monies spent.

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Directors' Report – 30 June 2013**

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**Review of operations**

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Total revenue and other income	<u><b>419,506</b></u>	<u>404,338</u>
Operating deficit	<u><b>(14,819)</b></u>	<u>(13,468)</u>
Total deficit	<u><b>(8,947)</b></u>	<u>(3,862)</u>

The Company's financial report includes the result of operating the public hospital, receiving capital grants into income per accounting standards for not-for-profit entities, and the contribution from special purpose and trust funds (where funds are received into and expended from accounts whose purpose is specifically funding research projects and various other specific activities and initiatives) prescribed by donors or grantor of the funds and cannot be used for any other purpose). Accordingly, when interpreting the financial performance it is necessary to view each of these components separately.

The operating deficit attributable to the hospital's general fund for the year was \$14,300,000 compared to last year's deficit of \$17,050,000. These significant operating deficits have reduced the cash reserves of the Company to the point where a \$10,000,000 loan was provided by a commonly controlled entity to enable the Company to pay its suppliers within acceptable credit terms. A program of action is underway to address the deficits and bring the Company back to at least a cash flow break even position.

The Company is not-for-profit and so strives to make a surplus to keep the health service sustainable, to generate funds to replace assets, to undertake charitable works, and to further invest in the mission to promote the healing ministry of Christ.

***Going Concern***

The annual report has been prepared on a going concern basis as the directors are of the opinion that the Company can pay its debts as and when they fall due.

The directors and key management personnel have formed this opinion based on the following:

1. The Company has a Memorandum of Understanding (MOU) with the NSW Ministry of Health (the Ministry) in relation to the ongoing funding of St Vincent's Hospital Sydney Limited until at least the 2013/2014 financial year. The MOU provides certainty of base funding. The MOU contains specific acknowledgments by the Minister for Health and the Ministry that St Vincent's Hospital Sydney Limited is a separate legal entity under the Corporations Act 2001 and that the Officer's and Director's rely (in part) upon the MOU for the purposes of discharging their duties under law.
2. The Company recorded an operating deficit of \$14,819,000, net current liabilities of \$15,746,000 and net assets of \$71,108,000 in 2013. The Company's results and assets comprise the General Fund and Special Purpose and Trust Funds, which have restricted purposes. The General Fund recorded a total deficit of \$14,300,000 and net liabilities of \$453,000. The hospital is aiming to return to a break even position in future years.
3. The directors requested and received a letter of support from the parent company offering to provide financial assistance for a period, should it be necessary.

**Dividends**

The Company's constitution precludes the payment of dividends and accordingly no dividend has ever been paid or declared.

### **Member's guarantee**

The Company is incorporated under the Corporations Act 2001 and is a public company limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$100 each towards meeting the obligations of the Company. At 30 June 2013, the Company had 1 member (2012: 1) so the maximum amount to be contributed towards meeting the obligations of the Company would be \$100 (2012: \$100).

### **Subsequent events**

On 1 July 2013, the affiliated health organisations of Sacred Heart Hospice Limited and St Joseph's Hospital Limited were consolidated into St Vincent's Hospital Sydney Limited. The assets and liabilities of Sacred Heart Hospice Limited and St Joseph's Hospital Limited were transferred at fair value to St Vincent's Hospital Sydney Limited.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 30 June 2013 that has significantly or may significantly affect the operations of St Vincent's Hospital Sydney Limited, the results of those operations or the state of affairs of St Vincent's Hospital Sydney Limited in the subsequent financial years.

### **Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases, to the nearest dollar.

### **Indemnity and insurance of directors and officers**

The Company's directors and executives have been indemnified for costs incurred, in their capacity as a director or executive, for which they may be personally held liable, except where there is a lack of good faith.

### **Names, qualifications, experience, and special responsibilities of directors**

#### **Chair**

***Mr John Gurry (Appointed 1 October 2010, appointed Board Chair 1 October 2010, resigned 4 October 2012)***

**Qualifications** Fellowship of the Royal Australasian College of Surgeons, Fellowship of the Royal College of Surgeons of England and Fellowship of the American College of Surgeons.

**Experience** Previous Associate Professor of Surgery, University of Melbourne and Consultant Vascular Surgeon in private practice. Formerly a Director of St Vincent's Institute, Director of Vascular Surgery at St Vincent's Hospital in Melbourne, Chairman of the Senior Medical Staff Association and Member of the Medical Executive Committee and Medical Consultative Committees of that hospital. Formerly President of The Australian and New Zealand Society for Vascular Surgery, and a Member of the Executive Council of that Society over a ten year period. Mr Gurry had been Chair of the St Vincent's Health Australia Board since 31 December 2008.

**Special Responsibilities to 4 October 2012** Chair of Board, Chair of People and Culture Committee, and Member, Quality and Safety Committee.

***Mr Paul Robertson AM (Current - Appointed 27 March 2008, Appointed Chair 5 October 2012)***

**Qualifications** Bachelor of Commerce, Fellow CPA Australia.

**Experience** Mr Robertson is a former Executive Director of Macquarie Bank with extensive experience in banking, finance and risk management. Mr Robertson is Chair of Social Ventures Australia, Chair of St Ignatius College Riverview, Chair of Trustees of St Vincent's Hospital Sydney and holds several private company Directorships.

**Special Responsibilities** Deputy Chair, Member, Finance and Investment Committee (resigned as Chair and from Committee on 4 October 2012); and Chair, People and Culture Committee (appointed Chair 5 October 2012).

***Father Frank Brennan SJ AO (Current – Appointed 1 October 2010)***

**Qualifications** Society of Jesus, Officer of the Order of Australia, BA, LLB(Hons), LLM, BD(Hons), DUniv, Hon LLD, Professor of Law.

**Experience** Jesuit Priest; Professor of Law at the Australian Catholic University and Adjunct Professor at the Australian National University College of Law and National Centre for Indigenous Studies; Law, Social Justice and Reconciliation advocate. Advocate in Residence for the Society of St Vincent de Paul, Catholic Health Australia and Catholic Social Services Australia. In 2009, he chaired the Australian National Human Rights Consultation Committee. Fr Frank is also a Director of Jesuit Social Services and Global Foundation.

**Special Responsibilities** Chair of Mission, Advocacy and Community Relations Committee, and Member, People and Culture Committee.

***Sr Maryanne Confoy RSC (Current - Appointed 6 February 2012)***

**Qualifications** Bachelor of Arts from the University of Melbourne, postgraduate studies at both Boston College and Harvard Graduate School of Education, and a Doctor of Philosophy at Boston College.

**Experience** A Religious Sister of Charity and currently Professor of Pastoral Theology at Jesuit Theological College and MCD University of Divinity, Melbourne. Sr Maryanne is also a former President of the United Faculty of Theology and is visiting Professor at the School of Theology and Ministry, Boston College, USA. She is a fellow of the MCD University of Divinity. Her governance roles have included member of the Australian Catholic University Senate and Chair of MCD Board of Postgraduate Studies. Sr Maryanne is a Council member of Edmund Rice Education Australia and a member of RMIT University Ethics Committee.

**Special Responsibilities** Member, Mission, Advocacy and Community Relations Committee.

***Mr Brendan Earle (Current – Appointed 1 October 2010)***

**Qualifications** Bachelor of Laws (Hons); Bachelor of Arts; Barrister and Solicitor, Supreme Court of Victoria.

**Experience** A partner with the national law firm, Herbert Smith Freehills. Has over 15 years' experience providing commercial legal advice across a range of industries and specialises in large or strategically important negotiated transactions including acquisitions, sales, joint ventures and corporate restructuring. Acts as a relationship partner for several clients of the firm. Long-standing interest in the Australian healthcare industry and has advised the Commonwealth Government, private insurers, aged care providers, private consulting practices and pharmaceutical manufacturers on a diverse range of projects

**Special Responsibilities** Member, People and Culture Committee; Member, Finance and Investment Committee, and Member, Audit and Risk Committee.

***Ms Patricia Faulkner AO (Current – Appointed 1 October 2010)***

**Qualifications** BA, Dip. Education, MBA; Fellow of Public Administration Australia, Fellow of Public Administration (Victoria) and Fellow of the College of Health Service Executives.

**Experience** Up until 2010 was National Partner-in-Charge, Health Sector at KPMG; previously Secretary of the Victorian Government of Human Services; held a number of roles with the Victorian Government over a period of almost 20 years in the Department of Labour and Department of Community Welfare Services. Ms Faulkner is Chair of Superpartners, Jesuit Social Services, Health & Hospitals Infrastructure Fund and National Health Performance Authority, a Member of The COAG Reform Council, the Commonwealth Grants Commission and the Melbourne Racing Club.

**Special Responsibilities** Deputy Chair, SVHA Board; Member, Quality and Safety Committee and Member, Mission, Advocacy and Community Relations Committee.

**Mr Gary Humphrys (Current – Appointed 1 October 2010)**

**Qualifications** Graduate Diploma Business Administration; Graduate of the Australian Institute of Company Directors; and, Member of the Institute of Chartered Accountants in Australia.

**Experience** 35 years of experience in senior executive roles covering a number of disciplines including finance and accounting, treasury, taxation, IT, procurement and audit in the energy and mining industries in both the public and private sector. Mr Humphrys is Director of Ergon Energy Corporation Limited, Director of The Holy Spirit Northside Private Hospital, Director, Electricity Supply Industry Superannuation (Qld) and Director, Guildford Coal.

**Special Responsibilities** Member, Mission, Ethics and Advocacy Committee; Member, Finance and Investment Committee; and Chair, Audit and Risk Committee.

**Ms Belinda Hutchinson AM (Current – Appointed 1 October 2010)**

**Qualifications** Bachelor of Economics, Fellow of the Institute of Chartered Accountants in Australia, and Fellow of the Australian Institute of Company Directors.

**Experience** Former Executive Director of Macquarie Bank Limited, Head of Macquarie Underwriting; former Vice President of Citibank Australia, Head of Financial Institutions Group, and Head of New South Wales Corporate Finance Group. Currently Chairman of QBE Insurance Group Limited and a Director of AGL Energy Limited, the Salvation Army Sydney Advisory Board and Australian Philanthropic Services Limited. Ms Hutchison was appointed Chancellor of the University of Sydney in February 2013.

**Special Responsibilities** Member and Chair of Finance and Investment Committee (resigned as Chair on 4 April 2013 and from Committee on 19 April 2013).

**Professor Peter Smith (Current – Appointed 7 February 2006)**

**Qualifications** Bachelor of Science, Bachelor of Medicine/Bachelor of Surgery, Doctor of Medicine. Fellow of the Royal Australasian College of Physicians, Fellow of the Royal College of Pathologists Australasia and Fellow of the Australian Institute of Company Directors.

**Experience** Dean of the Faculty of Medicine at the University of New South Wales. Group Captain RAAFSR with the Reserve Forces Decoration and Director Air Force Health Reserves (NSW/ACT), Directorate of Health Reserves, Air Force, Royal Australian Air Force. Professor Smith is a Director of the Garvan Institute of Medical Research, Neuroscience Research Australia, The Sax Institute of Health Research, Arts and Health Foundation, Black Dog Institute, Ingham Health Research Institute and New South Innovations.

**Special Responsibilities** Chair of Quality and Safety Committee and Member, People and Culture Committee.

**Mr Greg Sword AM (Appointed 1 October 2010, resigned 4 October 2012)**

**Experience** One of the pioneers of the development of industry superannuation. Currently, the CEO and a director of LUCRF Super. Previously National President of the Australian Labour Party, Vice-President of the Australian Council of Trade Unions (ACTU), and General Secretary of the National Union of Workers.

**Special Responsibilities to 4 October 2012** Member, Audit and Risk Committee and, Member, Finance and Investment Committee.

**Sr Maureen Walters RSC (*Appointed 6 February 2012, resigned 1 August 2013*)**

**Qualifications** General Nursing Certificate at St Vincent's Hospital Sydney; Certificate in Operating Management and Techniques at the NSW College of Nursing; Diploma in Theology; Diploma in Nursing Administration at the College of Nursing Australia; and, a Bachelor of Health Administration at the University of New South Wales.

**Experience** A Religious Sister of Charity for over 60 years and was previously Director of Nursing and Sister Administrator of St Vincent's Hospital Melbourne and St Vincent's Private, Launceston. Her current ministry is in the Archives Department of St Vincent's Health, Melbourne.

Maureen initially trained as a nurse and then gained qualifications in Health Administration and Theology. She is a former fellow of the Royal College of Nursing, Australia and has had wide-ranging governance roles including as a member of the Nursing Standing Committee of the National Health and Medical Research Council and councillor and treasurer of the Australian Catholic Health Care Association as well as for the Sisters of Charity Ministries.

**Special Responsibilities** Member, Quality and Safety Committee and, Member, People and Culture Committee.

**Mr Paul McClintock AO (*Current - Appointed 1 January 2013*)**

**Qualifications** Graduated in Arts and Law from the University of Sydney and is an honorary fellow of the Faculty of Medicine of that University, and a Life Governor of the Woolcock Institute of Medical Research.

**Experience** Previous Chairman of Medibank Private Limited and currently Chair of Thales Australia, Myer Holdings Limited, I-MED Network, the Institute of Virology and NSW Ports. He is a Director of the George Institute for Global Health.

From July 2000 to March 2003, Mr McClintock served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet with responsibility for supervising Cabinet processes and acting as the Prime Minister's most senior personal adviser on strategic directions in policy formulation.

His former positions include Chairman of the COAG Reform Council, the Expert Panel of the Low Emissions Technology Demonstration Fund, Intoll Management Limited, Symbion Health, Affinity Health, Ashton Mining, Plutonic Resources and the Woolcock Institute of Medical Research.

Mr McClintock was previously a Director of the Australian Strategic Policy Institute and Perpetual Limited, a Commissioner of the Health Insurance Commission and a member of the Australia-Malaysia Institute Executive Committee.

**Special Responsibilities** Chair, Finance and Investment Committee (appointed as Chair on 19 April 2013), and, Member, Audit and Risk Committee

**Prof. Suzanne Crowe AM (*Current - Appointed 1 January 2013*)**

**Qualifications** MBBS (Honours IIA) - Monash University/Alfred Hospital Medical School; Fellow, Royal Australasian College of Physicians, (Speciality: Infectious Diseases); and, MD Thesis "Role of Macrophages in HIV Pathogenesis", Monash University

**Experience** Associate Director of the Burnet Institute, Principal Research Fellow with the National Health Medical Research Council, Principal Specialist in Infectious Diseases at The Alfred Hospital and Adjunct Professor of Medicine and Infectious Diseases at Monash University, Melbourne.

Head of the international Clinical Research Laboratory at the Burnet Institute and the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing. An adviser and consultant to the WHO Global Program on AIDS, has served as Deputy Chair of the Board of the Australian India Council (Department of Foreign Affairs and Trade), as a member of the Prime Minister's Science, Engineering and Innovation Council Asia Working Group and as President of the Australasian Society for HIV Medicine.



A consultant physician in infectious diseases and general medicine at The Alfred since 1994. She has authored over 200 published papers, five books and 68 book chapters in the field.

Professional associations include Fellow of the Royal Australasian College of Physicians and of the Infectious Diseases Society of America and member of the Australasian Society for HIV Medicine, American Society of Microbiology and European Macrophage Society.

Recipient of many prestigious awards including the Priscilla Kincaid Smith Medal from the Royal Australasian College of Physicians, a Harkness Foundation Fellowship, and the Jean C Tolhurst Memorial Prize for Microbiology from Monash University.

**Special Responsibilities** Member, Quality and Safety Committee

### **Company Secretary**

***Mr Robert Beetson***

**Qualifications** LLB/BA, Graduate Diploma in Legal Practice

**Experience** Over 25 years in the health industry. Admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Associate Member of the Institute of Chartered Secretaries, Member Australian Corporate Lawyers Association, previously Manager of Investigations, Health Care Complaints Commission (NSW).

### **Meetings of Directors**

The number of meetings of the Company's directors held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

	Number of Meetings Attended	Number of Meetings Held While in Office
Mr J Gurry (Resigned as Chair and Member on 4 October 2012)	4	4
Mr P Robertson AM (Appointed Chair on 5 October 2012)	8	8
Fr F Brennan SJ AO	8	8
Sr M Confoy RSC	8	8
Mr B Earle	7	8
Ms P Faulkner AO	8	8
Mr G Humphrys	8	8
Ms B Hutchinson AM	7	8
Prof. P Smith	5	8
Mr G Sword AM (Resigned on 4 October 2012)	3	4
Sr M Walters RSC (Resigned on 1 August 2013)	8	8
Mr P McClintock AO (Appointed on 1 January 2013)	2	3
Prof. S Crowe AM (Appointed on 1 January 2013)	3	3

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Directors' Report – 30 June 2013**

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The number of meetings of the Finance and Investment Committee held during the year ended 30 June 2013 and the numbers of meetings attended by each member director were:

	Number of Meetings Attended	Number of Meetings Held While in Office
Ms B Hutchinson AM (Appointed Chair on 1 July 2012, resigned as Chair and from Committee on 19 April 2013)	6	6
Mr P McClintock AO (Appointed on 1 January 2013, appointed chair on 19 April 2013)	3	3
Mr B Earle	7	7
Mr G Humphrys (Appointed 19 April 2013)	1	1
Mr P Robertson AM (Resigned on 4 October 2012)	4	4
Mr G Sword AM (Resigned on 4 October 2012)	2	3

The number of meetings of the Audit and Risk Committee held during the year ended 30 June 2013 and the numbers of meetings attended by each member director were:

	Number of Meetings Attended	Number of Meetings Held While in Office
Mr G Humphrys (Chair)	6	6
Mr B Earle (Appointed member on 1 January 2013)	3	3
Mr P McClintock AO (Appointed on 1 January 2013)	3	3
Mr G Sword AM (Resigned on 4 October 2012)	2	2
Mr P Robertson AM (Appointed member 29 November 2012, resigned from committee on 31 January 2013).	2	2

The number of meetings of the Mission, Ethics and Advocacy Committee held during the year ended 30 June 2013 and the numbers of meetings attended by each member director were:

	Number of Meetings Attended	Number of Meetings Held While in Office
Fr F Brennan SJ AO (Chair)	4	4
Ms P Faulkner AO	3	4
Sr M Confoy RSC	3	4
Mr G Humphrys	4	4

**St Vincent's Hospital Sydney Limited**  
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**Directors' Report – 30 June 2013**

The number of meetings of the People and Culture Committee held during the year ended 30 June 2013 and the numbers of meetings attended by each member director were:

Mr J Gurry (Resigned as Chair and from Committee on 4 October 2012)  
Mr P Robertson (Appointed Chair on 5 October 2012)  
Fr F Brennan SJ AO  
Mr B Earle  
Prof. P Smith  
Sr M Walters (Appointed 1 January 2013, resigned on 1 August 2013)

Number of Meetings Attended	Number of Meetings Held While in Office
2	2
2	2
4	4
3	3
4	4
1	1

The number of meetings of the Quality and Safety Committee held during the year ended 30 June 2013 and the numbers of meetings attended by each member director were:

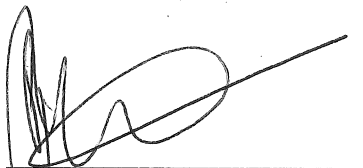
Prof. P Smith (Chair)  
Mr J Gurry (Resigned on 4 October 2012)  
Ms P Faulkner AO  
Sr M Walters RSC (Resigned on 1 August 2013) )  
Prof. S Crowe AM (Appointed 1 January 2013)

Number of Meetings Attended	Number of Meetings Held While in Office
6	6
2	2
5	6
6	6
3	3

**Auditor**

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001. The directors have received an Independence Declaration from Ernst & Young, a copy of which is attached at page 10. Non audit services were provided by Ernst & Young and are disclosed in note 20.

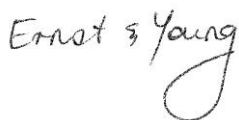
This report is made in accordance with a resolution of the directors.



Mr Paul Robertson, Chair  
Sydney  
15 October 2013

## Auditor's Independence Declaration to the Directors of St Vincent's Hospital Sydney Limited

In relation to our audit of the financial report of St Vincent's Hospital Sydney Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Loretta Di Mento  
Partner  
15 October 2013

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Statement of Comprehensive Income**  
**For the Year Ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Revenue	2	412,422	392,672
Other income	3	7,084	11,666
<b>Total revenue and other income</b>		<b>419,506</b>	<b>404,338</b>
Salaries and wages		(222,580)	(210,393)
Other Employee entitlements		(29,860)	(30,895)
Superannuation		(17,774)	(16,771)
Goods and services		(141,066)	(139,182)
Finance costs	4	(68)	(38)
Repairs and maintenance		(4,977)	(5,205)
Depreciation and amortisation	4	(8,918)	(8,415)
Net loss on disposal of non-current assets	4	(423)	(115)
Other expenses from ordinary activities		(8,659)	(6,792)
<b>Total expenses</b>		<b>434,325</b>	<b>417,806</b>
Operating deficit		<b>(14,819)</b>	<b>(13,468)</b>
Realised gain on available-for-sale financial assets		5,977	-
Capital funding received	3	3,884	10,098
<b>Total deficit attributable to member</b>		<b>(4,958)</b>	<b>(3,370)</b>
<b>Allocated as follows:</b>			
General Fund - total deficit for the year		(14,300)	(17,050)
Special Purpose and Trust Funds - total surplus for the year		9,342	13,680
<b>Total</b>		<b>(4,958)</b>	<b>(3,370)</b>
<b>Other comprehensive income</b>			
Net gain/(loss) on available-for-sale financial assets		(3,989)	(492)
<b>Total comprehensive loss attributable to member</b>		<b>(8,947)</b>	<b>(3,862)</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

St Vincent's Hospital Sydney Limited  
ABN 77 054 038 872  
Statement of Financial Position  
As at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	10,039	12,860
Trade and other receivables	6	30,397	29,569
Inventories	7	5,425	5,194
Available-for-sale investments	8	360	8,802
Held-to-maturity investments	9	79,500	68,500
Total current assets		<u>125,721</u>	<u>124,925</u>
<b>Non-current assets</b>			
Receivables	10	4,865	6,768
Property, plant and equipment	11	103,795	95,106
Total non-current assets		<u>108,660</u>	<u>101,874</u>
<b>Total assets</b>		<u>234,381</u>	<u>226,799</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	60,898	55,663
Interest bearing liabilities	13	903	767
Provisions	14	79,666	78,545
Total current liabilities		<u>141,467</u>	<u>134,975</u>
<b>Non-current liabilities</b>			
Payables	15	12,000	-
Interest bearing liabilities	16	4,865	6,768
Provisions	17	4,941	5,001
Total non-current liabilities		<u>21,806</u>	<u>11,769</u>
<b>Total liabilities</b>		<u>163,273</u>	<u>146,744</u>
<b>Net assets</b>		<u>71,108</u>	<u>80,055</u>
<b>EQUITY</b>			
Reserves	18	-	3,989
Accumulated losses - General Fund	18	(453)	(46,884)
Retained earnings - Special Purpose and Trust Fund	18	71,561	122,950
<b>Total equity</b>		<u>71,108</u>	<u>80,055</u>

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

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2013**

	<b>Note</b>	<b>Reserves \$'000</b>	<b>Retained Surpluses \$'000</b>	<b>Total \$'000</b>
<b>2013</b>				
Balance 1 July 2012		<b>3,989</b>	<b>76,066</b>	<b>80,055</b>
Total deficit attributable to member		-	<b>(4,958)</b>	<b>(4,958)</b>
Other comprehensive income		<b>(3,989)</b>	-	<b>(3,989)</b>
Total comprehensive deficit attributable to member		<b>(3,989)</b>	<b>(4,958)</b>	<b>(8,947)</b>
Balance 30 June 2013	18	-	<b>71,108</b>	<b>71,108</b>
<b>2012</b>				
Balance 1 July 2011		4,481	79,436	83,917
Total deficit attributable to member		-	(3,370)	(3,370)
Available-for-sale financial assets		(492)	-	(492)
Total comprehensive deficit attributable to member		(492)	(3,370)	(3,862)
Balance 30 June 2012	18	3,989	76,066	80,055

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Receipts from patients and related income (GST inclusive)		18,770	15,640
Subsidies and grants from government		364,426	351,392
Other income		65,834	52,580
Payments to suppliers and employees (GST inclusive)		(454,067)	(419,153)
Interest received		3,732	4,192
Donations received		7,084	11,666
<b>Net cash flow from operating activities</b>	26	<u>5,779</u>	<u>16,317</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(18,082)	(35,431)
Payments for held-to-maturity investments		(179,000)	(160,500)
Proceeds from held-to-maturity investments		168,000	148,359
Payments for available-for-sale financial assets		(3)	(228)
Proceeds from disposal of property, plant and equipment		52	1,274
Proceeds from redemption of available-for-sale financial assets		10,433	3,428
<b>Net cash flow from investing activities</b>		<u>(18,600)</u>	<u>(43,098)</u>
<b>Cash flows from financing activities</b>			
Proceeds of advance from related party		10,000	-
Repayment of advance from third party		-	392
Repayment of borrowings		-	(392)
<b>Net cash flow from financing activities</b>		<u>10,000</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents held</b>		<b>(2,821)</b>	<b>(26,781)</b>
Cash at the beginning of the financial year		<u>12,860</u>	<u>39,641</u>
<b>Cash at the end of the financial year</b>	5	<u><u>10,039</u></u>	<u><u>12,860</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*



## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes only the financial statements of St Vincent's Hospital Sydney Limited.

### **(a) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report is presented in Australian dollars.

#### ***Going Concern***

The annual report has been prepared on a going concern basis as the directors are of the opinion that the Company can pay its debts as and when they fall due.

The directors and key management personnel have formed this opinion based on the following:

1. The Company has a Memorandum of Understanding (MOU) with the NSW Ministry of Health (the Ministry) in relation to the ongoing funding of St Vincent's Hospital Sydney Limited until at least the 2013/2014 financial year. The MOU provides certainty of base funding. The MOU contains specific acknowledgments by the Minister for Health and the Ministry that St Vincent's Hospital Sydney Limited is a separate legal entity under the Corporations Act 2001 and that the Officer's and Director's rely (in part) upon the MOU for the purposes of discharging their duties under law.
2. The company recorded an operating deficit of \$14,819,000, net current liabilities of \$15,746,000 and net assets of \$71,108,000 in 2013. The Company's results and assets comprise the General Fund and Special Purpose and Trust Funds, which have restricted purposes. The General Fund recorded an operating deficit of \$14,300,000 and net liabilities of \$453,000. The hospital is aiming to return to a break even position in future years.
3. The directors requested and received a letter of support from the parent company offering to provide financial assistance for a period, should it be necessary.

#### ***Statement of Compliance***

This financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board. Some Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting requirements including AASB 116 Property, Plant & Equipment; AASB 136 Impairment of Assets; and AASB 1004 Contributions.

#### ***New standards issued and adopted***

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new or amended standard which became applicable on 1 July 2012. Adoption of this Standard did not have material effect on the financial position or performance of the Company.

- AASB101 Presentation of Financial Statements: This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

#### ***Standards and Interpretations in issue not yet adopted***

Certain Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective so have not been adopted by the Company for the year ended 30 June 2013. Directors have assessed the new Standards and Interpretations, and they are not expected to have a material impact.

#### ***Historical Cost Convention***

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Basis of Preparation (continued)**

***Critical Accounting Judgements, Estimates and Assumptions***

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards ("AIFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Where significant, information on these judgements, estimates and assumptions are disclosed in the relevant notes to the financial statements.

**(b) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for each activity described below.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

***Patient income*** is recognised when services are provided.

***Government grants and subsidies income*** is recognised as the right to receive payment is established.

***Interest revenue*** is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

***Lease and property income*** is recognised as it accrues.

***Donations and trust estate distributions income*** is recognised on a cash basis.

***Asset sale*** gains or losses on disposal of assets are brought to account at the date an unconditional contract of sale is signed.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise cash at bank and short term deposits with an original maturity of three months or less.

**(d) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment of receivables. Trade and other receivables are generally due for settlement no more than 45 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is raised when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms. The amount of the provision 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 impairment loss is recognised in the Statement of Comprehensive Income within other expenses. Subsequent recoveries of amounts previously written off or impaired are credited against other expenses in the Statement of Comprehensive Income.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Inventories**

Inventories are carried at the lower of cost and replacement value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Replacement cost is the estimated cost of replacement in the ordinary course of business.

**(f) Investments and other financial assets**

***Classification, recognition and derecognition***

Financial assets in the scope of AASB 139: Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments or available-for-sale investments as appropriate.

Initial recognition of financial assets is measured at fair value plus directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and re-evaluates this designation annually.

Regular purchases and sales of financial assets are recognised on the date the Company commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of assets within the period established generally by regulation or concentration in the marketplace.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**(i) Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in this category. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on changes in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise. Assets in this category are classified as current assets.

**(ii) Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Company has the intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

The calculation includes all fees, transaction costs and premiums or discounts. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except those with maturities less than 12 months from the reporting date, which are classified as current assets.

**(iii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit or loss upon derecognition or impairment, as well as through the amortisation process.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Investments and other financial assets (continued)**

**(iv) Available-for-sale investments**

Available-for-sale assets are non-derivative financial assets that do not have fixed maturities or fixed determinable payments and are available-for-sale, or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss.

They are included in non-current assets unless management intends to dispose of the investments within 12 months of the reporting date.

***Fair value***

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

**(g) Property, plant and equipment**

Property, plant and equipment assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to acquisition.

Subsequent costs incurred in relation to the assets are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Some plant of the Company is required to be overhauled on a regular basis. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated over the remaining useful life of the asset. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

Land is not depreciated. Depreciation on other property, plant and equipment assets is calculated using the straight-line method to allocate their cost, over its maximum expected useful lives, as follows:

Leasehold Improvements	see Note 1(h)
Plant and equipment	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income.

Buildings are split into their various components including physical structure, fire services, mechanical services, vertical transport services, and electrical services. Estimates of useful lives for each of these components are based on advice from quantity surveyors and as a result, with the exception of the structural components, the other components have estimated useful lives less than 40 years.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Leasehold improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Company, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over various periods up to 40 years.

**(i) Leased non-current assets**

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits. Finance leases are capitalised. A leased asset and liability are established at the present value of minimum lease payments. The lease asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the Company will obtain ownership of the asset, the life of the asset.

Finance lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding liability) and the lease liability.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

Incentives received on entering into operating leases are recognised as liabilities, amortised over the period of the lease as other income in the Statement of Comprehensive Income.

**(j) Impairment of assets**

***Indefinite life assets***

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not-for-profit entity, value in use is determined using depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are recognised in the Statement of Comprehensive Income.

***Financial assets***

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its costs is considered as an indicator that securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised for available for sale investments are not subsequently reversed.

**(k) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 60 days of recognition.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

A provision for insurance deductible excess is recognised for medical malpractice claims based on an independent assessment of open claims made to reporting date and past experience on the level of claim outcomes.

The Company has determined an amount to be provided for workers' compensation premiums in relation to current and previous years. The calculation is in line with guidance from the workers' compensation insurance provider and the statutory definition of wages and salaries.

**(m) Employee benefits**

***Wages and salaries and annual leave***

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in trade payables in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

***Long service leave***

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided to employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or when employees accept voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised in provisions.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amount expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated future cashflows, discounted using market yields at the reporting date on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future payments.

***Superannuation fund***

Contributions to defined contribution superannuation funds are charged against Statement of Comprehensive Income as incurred.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Interest bearing liabilities**

All interest bearing liabilities are initially recognised at fair value of the funding received less directly attributable transaction costs. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

**(o) Borrowing costs**

Borrowing costs include:

- a. interest on bank overdrafts, short term and long term borrowings, and interest rate swaps;
- b. amortisation of discounts or premiums relating to borrowings;
- c. amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- d. finance lease charges.

Borrowing costs incurred for the construction of qualifying assets are capitalised during the time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

**(p) Goods and services tax**

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority (in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable).

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows including GST in the operating cash flows.

Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the taxation authority.

**(q) Income Tax**

The Company is exempt from income tax under the provisions of Section 50-30 of the *Income Tax Assessment Act 1997*.

**(r) Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases, to the nearest dollar.

**(s) Joint ventures**

The proportionate interests in the assets, liabilities, revenue and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 28.

The interest in a joint venture entity is accounted for using the equity method. Under the equity method, the share of the surplus or deficit of the entity is recognised in the Statement of Comprehensive income.

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Notes to the Financial Statements**  
**30 June 2013**

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>2. REVENUE</b>		
Patient and resident fees	<b>19,543</b>	11,227
Government grants and subsidies	<b>331,638</b>	323,426
Non-medical revenue	<b>32,295</b>	30,598
Rents and other property revenue	<b>229</b>	72
Interest revenue	<b>3,569</b>	4,107
Other revenue	<b>25,148</b>	23,242
<b>Total revenue</b>	<b><u>412,422</u></b>	<u>392,672</u>
<b>3. OTHER INCOME AND CAPITAL FUNDING</b>		
Donations	<b><u>7,084</u></b>	<u>11,666</u>
<b>Total other income</b>	<b><u>7,084</u></b>	<u>11,666</u>
Capital funding received in relation to the:		
Personally Controlled Electronic Health Record ("eHealth") Project (a)	<b>3,218</b>	4,602
Kinghorn Cancer Centre (b)	<b><u>666</u></b>	<u>5,496</u>
<b>Total capital funding included in non-operating income</b>	<b><u>3,884</u></b>	<u>10,098</u>

**(a) Personally Controlled Electronic Health Record (PCEHR) Project Funding**

\$3,218,365 in Government grants and donation income was received during 2013 (2012: \$4,602,000) to fund the introduction of a Personally Controlled Electronic Health Record (PCEHR). The implementation of PCEHR is a significant part of the reforms being undertaken to Australia's health and hospital system in accordance with the National Health and Hospital Network. The Department of Health and Ageing is responsible for delivering the Australian Government funded elements of the introduction of a PCEHR.

**(b) Capital contribution for construction of Kinghorn Cancer Centre**

\$665,778 in Government grants and donation income was received during 2013 (2012: \$5,496,000) to fund the construction of the Kinghorn Cancer Centre (KCC). The Garvan Institute of Medical Research (Garvan) and St Vincent's Hospital Sydney Ltd agreed to collaborate on the development of the KCC on land adjacent to the current Garvan premises. The purpose of the KCC is to draw upon the existing research and clinical expertise of the partners to create a facility of international standing to improve patient outcomes in the diagnosis and treatment of cancer. The construction of the KCC has been funded predominately through a Federal government grant in the amount of \$70 million under the terms and conditions stipulated by the Funding Agreement dated 24 June 2009. Garvan and St Vincent's Hospital have a 50% share in this joint venture.



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	2013 \$'000	2012 \$'000
<b>4. EXPENSES</b>		
<b>Surplus before income tax includes the following specific expenses:</b>		
<b>Finance costs</b>		
Interest and finance charges paid/payable	<u>68</u>	<u>38</u>
Total finance costs expensed	<u>68</u>	<u>38</u>
<b>Depreciation</b>		
Plant and equipment	<u>6,883</u>	<u>7,493</u>
Total depreciation	<u>6,883</u>	<u>7,493</u>
<b>Amortisation</b>		
Leasehold improvements	<u>2,035</u>	<u>922</u>
Total amortisation	<u>2,035</u>	<u>922</u>
Total depreciation and amortisation	<u>8,918</u>	<u>8,415</u>
<b>Net loss on disposal of property, plant and equipment</b>	423	115
<b>Rental expense relating to operating leases</b>		
Minimum lease payments	505	13
<b>Defined contribution superannuation expense</b>	17,774	16,771
<b>Bad and doubtful debts</b>	628	1,146
<b>Unused bad and doubtful debts provision</b>	(638)	-

St Vincent's Hospital Sydney Limited  
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	2013 \$'000	2012 \$'000
<b>5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	<u>10,039</u>	<u>12,860</u>
	<u><b>10,039</b></u>	<u><b>12,860</b></u>

**Restricted and non-restricted fund analysis**

Cash and cash equivalents		10,039	12,860
Held to maturity investments	9	79,500	68,500
Available for sale assets	8	<u>360</u>	<u>8,802</u>
Total cash and investments		<u><b>89,899</b></u>	<u><b>90,162</b></u>

The above assets were allocated as follows:

Restricted funds	83,253	83,250
Unrestricted funds	<u>6,646</u>	<u>6,912</u>
	<u><b>89,899</b></u>	<u><b>90,162</b></u>

**(a) Restricted funds**

These amounts are to be used for funding research projects and various other specific activities and initiatives as prescribed by the donors or granter of the funds and cannot be used for any other purpose.

**(b) Unrestricted funds**

These funds are unrestricted and can be used by management for any purpose necessary to operate the Hospital.

The company's exposure to interest rate risk is discussed in note 19.

Cash held for restricted purposes amount to \$8,373,141 at 30 June 2013 (2012: \$7,460,000).

**6. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES**

Trade receivables	5,721	4,948
Less: Provision for impairment of trade receivables (a)	<u>(781)</u>	<u>(408)</u>
	<u><b>4,940</b></u>	<u><b>4,540</b></u>
Amounts due from related parties	10,421	4,010
Other receivables	13,507	19,700
Prepayments	<u>1,529</u>	<u>1,319</u>
	<u><b>30,397</b></u>	<u><b>29,569</b></u>

St Vincent's Hospital Sydney Limited  
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**6. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (continued)**

**(a) Impaired trade receivables**

At 30 June 2013, the following current trade receivables of the Company were impaired. The amount of the provision was \$781,000 (2012: \$408,000). The individually impaired receivables mainly relate to individuals who find themselves in unexpectedly difficult economic situations. The ageing of these receivables was as follows:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
1 to 3 months	-	196
3 to 6 months	<b>314</b>	47
6 months or more	<b>467</b>	165
	<b><u>781</u></b>	<u>408</u>

***Movements in the provision for impairment of receivables***

At 1 July	<b>408</b>	768
Provision for impairment recognised during the year	<b>1,270</b>	1,506
Receivables written off during the year as uncollectible	<b>(253)</b>	(1,506)
Unused amount reversed	<b>(644)</b>	(360)
At 30 June	<b><u>781</u></b>	<u>408</u>

***Past due but not impaired***

1 to 3 months	<b>6,152</b>	5,980
3 to 6 months	<b>668</b>	860
6 months or more	<b>288</b>	353
	<b><u>7,108</u></b>	<u>7,193</u>

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

**(b) Amounts due from related parties**

Included in amounts due from related parties are amounts due from the following classes of related parties:

Commonly controlled entities	<b>8,463</b>	2,211
Other related parties	<b><u>1,958</u></b>	<u>1,799</u>
	<b><u>10,421</u></b>	<u>4,010</u>

**(c) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest is not charged in respect of these outstanding balances. Collateral is not normally obtained.

**(d) Fair value and credit risk**

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 19 for more information on the risk management policy of the Company and the credit quality of the entity's trade and other receivables.

St Vincent's Hospital Sydney Limited  
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	2013 \$'000	2012 \$'000
<b>7. CURRENT ASSETS - INVENTORIES</b>		
Medical and other consumables - at cost	<u>5,425</u>	<u>5,194</u>

Inventories consumed and recognised as expenses during the year ended 30 June 2013 amounted to \$107,601,501 (2012: \$104,060,260).

**8. CURRENT ASSETS - AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments	<u>360</u>	<u>8,802</u>
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***Movement in available-for-sale investments***

At the beginning of the year	8,802	12,494
Additions	3	228
Redemptions	(10,433)	(3,428)
Revaluation surplus/(deficit)	<u>1,988</u>	<u>(492)</u>
At the end of the financial year	<u>360</u>	<u>8,802</u>

The investment of monies held for restricted purposes in available for sale investments amounts to \$349,403 at 30 June 2013 (2012: \$8,602,000)

Available-for-sale investments primarily represent units in unlisted cash management unit trusts, equities and deposits with financial institutions.

***Interest rate exposure***

The Company's exposure to interest rate risk is discussed in note 19.

***Impairment and risk exposure***

None of the investments are either past due or impaired.

Available-for-sale investments are held in various investment vehicles and these investments primarily are fixed interest, listed property trusts, Australian equities and cash.

Included in available-for-sale financial assets at 30 June 2013 is an investment in units in Vale Cash Management Fund (Vale), an unlisted unit trust. All assets held by Vale were sold by 30 June 2013 with investments redeemed and the majority of the principal and interest being returned to investors. The fair value of Vale resulted in an increase in value of \$1,988,000 to equity for the year ended 30 June 2013 (2012: \$492,000 decrease in value).

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**2013**                      2012  
**\$'000**                      \$'000

**9. CURRENT ASSETS - HELD-TO-MATURITY INVESTMENTS**

Deposits with major trading banks and finance institutions	<u><b>79,500</b></u>	<u>68,500</u>
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Held-to-maturity investments represents term deposits and bank endorsed bank bills with financial institutions and earn interest at rates of between 3.65% and 4.53% (2012: 4.95% and 5.93%).

The investment of monies held for restricted purposes in term deposits amounts to \$74,531,054 at 30 June 2013 (2012: \$67,187,000).

**10. NON-CURRENT ASSETS - RECEIVABLES**

Amounts due from other related parties	<u><b>4,865</b></u>	<u>6,768</u>
	<u><b>4,865</b></u>	<u>6,768</u>

**(a) Impaired receivables and receivables past due not impaired**

None of the non-current receivables are impaired or past due but not impaired.

**(b) Risk exposure**

The Company's exposure to interest rate risk and credit risk is discussed in note 19.

**(c) Fair values**

The fair values and carrying values of non-current receivables are not significantly different.

**11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements \$'000	Plant and equipment \$'000	In course of construction \$'000	Total \$'000
<b>Year ended 30 June 2013</b>				
Opening net book value	21,645	30,344	43,117	95,106
Additions	-	10,607	6,170	16,777
Disposals	-	(474)	-	(474)
Transfers	47,377	184	(46,257)	1,304
Depreciation	(2,035)	(6,883)	-	(8,918)
Closing net book value	<u>66,987</u>	<u>33,778</u>	<u>3,030</u>	<u>103,795</u>
<b>At 30 June 2013</b>				
Cost	72,397	98,690	3,030	174,117
Accumulated depreciation	(5,410)	(64,912)	-	(70,322)
Net book amount	<u>66,987</u>	<u>33,778</u>	<u>3,030</u>	<u>103,795</u>

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**11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)**

	Leasehold improvements \$'000	Plant and equipment \$'000	In course of construction \$'000	Total \$'000
<b>Year ended 30 June 2012</b>				
Opening net book value	22,202	32,444	14,831	69,477
Additions	28	3,935	31,468	35,431
Disposals	-	(162)	(1,227)	(1,389)
Transfers	336	1,619	(1,955)	-
Depreciation	(921)	(7,492)	-	(8,413)
Closing net book value	21,645	30,344	43,117	95,106
<b>At 30 June 2012</b>				
Cost	25,026	90,106	43,117	158,249
Accumulated depreciation	(3,381)	(59,762)	-	(63,143)
Net book amount	21,645	30,344	43,117	95,106

	2013 \$'000	2012 \$'000
<b>12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES</b>		
Trade creditors	43,903	46,588
Other creditors and accrued expenses	3,783	4,382
Amounts due to related parties (unsecured) (a)	13,212	4,693
	<u>60,898</u>	<u>55,663</u>

**(a) Amounts due to commonly controlled entities (unsecured)**

Included in amounts due to commonly controlled entities are amounts due to the following classes of related

Commonly controlled entities	9,474	2,693
Other related parties	3,738	2,000
	<u>13,212</u>	<u>4,693</u>

**13. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES**

Bank Loan - Catholic Development Fund (note 16)	903	767
	<u>903</u>	<u>767</u>

**14. CURRENT LIABILITIES – PROVISIONS**

Employee benefits (note 21)	79,666	78,545
	<u>79,666</u>	<u>78,545</u>

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	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>15. NON-CURRENT LIABILITIES – PAYABLES</b>		
Amounts due to St Vincent's Healthcare Limited (unsecured)	<u>12,000</u>	-
	<u><b>12,000</b></u>	<u>-</u>

**16. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES**

Bank loan - Catholic Development Fund (a)	<u>4,865</u>	6,768
	<u><b>4,865</b></u>	<u>6,768</u>

**(a) Bank loan to Catholic Development Fund (Current and non-current) of \$5,768,000 (2012: \$7,535,000).**

A loan was taken out on 6 February 2009 for a total of \$8,300,000 for the development of the carpark in the O'Brien Building. The loan is repayable over 10 years at a variable rate of 5.90% at 30 June 2013 (2012: 6.55%)

The Catholic Development Fund bank loan is secured with a fixed and floating charge over the cash flow and income in respect of the operation of all car parking facilities at St Vincent's Hospital Limited together with the underground parking station under the building known as the O'Brien Building at St Vincent's Hospital Limited. The car park income flows to the Trustees of St Vincent's Hospital Sydney and they pay the interest and principal repayments on this loan. Accordingly, no interest paid or payable on this loan has been reflected in this financial report.

**17. NON-CURRENT LIABILITIES – PROVISIONS**

Employee benefits (note 21)	<u>4,941</u>	5,001
	<u><b>4,941</b></u>	<u>5,001</u>

**18. RESERVES AND RETAINED SURPLUSES**

**(a) Reserves**

**Available-for-sale investments revaluation reserve**

Opening balance at the beginning of the financial year	<b>3,989</b>	4,481
Gain/(loss) on revaluation of available-for-sale financial assets (current note 8)	<b>1,988</b>	(492)
Net realised gain on available-for-sale financial assets	<u><b>(5,977)</b></u>	-
Closing balance at the end of the financial year	<u><b>-</b></u>	<u>3,989</u>

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## 18. RESERVES AND RETAINED SURPLUSES (continued)

### Nature and purpose of reserves

Available-for-sale investments revaluation reserve records movements in the fair value of available-for-sale financial assets.

	2013	2012
	\$'000	\$'000

#### (b) Retained surpluses

Opening balance at the beginning of the financial year	76,066	79,436
Deficit for the year	(4,958)	(3,370)
Closing balance at the end of the financial year	71,108	76,066

#### (c) Allocation of funds

Special purpose and Trust Funds	77,538	122,950
General Fund	(6,430)	(46,884)
	71,108	76,066

#### Movements:

##### *Special Purpose and Trust Funds*

Balance at the beginning of the year	122,950	109,270
Surplus for the year	9,342	13,680
Transfer of assets to general fund	(54,754)	-
Funds held at the end of the year	77,538	122,950

##### *General Fund*

Balance at the beginning of the year	(46,884)	(29,834)
Deficit for the year	(14,300)	(17,050)
Transfer of assets from special purpose and trust funds	54,754	-
Funds held at the end of the year	(6,430)	(46,884)

The majority of the special purpose and trust funds transfer to the general fund reflects the 50% share of the Kinghorn Cancer Centre Building.

## 19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis, and monitoring of interest rates and ageing analysis for credit risk.



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**19. FINANCIAL RISK MANAGEMENT (continued)**

Risk management is documented by policies approved by the Board and, where appropriate, the member. The Board provides direction on relevant risk management principles. The Company retains independent third party advisors where appropriate to provide advice on risk issues. The Company's principal financial instruments are cash, investments, trade and other receivables, trade and other payables, and interest bearing liabilities. The Company holds the following financial instruments:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Financial Assets</b>		
Cash and cash equivalents	<b>10,039</b>	12,860
Trade and other receivables (current)	<b>30,397</b>	29,569
Receivables (non-current)	<b>4,865</b>	6,768
Held-to-maturity investments (current)	<b>79,500</b>	68,500
Available-for-sale investments (current)	<b>360</b>	8,802
<b>Total financial assets</b>	<b><u>125,161</u></b>	<u>126,499</u>
<b>Financial Liabilities</b>		
Trade and other payables (current)	<b>60,898</b>	55,663
Borrowings (current)	<b>903</b>	767
Borrowings (non-current)	<b>4,865</b>	6,768
<b>Total financial liabilities</b>	<b><u>66,666</u></b>	<u>63,198</u>

**(a) Market Risk**

**(i) Price risk**

The Company is exposed to price risk arising from the holding of available-for-sale investments, including equity investments and an investment in an unlisted unit trust – Vale Cash Management Fund. To manage the price risk arising from holding investments in equity securities, the Company diversifies its portfolio. The majority of the Company's equity investments are publicly traded and included in the ASX 200 Index. Investment in the Vale Cash Management Fund is independently managed. Investment in equities is small compared to total investments and fluctuations of share prices are not considered to be material.

The maximum exposure to market risk at the reporting date is the fair value of the securities and the unit trust units classified as available-for-sale. Significant or prolonged declines in fair value below cost are considered an indicator of impairment of available-for-sale financial assets. Upon review, the fair value of available-for-sale financial assets resulted in an increase \$1,988,000 in the statement of comprehensive income for the year ended 30 June 2013 (2012: \$492,000 impairment charged to the statement of comprehensive income).

During the financial year and at the reporting date, if prices relating to certain available-for-sale investments had moved by +/- 10%, with all other variables held constant, the surplus for the Company for the year, and equity at the reporting date, would have been \$35,896 (2012: \$880,000) higher / lower.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

(ii) Interest rate risk

The Company's exposure to market interest rates relates primarily to the following:

**Cash at bank deposits, held-to-maturity investments and available-for-sale investments**

The Company has an investment policy that seeks to limit this risk by restricting the type and term of investments. The Company also retains independent advisors to recommend and place investments in accordance with this policy. The term of the investments is determined after consideration of the liquidity needs of the Company.

**Interest Bearing Liabilities**

Borrowings are at both fixed and variable rates. The variable risk is managed by ensuring that the term for loan repayments reflect the underlying duration of the cash flow generated, cash inflows provide a prudent level of coverage of principal and interest repayments and that there are sufficient cash reserves held to maintain principal and interest repayments for a sufficient period of time to enable longer term corrective actions to occur should underlying cash flows be disrupted.

As at reporting date, the Company had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	<b>10,039</b>	12,860
Held-to-maturity investments	<b>79,500</b>	68,500
	<b>89,539</b>	81,360
<b>Financial liabilities</b>		
Borrowings	<b>5,768</b>	7,535
	<b>5,768</b>	7,535
<b>Net exposure</b>	<b>83,771</b>	73,825

During the financial year and at reporting date, if interest rates had increased by 1% (100 basis points) then, with all other variables held constant, the operating surplus for the financial year, and equity at the reporting date, would have been \$717,831 (2012: \$590,000) lower if rates had moved up and the reverse if rates had moved down.

**(b) Credit Risk**

Cash at bank deposits are held with major trading banks and financial institutions. The Company has an investment policy that seeks to limit credit risk by restricting the banks and financial institutions that can be accepted based on their credit rating. Investments held with major Australian trading banks and other Australian owned banks and corporations have a Standard & Poor's long term rating of "A" or better and/or a short term rating of A-2 or better. The ratings of the banks and finance institutions are independently monitored on a regular basis.

Credit risk in respect of trade and other receivables is generally considered to be low given that the majority of receivables relate to funds owed by State and Commonwealth government departments and private health insurance funds who are subject to prudential standards governed by the Private Health Insurance Act and monitored by the Private Health Insurance Administration Council.

It is the Company's policy that all health funds trading on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

Credit risk in respect of amounts due from related parties (primarily associated entities to the Company) is considered to be low given the history and stability of the Company. Credit risk is also assessed by reviewing current financial information including management and statutory accounts, budgets and cash forecasts.

As outlined above, the Company trades and deals only with recognised and creditworthy parties and, as such, collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

**(c) Liquidity Risk**

Prudent liquidity management implies maintaining sufficient cash, cash equivalents and investments with short term maturity to meet financial obligations as and when they fall due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities. As noted above the Company maintains cash equivalents and short term investments with appropriately rated financial institutions and the maturity of these investments is such that funds mature as needed.

**Maturity of financial liabilities**

As at reporting date, the Company's remaining contractual maturities of its financial liabilities were as follows:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Trade and other payables</b>		
Within one year	<u><b>60,898</b></u>	55,663
	<u><b>60,898</b></u>	<u>55,663</u>
<b>Interest bearing liabilities</b>		
Within one year	<b>903</b>	1,219
Later than one year but not later than five years	<b>4,865</b>	6,095
Later than five years	<u>-</u>	<u>2,235</u>
	<u><b>5,768</b></u>	<u>9,549</u>

**(d) Fair value estimates**

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using in inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Available-for-sale investments: equity securities	-	360	-	360

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Company uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

**20. REMUNERATION OF AUDITORS**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assurance services</b>		
<b>Ernst &amp; Young Australian firm</b>		
Audit of financial reports and other audit work under Corporations Act 2001	93	102
<b>Total remuneration for assurance services</b>	93	102
<b>Non-assurance services</b>		
Ernst & Young Australian firm	-	-
<b>Total remuneration for non-assurance services</b>	-	-
<b>Total remuneration</b>	93	102

**21. EMPLOYEE BENEFITS**

<b>Employee benefit and related on-costs liabilities</b>		
Provision for employee benefits – current (note 14)	79,666	78,545
Provision for employee benefits – non-current (note 17)	4,941	5,001
<b>Aggregate employee benefit and related on-costs liabilities</b>	84,607	83,546

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	<b>2013</b>	2012
	<b>\$'000</b>	\$'000

## **22. COMMITMENTS FOR EXPENDITURE**

### **(a) Capital commitments**

Commitments for capital projects contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	<b>3,859</b>	2,523
	<b>3,859</b>	2,523

### **(b) Lease commitments**

#### ***Operating leases***

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	<b>275</b>	77
Later than one year but not later than 5 years	<b>495</b>	7
	<b>770</b>	84

## **23. RELATED PARTIES**

### **Parent entities**

The parent entity of St Vincent's Hospital Sydney Limited is St Vincent's Health Australia Limited. On 1 July 2009 the Congregation of the Religious Sisters of Charity of Australia and the Trustees of the Sisters of Charity of Australia transferred the incorporated Health Ministry (which comprises the wholly owned group outlined below) to the Trustees of Mary Aikenhead Ministries. From an accounting viewpoint, the ultimate Australian parent entity continues to be the Trustees of the Sisters of Charity of Australia on the basis that it is the sole member of the Trustees of Mary Aikenhead Ministries. However, in practice, the Trustees of Mary Aikenhead Ministries, however constituted, exercises ultimate control.

### **Commonly controlled entities**

For the year ending 30 June 2013 the St Vincent's Health Australia Limited wholly-owned group consists of the following commonly controlled entities:

Sacred Heart Hospice Limited	St Vincent's Healthcare Limited
St Joseph's Hospital Limited	St Vincent's Hospital (Launceston) Limited ^
St Joseph's Village Limited	St Vincent's Hospital (Melbourne) Limited
St Vincents & Mater Health Sydney Limited	St Vincent's Hospital Sydney Limited
St Vincent's Clinic	St Vincent's Hospital Toowoomba Limited
St Vincent's Health & Aged Care Limited	St Vincent's Private Hospital (Melbourne) Limited

^ St Vincent's Hospital (Launceston) Limited was deregistered on 11 July 2012.  
St Vincent's Health Australia Limited is the sole member of each of these entities.

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**23. RELATED PARTIES (continued)**

**Transactions with parent entity, commonly controlled entities and other related parties**

Transactions between St Vincent's Hospital Sydney Limited and its parent entity, commonly controlled entities and other related parties during the year ended 30 June 2013 consisted of:

- (a) Loans advanced by St Vincents Health Australia Limited;
- (b) Recovery of costs for the provision of management and administrative services, and
- (c) Payment for the provision of management and administrative services.

The Company provides management and administrative services referred to in (b) above at cost. The Company is provided with management and administrative services referred to in (c) above at cost. Otherwise the above transactions were made on normal commercial terms and conditions and at market rates. No interest is charged on the loan.

Aggregate amounts included in the determination of surplus from ordinary activities that resulted from transactions with each class of other related parties:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Income from the provision of management and administrative services to:		
Parent entity	<b>128</b>	123
Commonly controlled entities	<b>28,682</b>	17,833

Expenses relating to the provision of management and administrative services by:

Parent entity	<b>700</b>	700
Commonly controlled entities	<b>19,291</b>	11,805

Aggregate amounts brought to account in relation to other transactions with each class of other related parties:

Proceeds of advances from:

Commonly controlled entities	<b>10,000</b>	-
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**24. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Directors**

The names of persons who were directors of St Vincent's Health Australia Limited at any time during the financial year are set out below.

Mr J Gurry (Resigned on 4 October 2012)  
Mr P Robertson AM (Appointed Chair on 5 October 2012)  
Fr F Brennan SJ AO  
Sr M Confoy RSC  
Mr B Earle  
Ms P Faulkner AO

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**24. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

Mr G Humphrys  
Ms B Hutchinson AM  
Prof. P Smith  
Mr G Sword AM (Resigned on 4 October 2012)  
Sr M Walters RSC  
Mr P McClintock AO (Appointed on 1 January 2013)  
Prof. S Crowe AM (Appointed on 1 January 2013)

**Executives**

Other than directors, Key Management Personnel include those having the authority and responsibility for planning, directing and controlling the Company's activities directly or indirectly.

The names and position of Key Management Personnel (other than Directors) are:

Dr Tracey Batten	Chief Executive Officer – St Vincent's Health Australia
Mr Peter Forsberg	Chief Financial Officer – St Vincent's Health Australia
Mr Robert Beetson	Group Manager, Legal and Governance – St Vincent's Health Australia
Mr Jonathan Anderson	Chief Executive Officer – St Vincent's Health Network Sydney
Ms Sally Pearce	Chief Financial Officer – St Vincents & Mater Health Sydney Limited (Appointed 4 December 2012)
Mr Harry Chiam	Acting Chief Financial Officer – St Vincents & Mater Health Sydney Limited (Resigned 3 December 2012)

Dr Batten, Mr Forsberg and Mr Beetson were employed by the parent entity.

**Compensation**

Compensation paid to directors is borne by the parent entity. The compensation paid to specified executives noted above is as follows:

	<b>2013</b>	2012
<b>Compensation Category</b>	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>452</b>	519
Post-employment benefits	<b>29</b>	24
Termination benefits	-	227
<b>Total</b>	<b>481</b>	<b>770</b>

There are no other long term benefits as at year end (2012: nil).

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## **25. ECONOMIC DEPENDENCY**

St Vincent's Hospital Sydney Limited sources a significant volume of their revenue from a number of Government entities including:

- NSW Health
- Commonwealth Department of Health and Ageing
- Commonwealth Department of Veterans' Affairs

The revenues from these Government entities are expected to continue in the foreseeable future.

## **26. RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Deficit for the year	<b>(4,958)</b>	(3,370)
Depreciation and amortisation	<b>8,918</b>	8,415
Realised gain on available-for-sale financial assets	<b>(5,977)</b>	-
Impairment of trade receivables	<b>(10)</b>	1,146
Net loss on disposal of non-current assets	<b>423</b>	115
Change in operating assets and liabilities:		
(Increase) in trade receivables	<b>(388)</b>	(11,888)
(Increase) in other receivables and prepayments	<b>(289)</b>	(191)
(Increase) in inventories	<b>(231)</b>	(155)
(Decrease)/ Increase in trade creditors and other liabilities	<b>(2,684)</b>	12,549
Increase in liabilities	<b>9,914</b>	9,696
Increase in other provisions	<b>1,061</b>	-
Net cash inflow from operating activities	<b>5,779</b>	16,317

## **27. CONTINGENT LIABILITIES**

The consolidated entity had contingent liabilities at 30 June 2013 which are detailed below. No material losses are anticipated in respect of any of these contingent liabilities.

### **Commonwealth Government and NSW Government**

An agreement was signed with the Commonwealth Government and NSW Government by one of the subsidiaries relating to part funding of the construction of the St Vincent's Research and Biotechnology Precinct. Should the Company demolish, dispose of, mortgage or otherwise encumber this building or breach the agreement without prior consent of either the Commonwealth or NSW Government, it may be liable to repay the capital grant advanced by that Government. The Company's share of the grant is \$9,500,000.

### **Commonwealth Government**

An agreement was signed with the Commonwealth Government relating to part funding of the construction of the Kinghorn Cancer Centre. Should the Company demolish, dispose of, mortgage or otherwise encumber this building, or breach the agreement, without prior consent of the Government, it may be liable to repay the capital grant advanced by the Government. The Company's share of the grant upon building completion is \$35m.



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**28. INTERESTS IN JOINT VENTURES**

**Kinghorn Cancer Centre**

The Garvan Institute of Medical Research (Garvan) and St Vincent's Hospital Sydney Ltd have agreed to collaborate on the development of the Kinghorn Cancer Centre (KCC) on land adjacent to the current Garvan premises. The purpose of the KCC is to draw upon the existing research and clinical expertise of the partners to create a facility of international standing to improve patient outcomes in the diagnosis and treatment of cancer. The construction of the KCC was funded predominately through a Federal government grant in the amount of \$70 million under the terms and conditions stipulated by the Funding Agreement dated 24 June 2009. Garvan and St Vincent's Hospital have a 50% share in this joint venture.

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Share of joint venture's assets and liabilities</b>		
Current assets	<b>2,142</b>	7,279
Non-current assets	<b>48,848</b>	42,680
Total assets	<b>50,990</b>	49,959
Current liabilities	<b>1,409</b>	1,045
Net assets	<b>49,581</b>	48,914
<b>Share of joint venture's revenue, expenses and results</b>		
Revenues	<b>674</b>	5,496
Expenses	<b>(8)</b>	-
Profit before income tax	<b>666</b>	5,496
<b>Share of partnership's commitments</b>		
Capital commitments	<b>-</b>	16,536

**29. SUBSEQUENT EVENTS**

On 1 July 2013, the affiliated health organisations of Sacred Heart Hospice Limited and St Joseph's Hospital Limited were consolidated into St Vincent's Hospital Sydney Limited. The assets and liabilities of Sacred Heart Hospice Limited and St Joseph's Hospital Limited were transferred at fair value to St Vincent's Hospital Sydney Limited.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 30 June 2013 that has significantly or may significantly affect the operations of St Vincent's Hospital Sydney Limited, the results of those operations or the state of affairs of St Vincent's Hospital Sydney Limited in the subsequent financial years.

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Notes to the Financial Statements**  
**30 June 2013**

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**30. MEMBERS' GUARANTEE**

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Company.

	<b>2013</b>	2012
	<b>Number</b>	Number
Number of members	<u><b>1</b></u>	<u>1</u>

**31. CORPORATE INFORMATION**

The financial report of St Vincent's Hospital Sydney Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 15 October 2013. The directors have the power to amend and reissue the financial report.

St Vincent's Hospital Sydney Limited is a not-for-profit company limited by guarantee, incorporated under the Corporation Act 2001 and domiciled in Australia. Its registered office and principal place of business is:

**Registered Office**

Level 1  
75 Grafton Street  
Bondi Junction NSW 2022

**Principal Place of Business**

390 Victoria Street  
Darlinghurst NSW 2010

The nature of the operations and principal activities of the company are described in the Directors' Report.

**St Vincent's Hospital Sydney Limited**  
**ABN 77 054 038 872**  
**Directors' Declaration**  
**30 June 2013**

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**Directors' Declaration**

In the directors' opinion:

(a) the financial statements and notes set out on pages 11 to 40 of the Company are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards and *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

  
\_\_\_\_\_  
Mr Paul Robertson, Chair  
Sydney  
15 October 2013

## **Independent auditor's report to the members of St Vincent's Hospital Sydney Limited**

### **Report on the financial report**

We have audited the accompanying financial report of St Vincent's Hospital Sydney Limited, which comprises the statement of financial position as at 30 June 2013, 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, and the directors' declaration.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

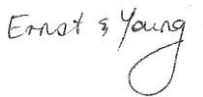
#### ***Independence***

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## ***Opinion***

In our opinion:

- a. the financial report of St Vincent's Hospital Sydney Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



Ernst & Young



Loretta Di Mento  
Partner  
Sydney  
15 October 2013