



# Financial Statements 2014/15

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Administration of Norfolk Island

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**Administration of Norfolk Island**

**STATEMENT BY THE ADMINISTRATOR OF THE AUSTRALIAN TERRITORY OF NORFOLK ISLAND  
AND THE CHIEF EXECUTIVE OFFICER**

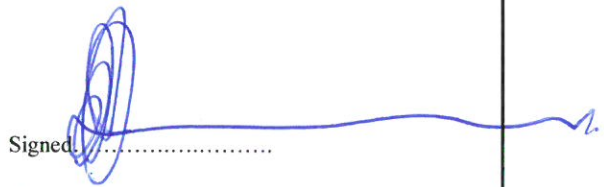
In our opinion, the attached consolidated financial statements for the year ended 30 June 2015 are based on properly maintained financial records and give a true and fair view of the matters required by the *Commonwealth Finance Minister's (Norfolk Island) Orders 2011* (as amended) made under the *Norfolk Island Act 1979* and the Australian Accounting Standards.



Signed.....

The Hon. Gary Hardgrave  
The Administrator  
Australian Territory of Norfolk Island

11th November 2015



Signed.....

Mr. Jonathan Gibbons  
Chief Executive Officer  
Administration of Norfolk Island

11th November 2015

**Consolidated Financial Statements**  
**Statement of Comprehensive Income**  
for the period ended 30 June 2015

	Notes	Consolidated		Administration	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b>EXPENSES</b>					
Employee benefits	3A	11,098,223	11,329,924	7,822,597	7,971,473
Supplier	3B	22,502,863	21,265,120	20,986,724	19,835,222
Grants and Subsidies	3C	26,589	-	3,129,783	3,180,200
Depreciation and amortisation	3D	5,714,367	5,938,530	5,314,417	5,522,767
Loss on sale of assets	3E	3,888	19,278	2,183	3,106
Write-down and impairment of assets	3F	622,213	17,906	9,397	2,599
Other expenses	3G	24,476	7,662	22,455	7,662
<b>Total expenses</b>		<b>39,992,619</b>	<b>38,578,420</b>	<b>37,287,556</b>	<b>36,523,029</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	4A	18,976,134	18,219,065	18,034,339	17,283,602
Taxation revenue	4B	8,695,673	8,480,349	8,695,673	8,480,349
Fees and fines	4C	3,510,923	3,123,689	2,680,144	2,543,127
Interest	4D	101,643	119,231	94,182	108,147
Rental income	4E	79,868	68,615	67,852	56,519
Royalties	4F	700	650	700	650
Reversal of prior year impairment	4G	54,525	140,342	-	-
<b>Total own-source revenue</b>		<b>31,419,466</b>	<b>30,151,941</b>	<b>29,572,890</b>	<b>28,472,394</b>
<b>Other revenue</b>					
Revenue from the Commonwealth of Australia	4H	6,644,552	4,600,088	6,644,552	4,600,088
Resources received Free of Charge	4I	243,340	199,000	185,000	160,000
<b>Total other revenue</b>		<b>6,887,892</b>	<b>4,799,088</b>	<b>6,829,552</b>	<b>4,760,088</b>
<b>Total income</b>		<b>38,307,358</b>	<b>34,951,029</b>	<b>36,402,442</b>	<b>33,232,482</b>
<b>Net cost of services</b>		<b>(1,685,261)</b>	<b>(3,627,391)</b>	<b>(885,114)</b>	<b>(3,290,547)</b>
<b>Surplus (deficit) attributable to the Administration of Norfolk Island</b>		<b>(1,685,261)</b>	<b>(3,627,391)</b>	<b>(885,114)</b>	<b>(3,290,547)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation reserves		5,497,173	52,149	5,759,923	52,149
Gains/losses on available for sale financial assets					
<b>Total other comprehensive income (loss)</b>		<b>5,497,173</b>	<b>52,149</b>	<b>5,759,923</b>	<b>52,149</b>
<b>Total comprehensive income (loss) attributable to the Administration of Norfolk Island</b>		<b>3,811,912</b>	<b>(3,575,242)</b>	<b>4,874,809</b>	<b>(3,238,398)</b>

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

**Consolidated Financial Statements**  
**Statement of Financial Position**  
*as at 30 June 2015*

	Notes	Consolidated		Administration	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	5A	5,912,773	4,321,292	5,227,388	3,917,402
Trade and other receivables	5B	2,799,242	3,184,023	2,615,349	3,082,295
Other investments	5C	1,263,511	2,249,656	1,023,307	2,014,483
<b>Total financial assets</b>		<b>9,975,526</b>	<b>9,754,971</b>	<b>8,866,044</b>	<b>9,014,180</b>
<b>Non-Financial Assets</b>					
Land and buildings	6A	27,785,185	28,685,069	25,956,754	25,650,582
Property, plant and equipment	6B,C	38,810,534	38,510,274	38,197,496	37,856,388
Intangibles	6D,E	11,460	13,047	11,054	11,633
Inventories	6F	4,289,631	4,341,277	4,082,134	4,130,956
Other non-financial assets	6G	509,730	590,773	405,065	509,981
<b>Total non-financial assets</b>		<b>71,406,540</b>	<b>72,140,440</b>	<b>68,652,503</b>	<b>68,159,540</b>
<b>Total assets</b>		<b>81,382,066</b>	<b>81,895,411</b>	<b>77,518,547</b>	<b>77,173,720</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	7A	1,537,933	5,927,787	1,497,114	6,068,276
Other payables	7B	331,746	353,641	228,139	239,328
<b>Total payables</b>		<b>1,869,679</b>	<b>6,281,428</b>	<b>1,725,253</b>	<b>6,307,604</b>
<b>Other Liabilities</b>					
Loans	8A	11,709,527	11,754,875	11,709,527	11,754,875
Deposits	8B	84,993	16,105	84,993	16,105
<b>Total other liabilities</b>		<b>11,794,520</b>	<b>11,770,980</b>	<b>11,794,520</b>	<b>11,770,980</b>
<b>Provisions</b>					
Employee provisions	9A	2,561,022	2,462,803	1,823,555	1,794,726
<b>Total provisions</b>		<b>2,561,022</b>	<b>2,462,803</b>	<b>1,823,555</b>	<b>1,794,726</b>
<b>Total liabilities</b>		<b>16,225,221</b>	<b>20,515,211</b>	<b>15,343,329</b>	<b>19,873,310</b>
<b>Net assets</b>		<b>65,156,845</b>	<b>61,380,201</b>	<b>62,175,218</b>	<b>57,300,410</b>
<b>EQUITY</b>					
Reserves		56,347,328	50,853,428	56,010,821	50,250,898
Retained surplus (accumulated deficit)		8,809,517	10,526,773	6,164,397	7,049,513
<b>Total equity</b>		<b>65,156,845</b>	<b>61,380,201</b>	<b>62,175,218</b>	<b>57,300,410</b>

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

**Consolidated Financial Statements**  
**Statement of Changes in Equity - Consolidated**  
*for the period ended 30 June 2015*

	Retained earnings		Asset revaluation reserve		Total equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>						
Balance carried forward from previous period	10,526,773	14,154,163	50,853,428	50,801,279	61,380,201	64,955,442
Opening balance adjustment	(31,995)	-	(3,273)	-	(35,268)	
<b>Adjusted opening balance</b>	<b>10,494,778</b>	<b>14,154,163</b>	<b>50,850,155</b>	<b>50,801,279</b>	<b>61,344,933</b>	<b>64,955,442</b>
<b>Comprehensive income</b>						
Other comprehensive income		-	5,497,173	52,149	5,497,173	52,149
Surplus (Deficit) for the period	(1,685,261)	(3,627,390)			(1,685,261)	(3,627,390)
<b>Total comprehensive income</b>	<b>(1,685,261)</b>	<b>(3,627,390)</b>	<b>5,497,173</b>	<b>52,149</b>	<b>3,811,912</b>	<b>(3,575,241)</b>
<b>Closing balance as at 30 June</b>	<b>8,809,517</b>	<b>10,526,773</b>	<b>56,347,328</b>	<b>50,853,428</b>	<b>65,156,845</b>	<b>61,380,201</b>

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

**Statement of Changes in Equity - Administration**  
*for the period ended 30 June 2015*

	Retained earnings		Asset revaluation reserve		Total equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>						
Balance carried forward from previous period	7,049,512	10,340,059	50,250,898	50,198,749	57,300,410	60,538,808
<b>Adjusted opening balance</b>	<b>7,049,512</b>	<b>10,340,059</b>	<b>50,250,898</b>	<b>50,198,749</b>	<b>57,300,410</b>	<b>60,538,808</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	5,759,923	52,149	5,759,923	52,149
Surplus (Deficit) for the period	(885,114)	(3,290,547)			(885,114)	(3,290,547)
<b>Total comprehensive income</b>	<b>(885,114)</b>	<b>(3,290,547)</b>	<b>5,759,923</b>	<b>52,149</b>	<b>4,874,809</b>	<b>(3,238,398)</b>
<b>Closing balance as at 30 June</b>	<b>6,164,397</b>	<b>7,049,512</b>	<b>56,010,821</b>	<b>50,250,898</b>	<b>62,175,218</b>	<b>57,300,410</b>

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

**Consolidated Financial Statements**  
**Cash Flow Statement**  
for the period ended 30 June 2015

Notes	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Sales of goods and rendering of services	19,459,926	20,163,689	18,569,137	17,409,757
Receipts from the Commonwealth of Australia	6,644,552	4,600,088	6,644,552	4,600,088
Interest	101,643	113,423	94,182	108,147
GST receipts	6,070,025	6,395,025	6,070,025	6,395,025
Taxation, fines and levy receipts	6,210,701	4,284,474	5,381,943	4,284,474
Donations	54,525	8,792	-	-
<b>Total cash received</b>	<b>38,541,372</b>	<b>35,565,491</b>	<b>36,759,839</b>	<b>32,797,491</b>
<b>Cash used</b>				
Employees and suppliers	37,569,867	34,046,041	33,053,122	28,155,601
Grants and subsidies paid	26,589	-	3,129,783	3,180,200
<b>Total cash used</b>	<b>37,596,456</b>	<b>34,046,041</b>	<b>36,182,905</b>	<b>31,335,801</b>
<b>Net cash from (used by) operating activities</b>	<b>944,916</b>	<b>1,519,450</b>	<b>576,934</b>	<b>1,461,690</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds received from investments	986,145	36,695	991,176	-
<b>Total cash received</b>	<b>986,145</b>	<b>36,695</b>	<b>991,176</b>	<b>-</b>
<b>Cash used</b>				
Purchase of land, property, plant and equipment	294,232	268,066	212,776	212,776
Purchase of financial instruments	-	1,729,188	-	1,729,188
<b>Total cash used</b>	<b>294,232</b>	<b>1,997,254</b>	<b>212,776</b>	<b>1,941,964</b>
<b>Net cash from (used by) investing activities</b>	<b>691,913</b>	<b>(1,960,559)</b>	<b>778,400</b>	<b>(1,941,964)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash used</b>				
Repayment of borrowings	45,348	15,814	45,348	15,814
<b>Total cash used</b>	<b>45,348</b>	<b>15,814</b>	<b>45,348</b>	<b>15,814</b>
<b>Net cash from (used by) financing activities</b>	<b>(45,348)</b>	<b>(15,814)</b>	<b>(45,348)</b>	<b>(15,814)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,591,481</b>	<b>(456,923)</b>	<b>1,309,986</b>	<b>(496,088)</b>
Cash and cash equivalents at the beginning of the reporting period	4,321,292	4,778,215	3,917,402	4,413,490
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,912,773</b>	<b>4,321,292</b>	<b>5,227,388</b>	<b>3,917,402</b>

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

Consolidated Financial Statements  
Schedule of Commitments  
as at 30 June 2015

	Consolidated		Administration	
	2015	2014	2015	2014
BY TYPE	\$	\$	\$	\$
<b>Commitments receivable</b>				
Operating lease commitments				
Operating leases <sup>4</sup>	107,280	109,110	94,634	96,464
<b>Total operating lease commitments</b>	<b>107,280</b>	<b>109,110</b>	<b>94,634</b>	<b>96,464</b>
<b>Other commitments</b>				
General Service Contracts <sup>2</sup>	180,300	1,045,000	180,300	1,045,000
<b>Total other commitments</b>	<b>180,300</b>	<b>1,045,000</b>	<b>180,300</b>	<b>1,045,000</b>
<b>Total commitments receivable</b>	<b>287,580</b>	<b>1,154,110</b>	<b>274,934</b>	<b>1,141,464</b>
<b>Commitments payable</b>				
<b>Capital commitments</b>				
Property, plant and equipment <sup>3</sup>	-	139,316	-	139,316
<b>Total capital commitments</b>	<b>-</b>	<b>139,316</b>	<b>-</b>	<b>139,316</b>
<b>Operating lease commitments</b>				
Operating leases <sup>5</sup>	67,289	65,038	67,289	65,038
<b>Total operating lease commitments</b>	<b>67,289</b>	<b>65,038</b>	<b>67,289</b>	<b>65,038</b>
<b>Other commitments</b>				
General Service Contracts <sup>2</sup>	8,507,356	7,071,132	8,312,796	6,965,406
Net GST payable on commitments <sup>1</sup>	40,920	212,505	40,920	212,505
<b>Total other commitments</b>	<b>8,548,276</b>	<b>7,283,637</b>	<b>8,353,716</b>	<b>7,177,911</b>
<b>Total commitments payable</b>	<b>8,615,565</b>	<b>7,487,991</b>	<b>8,421,005</b>	<b>7,382,265</b>
<b>Net commitments by type</b>	<b>(8,327,985)</b>	<b>(6,333,881)</b>	<b>(8,146,071)</b>	<b>(6,240,801)</b>
<b>BY MATURITY</b>				
<b>Commitments receivable</b>				
Operating lease commitments receivable				
One year or less	101,480	99,725	88,834	87,079
From one to five years	5,800	9,385	5,800	9,385
Over five years	-	-	-	-
<b>Total other commitments receivable</b>	<b>107,280</b>	<b>109,110</b>	<b>94,634</b>	<b>96,464</b>
<b>Other commitments receivable</b>				
One year or less	180,300	1,045,000	180,300	1,045,000
From one to five years	-	-	-	-
Over five years	-	-	-	-
<b>Total other commitments receivable</b>	<b>180,300</b>	<b>1,045,000</b>	<b>180,300</b>	<b>1,045,000</b>
<b>Total commitments receivable</b>	<b>287,580</b>	<b>1,154,110</b>	<b>274,934</b>	<b>1,141,464</b>
<b>Commitments payable</b>				
<b>Capital commitments</b>				
One year or less	-	37,500	-	37,500
From one to five years	-	101,816	-	101,816
Over five years	-	-	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>139,316</b>	<b>-</b>	<b>139,316</b>
<b>Operating lease commitments</b>				
One year or less	61,910	65,038	61,910	65,038
From one to five years	5,379	-	5,379	-
Over five years	-	-	-	-
<b>Total operating lease commitments</b>	<b>67,289</b>	<b>65,038</b>	<b>67,289</b>	<b>65,038</b>
<b>Other Commitments</b>				
One year or less	5,053,593	5,867,791	4,889,669	5,792,615
From one to five years	3,494,683	837,207	3,464,047	806,657
Over five years	-	578,639	-	578,639
<b>Total other commitments</b>	<b>8,548,276</b>	<b>7,283,637</b>	<b>8,353,716</b>	<b>7,177,911</b>
<b>Total commitments payable</b>	<b>8,615,565</b>	<b>7,487,991</b>	<b>8,421,005</b>	<b>7,382,265</b>
<b>Net commitments by maturity</b>	<b>(8,327,985)</b>	<b>(6,333,881)</b>	<b>(8,146,071)</b>	<b>(6,240,801)</b>

Note:

1. Commitments were GST inclusive where relevant.
2. Other commitments receivable and payable relate to general service contracts.
3. Property, plant and equipment commitments primarily relate to contracts associated with the airport runway safety area extensions.
4. Operating leases receivable comprise:

Nature of lease	General description of leasing arrangement
Lease for residential housing, airport hanger accommodation and commercial properties.	Lease contracts and payments are subject to an annual review and adjustment.
Lease for telecommunication circuits.	Lease contracts and payments are subject to an annual review and adjustment.

5. Operating leases payable comprise:

Nature of lease	General description of leasing arrangement
Lease for office/museum accommodation	Lease contracts and payments are subject to an annual review and adjustment.

This schedule should be read in conjunction with the accompanying notes.

**Consolidated Financial Statements**  
**Schedule of Contingencies**  
*as at 30 June 2015*

	<b>Consolidated</b>		<b>Administration</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Contingent liabilities</b>				
Financial Guarantees	-	-	-	-
<b>Total contingent liabilities</b>	-	-	-	-
<b>Net contingent assets (liabilities)</b>	-	-	-	-

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 11, along with information on significant remote contingencies and contingencies that cannot be quantified.

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



**Consolidated Financial Statements**  
**Notes to and Forming Part of the Financial Statements**  
*for the period ended 30 June 2015*

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## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Administration of Norfolk Island and Territory Authorities (the Group)

The Administration of Norfolk Island (Administration) is governed by the *Norfolk Island Act 1979*. The primary objective of the Administration is to provide services to the people of Norfolk Island.

The financial statements represent all public monies and transactions of the Government of Norfolk Island. The financial statements of the Administration combine the financial activities of the Revenue Fund, Government Business Enterprises and the Trust Fund. The Government Business Enterprises include six entities that have been designed as profit oriented with the remaining eleven entities designated as public benefit entities. The Revenue Fund and Trust Fund are designated as public benefit entities.

For the purposes of AASB 127 *Consolidated and Separate Financial Statements*, these consolidated financial statements are prepared to include the Administration and each Territory Authority (refer to Note 1.6).

### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 48B of the *Norfolk Island Act 1979*.

The Administration and the Consolidated Group's Financial Statements have been prepared in accordance with:

- a) *Commonwealth Finance Minister's (Norfolk Island) Orders 2011 (as amended)* (CFMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the CFMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the Administration or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Going Concern

With effect from 18 June 2015, the Australian Government amended the self-governance provisions of the *Norfolk Island Act 1979* to dissolve the Norfolk Island Legislative Assembly. From 1 July 2016, the Norfolk Island Administration (referred to as 'the Administration', which comprises the consolidated entities of the Administration of Norfolk Island (ANI) the Norfolk Island Hospital Enterprise (NIHE) and the Norfolk Island Government Tourist Bureau (NIGTB)) will cease to exist and a new legal entity, the Norfolk Island Regional Council, will come into existence.

The Administration is not a going concern because it ceases to exist from 1 July 2016.

The amending legislation provides that from that time, the assets and liabilities of the Administration (and the consolidated entities) will be transferred to the Regional Council, subject to the Commonwealth Minister ruling that specific assets and liabilities are to be transferred to the Australian Government. The legislation also provides for the extension to Norfolk Island of mainland social security, immigration, and health arrangements, as well as changes to the tax system, and has provisions to allow the Australian Government to enter into arrangements with the New South Wales Government for the delivery of state level services.

At the time of signing the 2014-15 financial statements, no formal decisions have been made on which specific assets and liabilities are to be transferred from the Administration to the Australian Government. The financial statements have therefore been prepared on the basis that the Administration's assets will be realised and liabilities discharged in the normal course of business of its successor bodies; the financial statements have therefore been prepared in accordance with Australian Accounting Standards.

The Norfolk Island Administration continues to experience financial difficulty. The Australian Government has provided financial assistance in 2014/15 and 2015/16 to ensure the Administration has sufficient funds to meet expenditure commitments and this assistance currently extends to 30 June 2019. While the Administration has forecast balanced cash budgets in the above years, significant reform is still required to reduce expenditure in order to fund asset replacement and upgrade programs and achieve an accrual based surplus.

The 2015/16 Norfolk Island Funding Agreement was signed on 7 August 2015 which provides \$5.774 million in essential services/deficit funding. The funding provided by the agreement allowed the Administration to prepare the 2015/16 budget on a balanced cash operating basis.

## 1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Administration has made the following judgements and estimates that have the most impact on the amounts recorded in the financial statements:

- a) the relevant government bond rate has been used to discount non-current liabilities in accordance with the CFMOs;
- b) the liability for long service leave has been estimated using present value techniques in accordance with the Commonwealth shorthand method. This takes into account expected salary growth, attrition and future discounting using the Commonwealth bond rates;
- c) the fair value of land has been taken to be the market value of similar assets as determined by an independent qualified valuer. The fair value of individual land parcels is considered representative on their existing use and the fundamental assumption that they could be sold on a freehold basis;
- d) the fair value for buildings, property, plant and equipment of the Administration has been taken to be the market value of similar assets, having regard to a depreciated replacement cost analysis, as determined by an independent valuer. Where possible the valuer endeavoured to identify comparable assets with a similar age, condition and specification to the assets listed and utilised a direct comparison basis as a primary method, with a depreciated replacement cost approach as a secondary method. Given the specialist nature of many of the assets heavy reliance on a depreciated replacement cost analysis has been necessary;
- e) estimates are made in determining value-in use for impairment purposes taking into account significant changes with an adverse effect on the condition of an asset, physical damage, and the manner in which the asset is expected to be used;
- f) Workers compensation is underwritten by Accident and Health International Underwriting Pty Ltd. Claims are recognised when reported to the Administration and are assessed for eligibility by the underwriter; and
- g) Healthcare claims must be lodged by 30th September for the year end 30th June. Claims outside this period are not recognised. Estimated claim cost for claims lodged in the three months to the legislative cut off at 30th September 2015 are \$150,000 (2014 : \$175,000).

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 1.5 New Australian Accounting Standards

### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

All new accounting standards, revised standards or amending standards that were issued prior to the signing of the statement by the Administrator of the Australia Territory of Norfolk Island and Chief Executive Officer (sign-off date) and are applicable to the current reporting period did not have a material effect and are not expected to have a future material impact on the Administration's financial statements.

### Future Australian Accounting Standard Requirements

All new accounting standards, revised standards or amending standards that were issued prior to the sign-off date and are applicable to the future reporting periods are not expected to have a material impact on the Administration.

## 1.6 Consolidation

AASB 127 *Consolidated and Separate Financial Statements* requires a parent entity that is in a group to present consolidated financial statements that consolidate its controlled entities. The parent and controlled entities apply consistent accounting policies and the effects of all transactions and balances between the entities are eliminated in full. The financial statements of the controlled entities are prepared for the same reporting period as the parent entity. In accordance with clause 16(1)(c) of the CFMOs, the Administration is deemed to control each Territory Authority.

These consolidated financial statements incorporates the assets and liabilities of the Administration and the two Territory Authorities that are separate reporting entities.

As at 30 June 2015, the Territory Authorities included the Norfolk Island Hospital Enterprise and the Norfolk Island Government Tourist Bureau.

## 1.7 Revenue

### Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the Administration retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the Administration.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the Administration.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### Interest

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### Taxation Revenue

Taxation revenue is received through the exercise of the authority granted to the Administration. Where possible, taxation revenue is recognised at the time control over the asset passes to the Administration.

<i>Revenue Type</i>	<i>Revenue Recognition Point</i>
Stamp duties	When the liability to the Administration is incurred
Customs and excise duty	When goods become subject to duty
Goods and Service Tax	When the liability to the Administration is incurred
Other indirect taxes	When the debt to the Administration arises

### Fees and Fines

Revenues resulting from regulatory fees and levies are, where possible, recognised when the transaction or event giving rise to the revenue occurs.

### Royalties

Royalties are recognised on an accrual basis in accordance with the subsections of the relevant royalty agreements.

### Grants

Grant funding is recorded as revenue at the time control over the asset passes to the Administration.

### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

### Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

## 1.8 Revenue from Government

### Revenue from Government

Funding received from the Commonwealth of Australia is recognised as revenue when the Administration gains control of the funds.

## **1.9 Employee Benefits**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Administration is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Separation and Redundancy

The Administration recognises a provision for separation and redundancy benefit payments when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

### Superannuation

Permanent employees of the Administration are eligible to contribute to the Norfolk Island Provident Account. The Norfolk Island Provident Account is a defined contribution superannuation scheme. Superannuation contributions are deposited into a term deposit account by the Administration on behalf of members. The Norfolk Island Provident Account does not form part of the Administration and is not recognised in the financial statements.

## **1.10 Grants and subsidies**

When grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Administration.

## **1.11 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

## **1.12 Foreign Currency Transactions**

Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. The Administration and the Group has not entered into specific forward exchange contracts during the reporting period.

## **1.13 Borrowing Costs**

All borrowing costs are expensed as incurred.

## **1.14 Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Demand deposits of a maturity greater than three months are recognised as Other Investments.

### **1.15 Financial Assets**

The Administration classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

#### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### **1.16 Financial Liabilities**

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **1.17 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### **1.18 Financial Guarantee Contracts**

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

### **1.19 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

## 1.20 Land, Buildings, Property, Plant and Equipment

### Asset Recognition Threshold

Purchases of land, buildings, property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

### Revaluations

Fair values for each class of asset is determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings on freehold land	Depreciated replacement cost
Property, plant and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, land, buildings, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

### Depreciation

Depreciable buildings, property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Administration using, in all cases, the straight-line method of depreciation. Land is not depreciated.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2015	2014
Buildings on freehold land	10 to 50 years	10 to 50 years
Property, plant and equipment	3 to 50 years	3 to 50 years

### Impairment

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Administration were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### Derecognition

An item of land, building, property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## 1.21 Intangibles

The Administration's intangibles comprise acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses, except where the estimated cost of software is less than the \$1,000 threshold and expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Administration's software are 3 to 10 years (2014: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

## **1.22 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

Major inventory items are fuel and Liquor Bond stock for sale and maintenance stores.

## **1.23 Consumable Store**

Stocks of consumable stores, which are not held for resale, are expensed in the year of purchase. These stores mainly consist of chemical supplies, electricity supplies, telecommunication supplies, maintenance materials and stationery.

## **1.24 Taxation**

The Administration is exempt from all forms of taxation except the Goods and Service Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Norfolk Island GST Office; and
- b) for receivables, payables and commitments.

## **1.25 Presentation of Financial Statements**

The Administration presents the consolidated Statement of Changes in Equity as all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated Statement of Comprehensive Income.

## **1.26 Related Entities Disclosure**

Related entity values disclosed in Note 3B - Supplier Expenses, Note 4A - Sale of goods and rendering of services, Note 5B - Trade and other receivables, and Note 7A - Trade creditors and accruals, reflect business transactions between the Administration and the Territory Authorities.

These transactions are eliminated in the consolidated set of accounts

## **1.27 Comparative Disclosure**

The Commonwealth provided specific purpose funds to enable the Administration to terminate its contract with Nauru Air Corporation for island air services in 20 Dec 2011. The unspent portion of these funds has been held in trust with the Commonwealth as co signatory to the trust account and are now included at Note 20. The comparative values for 2014 are updated to reflect this movement.

Note 5a and 5c comparative balances have been adjusted to reflect a change in classification. The reclassification was \$184,258 and has no net impact on the Statement of Financial Position.



## **Note 2: Events After the Reporting Period**

To assist the Administration of Norfolk Island overcome its severe financial difficulties, the Commonwealth of Australia signed a funding agreement on 7 August 2015 with the Administration of Norfolk Island to provide financial assistance for essential services. The total amount of assistance available is \$5.774 million to be paid in instalments over the 2015-16 financial year, conditional on specific milestones being met each quarter by the Administration of Norfolk Island. Refer to Note 1.3.

From 1 July 2016, the Australian Government will assume responsibility for delivering Commonwealth services of Health, Education, Social Security, Immigration, Biosecurity and Customs on Norfolk Island. At this time, no formal decisions have been made regarding the future model for the delivery of these services.

### Note 3: Expenses

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 3A: Employee Benefits</b>				
Wages and salaries	11,098,223	11,329,924	7,822,597	7,971,473
<b>Total employee benefits</b>	<b>11,098,223</b>	<b>11,329,924</b>	<b>7,822,597</b>	<b>7,971,473</b>
<b>Note 3B: Supplier</b>				
<b>Goods and services</b>				
Goods	9,941,004	9,145,878	9,195,246	8,484,744
Services	9,093,458	8,600,312	7,533,393	7,025,117
<b>Total goods and services</b>	<b>19,034,462</b>	<b>17,746,190</b>	<b>16,728,639</b>	<b>15,509,861</b>
<b>Goods and services are made up of:</b>				
Provision of goods – related entities	-	-	-	-
Provision of goods – external entities	9,941,004	9,145,878	9,195,246	8,484,744
Rendering of services – related entities	-	-	50,342	47,088
Rendering of services – external entities	9,093,458	8,600,312	7,483,051	6,978,029
<b>Total goods and services</b>	<b>19,034,462</b>	<b>17,746,190</b>	<b>16,728,639</b>	<b>15,509,861</b>
<b>Other supplier expenses</b>				
Welfare expenses	2,149,568	1,780,692	2,763,839	2,414,725
Healthcare costs	1,120,760	1,461,971	1,296,173	1,634,369
Workers compensation expenses	198,073	276,267	198,073	276,267
<b>Total other supplier expenses</b>	<b>3,468,401</b>	<b>3,518,930</b>	<b>4,258,085</b>	<b>4,325,361</b>
<b>Total supplier expenses</b>	<b>22,502,863</b>	<b>21,265,120</b>	<b>20,986,724</b>	<b>19,835,222</b>
<b>Note 3C: Grants and Subsidies</b>				
Grants and subsidies	26,589	-	3,129,783	3,180,200
<b>Total grants and subsidies</b>	<b>26,589</b>	<b>-</b>	<b>3,129,783</b>	<b>3,180,200</b>
<b>Note 3D: Depreciation and Amortisation</b>				
<b>Depreciation:</b>				
Property, plant and equipment	4,240,442	4,462,133	4,129,807	4,335,997
Buildings	1,470,762	1,473,014	1,181,667	1,183,827
<b>Total depreciation</b>	<b>5,711,204</b>	<b>5,935,147</b>	<b>5,311,474</b>	<b>5,519,824</b>
<b>Amortisation:</b>				
Intangibles - computer software	3,163	3,383	2,943	2,943
<b>Total amortisation</b>	<b>3,163</b>	<b>3,383</b>	<b>2,943</b>	<b>2,943</b>
<b>Total depreciation and amortisation</b>	<b>5,714,367</b>	<b>5,938,530</b>	<b>5,314,417</b>	<b>5,522,767</b>
<b>Note 3E: Loss on Sale of Assets</b>				
<b>Property, plant and equipment:</b>				
Carrying value of assets sold	3,888	19,278	2,183	3,106
<b>Total losses from asset sales</b>	<b>3,888</b>	<b>19,278</b>	<b>2,183</b>	<b>3,106</b>
<b>Note 3F: Write-Down and Impairment of Assets</b>				
Bad debts	10,271	17,906	9,397	2,599
Impairment of Assets	611,942	-	-	-
<b>Total write-down and impairment of assets</b>	<b>622,213</b>	<b>17,906</b>	<b>9,397</b>	<b>2,599</b>
<b>Note 3G: Other Expenses</b>				
Ex-gratia payments	24,476	7,662	22,455	7,662
<b>Total other expenses</b>	<b>24,476</b>	<b>7,662</b>	<b>22,455</b>	<b>7,662</b>

## Note 4: Income

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>OWN-SOURCE INCOME</b>				
<b><u>Note 4A: Sale of Goods and Rendering of Services</u></b>				
Provision of goods - related entities	-	-	-	39,021
Provision of goods - external entities	9,406,272	8,753,154	8,686,828	8,089,619
<b>Total sale of goods</b>	<b>9,406,272</b>	<b>8,753,154</b>	<b>8,686,828</b>	<b>8,128,640</b>
Rendering of services - related entities	-	-	260,932	228,733
Rendering of services - external entities	9,569,862	9,465,911	9,086,579	8,926,229
<b>Total rendering of services</b>	<b>9,569,862</b>	<b>9,465,911</b>	<b>9,347,511</b>	<b>9,154,962</b>
<b>Total sale of goods and rendering of services</b>	<b>18,976,134</b>	<b>18,219,065</b>	<b>18,034,339</b>	<b>17,283,602</b>
<b><u>Note 4B: Taxation Revenue</u></b>				
Goods and services tax	6,395,025	6,035,538	6,395,025	6,035,538
Customs duty	935,643	1,074,697	935,643	1,074,697
Other taxation revenue	1,365,005	1,370,114	1,365,005	1,370,114
<b>Total taxation revenue</b>	<b>8,695,673</b>	<b>8,480,349</b>	<b>8,695,673</b>	<b>8,480,349</b>
<b><u>Note 4C: Fees and Fines</u></b>				
Fees	3,496,163	3,093,796	2,665,384	2,513,234
Fines and penalties	14,760	29,893	14,760	29,893
<b>Total fees and fines</b>	<b>3,510,923</b>	<b>3,123,689</b>	<b>2,680,144</b>	<b>2,543,127</b>
<b><u>Note 4D: Interest</u></b>				
Bank and term deposits	101,643	119,231	94,182	108,147
<b>Total interest</b>	<b>101,643</b>	<b>119,231</b>	<b>94,182</b>	<b>108,147</b>
<b><u>Note 4E: Rental Income</u></b>				
Housing properties	79,868	68,615	67,852	56,519
<b>Total rental income</b>	<b>79,868</b>	<b>68,615</b>	<b>67,852</b>	<b>56,519</b>
<b><u>Note 4F: Royalties</u></b>				
Other	700	650	700	650
<b>Total royalties</b>	<b>700</b>	<b>650</b>	<b>700</b>	<b>650</b>
<b><u>Note 4G: Other Revenue</u></b>				
Donations	14,525	8,792	-	-
Write back from Doubtful Debt provision	40,000	131,550	-	-
<b>Total revenue</b>	<b>54,525</b>	<b>140,342</b>	<b>-</b>	<b>-</b>
<b><u>Other Revenue</u></b>				
<b><u>Note 4H: Revenue from Government</u></b>				
Revenue received from the Commonwealth of Australia	6,644,552	4,600,088	6,644,552	4,600,088
<b>Total revenue from Government</b>	<b>6,644,552</b>	<b>4,600,088</b>	<b>6,644,552</b>	<b>4,600,088</b>
<b><u>Note 4I: Resources Received Free of Charge</u></b>				
Audit Fees	243,340	199,000	185,000	160,000
<b>Total Resources Received free of Charge</b>	<b>243,340</b>	<b>199,000</b>	<b>185,000</b>	<b>160,000</b>

## Note 5: Financial Assets

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 5A: Cash and Cash Equivalents</b>				
Cash on hand or on deposit	5,912,773	4,321,292	5,227,388	3,917,402
<b>Total cash and cash equivalents</b>	<b>5,912,773</b>	<b>4,321,292</b>	<b>5,227,388</b>	<b>3,917,402</b>
<b>Note 5B: Trade and Other Receivables</b>				
<b>Goods and Services:</b>				
Goods and services - related entities	-	-	22,774	38,334
Goods and services - external entities	3,004,122	3,419,937	2,637,455	3,079,876
<b>Total receivables for goods and services</b>	<b>3,004,122</b>	<b>3,419,937</b>	<b>2,660,229</b>	<b>3,118,210</b>
<b>Other receivables:</b>				
Interest	11,329	19,447	11,329	19,446
<b>Total other receivables (gross)</b>	<b>11,329</b>	<b>19,447</b>	<b>11,329</b>	<b>19,446</b>
<b>Total trade and other receivables (gross)</b>	<b>3,015,451</b>	<b>3,439,384</b>	<b>2,671,558</b>	<b>3,137,656</b>
<b>Less impairment allowance account:</b>				
Goods and services	(216,209)	(255,361)	(56,209)	(55,361)
<b>Total impairment allowance account</b>	<b>(216,209)</b>	<b>(255,361)</b>	<b>(56,209)</b>	<b>(55,361)</b>
<b>Total trade and other receivables (net)</b>	<b>2,799,242</b>	<b>3,184,023</b>	<b>2,615,349</b>	<b>3,082,295</b>
<b>Receivables are expected to be recovered in:</b>				
No more than 12 months	2,799,242	3,184,023	2,615,349	3,082,295
More than 12 months	-	-	-	-
<b>Total trade and other receivables (net)</b>	<b>2,799,242</b>	<b>3,184,023</b>	<b>2,615,349</b>	<b>3,082,295</b>
<b>Receivables are aged as follows:</b>				
Not overdue	2,167,609	1,039,356	2,073,384	819,631
Overdue by:				
0 to 30 days	399,677	1,749,661	312,181	1,612,296
31 to 60 days	77,630	486,812	71,116	486,812
More than 61 days	370,535	163,556	214,877	218,917
<b>Total receivables (gross)</b>	<b>3,015,451</b>	<b>3,439,385</b>	<b>2,671,558</b>	<b>3,137,656</b>
<b>The impairment allowance account is aged as follows:</b>				
Not overdue	-	-	-	-
Overdue by:				
0 to 30 days	2,173	(4,470)	-	-
31 to 60 days	(6,514)	(13,107)	-	-
More than 61 days	(211,868)	(237,784)	(56,209)	(55,361)
<b>Total impairment allowance account</b>	<b>(216,209)</b>	<b>(255,361)</b>	<b>(56,209)</b>	<b>(55,361)</b>

The Administration does not have a system to record receivables which are past due > 91 days.

**Reconciliation of the Impairment Allowance Account:**
**Movements in relation to 2015**

	Consolidated Goods and services \$	Administration Goods and services \$
<b>Opening balance</b>	<b>(255,361)</b>	<b>(55,361)</b>
Amounts written off	-	-
Amounts recovered and reversed	40,000	-
Increase/decrease recognised in net surplus	(848)	(848)
<b>Closing balance</b>	<b>(216,209)</b>	<b>(56,209)</b>

**Movements in relation to 2014**

	Consolidated Goods and services \$	Administration Goods and services \$
Opening balance	(478,753)	(147,202)
Amounts written off	144,784	13,233
Amounts recovered and reversed	78,608	78,608
Closing balance	(255,361)	(55,361)

**Note 5C: Other Investments**

Term deposits

**Total other investments**
**Total other investments are expected to be recovered in:**

No more than 12 months

More than 12 months

**Total other investments**

	Consolidated 2015 \$	2014 \$	Administration 2015 \$	2014 \$
Term deposits	1,263,511	2,249,656	1,023,307	2,014,483
<b>Total other investments</b>	<b>1,263,511</b>	<b>2,249,656</b>	<b>1,023,307</b>	<b>2,014,483</b>
<b>Total other investments are expected to be recovered in:</b>				
No more than 12 months	1,263,511	2,249,656	1,023,307	2,014,483
More than 12 months	-	-	-	-
<b>Total other investments</b>	<b>1,263,511</b>	<b>2,249,656</b>	<b>1,023,307</b>	<b>2,014,483</b>

**Note 6: Non-Financial Asset**

	Consolidated 2015 \$	2014 \$	Administration 2015 \$	2014 \$
<b>Note 6A: Land and Buildings</b>				
<b>Land:</b>				
Fair Value	6,798,702	7,058,703	6,423,702	6,683,703
<b>Total land</b>	<b>6,798,702</b>	<b>7,058,703</b>	<b>6,423,702</b>	<b>6,683,703</b>
<b>Buildings on freehold land:</b>				
Fair value	20,986,483	24,571,009	19,533,052	21,334,533
Accumulated depreciation	-	(2,944,643)	-	(2,367,654)
<b>Total buildings on freehold land</b>	<b>20,986,483</b>	<b>21,626,366</b>	<b>19,533,052</b>	<b>18,966,879</b>
<b>Total land and buildings</b>	<b>27,785,185</b>	<b>28,685,069</b>	<b>25,956,754</b>	<b>25,650,582</b>

No indicators of impairment were found for land and buildings.

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

**Revaluation of land and buildings**

All revaluations were conducted in accordance with the revaluation policy stated in Note 1.20. Property, plant and equipment was revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd. The next revaluation will be completed for the year ending 30 June 2018.

	Consolidated 2015 \$	2014 \$	Administration 2015 \$	2014 \$
<b>Note 6B: Property, Plant and Equipment</b>				
<b>Property, plant and equipment:</b>				
Work in Progress	21,489	288,254	-	284,403
Fair value	38,789,045	47,335,058	38,197,496	46,389,474
Accumulated depreciation	-	(9,113,038)	-	(8,817,489)
<b>Total property, plant and equipment</b>	<b>38,810,534</b>	<b>38,510,274</b>	<b>38,197,496</b>	<b>37,856,388</b>

No indicators of impairment were found for property, plant and equipment.

**Revaluation of property, plant and equipment**

All revaluations were conducted in accordance with the revaluation policy stated in Note 1.20. Property, plant and equipment was revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd. The next revaluation will be completed for the year ending 30 June 2018.

**Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2015 - Consolidated**

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
<b>As at 1 July 2014</b>					
Gross book value	7,058,703	24,571,009	31,629,712	47,623,312	79,253,024
Accumulated depreciation and impairment	-	(2,944,643)	(2,944,643)	(9,113,038)	(12,057,681)
Opening balance adjustment				(52,147)	(52,147)
<b>Net book value 1 July 2014</b>	<b>7,058,703</b>	<b>21,626,366</b>	<b>28,685,069</b>	<b>38,458,127</b>	<b>67,143,196</b>
Additions:					
By purchase or donation	-	22,963	22,963	240,360	263,323
Work in progress	-	-	-	21,489	21,489
Depreciation expense	-	(1,470,762)	(1,470,762)	(4,240,443)	(5,711,205)
Revaluation Impairment	-	(611,942)	(611,942)	-	(611,942)
Disposals	-	-	-	(4,739)	(4,739)
Revaluation adjustment recognised in Reserve	(260,001)	1,419,858	1,159,857	4,335,740	5,495,597
<b>Net book value as at 30 June 2015</b>	<b>6,798,702</b>	<b>20,986,483</b>	<b>27,785,185</b>	<b>38,810,534</b>	<b>66,595,719</b>
<b>Net book value as at 30 June 2015 represented by:</b>					
Gross book value	6,798,702	20,986,483	27,785,185	38,810,534	66,595,719
Accumulated depreciation and impairment	-	-	-	-	-
<b>Net book value as at 30 June 2015</b>	<b>6,798,702</b>	<b>20,986,483</b>	<b>27,785,185</b>	<b>38,810,534</b>	<b>66,595,719</b>

Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2014 - Consolidated

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2013					
Gross book value	7,058,703	24,561,789	31,620,492	46,990,044	78,610,536
Accumulated depreciation and impairment	-	(1,471,672)	(1,471,672)	(4,737,778)	(6,209,450)
Net book value as at 1 July 2013	7,058,703	23,090,117	30,148,820	42,252,266	72,401,086
Additions:					
By purchase or donation	-	9,220	9,220	414,068	423,288
Work in progress	-	-	-	288,254	288,254
Depreciation expense	-	(1,472,971)	(1,472,971)	(4,375,260)	(5,848,231)
Disposals	-	-	-	(69,054)	(69,054)
Net book value as at 30 June 2014	7,058,703	21,626,366	28,685,069	38,510,274	67,195,343
Net book value as at 30 June 2013 represented by:					
Gross book value	7,058,703	24,571,009	31,629,712	47,623,312	79,253,024
Accumulated depreciation and impairment	-	(2,944,643)	(2,944,643)	(9,113,038)	(12,057,681)
Net book value as at 30 June 2014 represented by:	7,058,703	21,626,366	28,685,069	38,510,274	67,195,343

Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2015 - Administration

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2014					
Gross book value	6,683,703	21,334,533	28,018,236	46,673,877	74,692,113
Accumulated depreciation and impairment	-	(2,367,654)	(2,367,654)	(8,817,489)	(11,185,143)
Net book value 1 July 2014	6,683,703	18,966,879	25,650,582	37,856,388	63,506,970
Additions:					
By purchase or donation	-	22,963	22,963	180,926	203,889
Work in progress	-	-	-	-	-
Depreciation expense	-	(1,181,667)	(1,181,667)	(4,129,808)	(5,311,475)
Disposals	-	-	-	(2,693)	(2,693)
Revaluation adjustment to Reserve	(260,001)	1,724,877	1,464,876	4,292,683	5,757,560
Net book value as at 30 June 2015	6,423,702	19,533,052	25,956,754	38,197,496	64,154,250
Net book value as at 30 June 2015 represented by:					
Gross book value	6,423,702	19,533,052	25,956,754	38,197,496	64,154,250
Accumulated depreciation and impairment	-	-	-	-	-
Net book value as at 30 June 2015	6,423,702	19,533,052	25,956,754	38,197,496	64,154,250

Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Plant and Equipment 2014 - Administration

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
As at 1 July 2013					
Gross book value	6,683,703	21,327,733	28,011,436	46,132,881	74,144,317
Accumulated depreciation and impairment	-	(1,183,827)	(1,183,827)	(4,558,422)	(5,742,249)
Net book value as at 1 July 2013	6,683,703	20,143,906	26,827,609	41,574,459	68,402,068
Additions:					
By purchase or donation	-	6,800	6,800	297,069	303,869
Work in progress	-	-	-	284,403	284,403
Depreciation expense	-	(1,183,827)	(1,183,827)	(4,259,067)	(5,442,894)
Disposals	-	-	-	(40,476)	(40,476)
Net book value as at 30 June 2014	6,683,703	18,966,879	25,650,582	37,856,388	63,506,969
Net book value as at 30 June 2014					
Gross book value	6,683,703	21,334,533	28,018,236	46,673,877	74,692,113
Accumulated depreciation and impairment	-	(2,367,654)	(2,367,654)	(8,817,489)	(11,185,143)
Net book value as at 30 June 2014	6,683,703	18,966,879	25,650,582	37,856,388	63,506,969

Note 6D: Intangibles

Computer software:

Purchased  
Accumulated amortisation

Total computer software

Total intangibles

Consolidated	2015	2014	Administration	2015	2014
	\$	\$		\$	\$
	11,460	17,007		11,054	14,713
	-	(3,960)		-	(3,080)
	11,460	13,047		11,054	11,633
	11,460	13,047		11,054	11,633

No indicators of impairment were found for intangible assets.

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

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2015 - Consolidated**

	Computer software purchased \$
<b>As at 1 July 2014</b>	
Gross book value	17,007
Accumulated amortisation and impairment	(3,960)
<b>Net book value as at 1 July 2014</b>	<b>13,047</b>
Additions by purchase or internally developed	-
Amortisation	(3,163)
Adjustment to reserve	1,576
<b>Net book value as at 30 June 2015</b>	<b>11,460</b>
<b>Net book value as at 30 June 2015 represented by:</b>	
Gross book value	11,460
Accumulated amortisation and impairment	-
<b>Net book value as at 30 June 2015</b>	<b>11,460</b>

**Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2014 - Consolidated**

	Computer software purchased \$
<b>As at 1 July 2013</b>	
Gross book value	17,007
Accumulated amortisation and impairment	(577)
<b>Net book value 1 July 2013</b>	<b>16,430</b>
Additions by purchase or internally developed	-
Amortisation	-
<b>Net book value as at 30 June 2014</b>	<b>16,430</b>
<b>Net book value as at 30 June 2014 represented by:</b>	
Gross book value	17,007
Accumulated amortisation and impairment	(3,960)
<b>Net book value as at 30 June 2014 represented by:</b>	<b>13,047</b>

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2015 - Administration**

	Computer software purchased \$
<b>As at 1 July 2014</b>	
Gross book value	14,713
Accumulated amortisation and impairment	(3,080)
<b>Net book value as at 1 July 2013</b>	<b>11,633</b>
Additions by purchase or internally developed	-
Amortisation	(2,943)
Adjustment to reserve	2,364
<b>Net book value as at 30 June 2014</b>	<b>11,054</b>
<b>Net book value as at 30 June 2014 represented by:</b>	
Gross book value	11,054
Accumulated amortisation and impairment	-
<b>Net book value as at 30 June 2014</b>	<b>11,054</b>

**Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2014 - Administration**

	Computer software purchased \$
<b>As at 1 July 2013</b>	
Gross book value	14,713
Accumulated amortisation and impairment	(137)
<b>Net book value 1 July 2013</b>	<b>14,576</b>
Additions by purchase or internally developed	-
Amortisation	(2,943)
<b>Net book value as at 30 June 2014</b>	<b>11,633</b>
<b>Net book value as at 30 June 2014 represented by:</b>	
Gross book value	14,713
Accumulated amortisation and impairment	(3,080)
<b>Net book value as at 30 June 2014 represented by:</b>	<b>11,633</b>



	Consolidated 2015 \$	2014 \$	Administration 2015 \$	2014 \$
<b>Note 6F: Inventories</b>				
<b>Inventories held for sale:</b>				
Finished goods	678,683	668,103	539,229	523,012
Provision for Obsolescence	(18,000)	(18,000)	(18,000)	(18,000)
<b>Total inventories held for sale</b>	<b>660,683</b>	<b>650,103</b>	<b>521,229</b>	<b>505,012</b>
Inventories held for distribution	3,845,756	3,955,799	3,777,713	3,890,569
Provision for Obsolescence	(216,808)	(264,625)	(216,808)	(264,625)
<b>Total inventories held for sale</b>	<b>3,628,948</b>	<b>3,691,174</b>	<b>3,560,905</b>	<b>3,625,944</b>
<b>Total inventories</b>	<b>4,289,631</b>	<b>4,341,277</b>	<b>4,082,134</b>	<b>4,130,956</b>

**Represented by:**

Cost of inventories sold recognised as an expense during the reporting period  
Inventories internally consumed recognised as an expense during the reporting period  
Inventories written off during the period

	2,063,761	2,021,291	1,652,515	1,659,385
	9,356,538	8,901,227	9,228,782	8,764,335
	-	42,809	-	42,809
	<b>11,420,299</b>	<b>10,965,327</b>	<b>10,881,297</b>	<b>10,466,529</b>

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

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

**Note 6G: Other Non-Financial Assets**

Prepayments	270,671	253,808	166,006	173,016
Royalties receivable	239,059	336,965	239,059	336,965
<b>Total other non-financial assets</b>	<b>509,730</b>	<b>590,773</b>	<b>405,065</b>	<b>509,981</b>

**Total other non-financial assets - are expected to be recovered in:**

No more than 12 months	509,730	590,773	405,065	509,981
More than 12 months	-	-	-	-
<b>Total other non-financial assets</b>	<b>509,730</b>	<b>590,773</b>	<b>405,065</b>	<b>509,981</b>

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

**Note 6H: Fair Value Measurements**

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.  
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 3: Unobservable inputs for the asset or liability.

**Note 6I: Fair Value Measurements**

**Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2015 - Consolidated**

	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Land	6,798,702	-	6,798,702	-
Buildings	20,986,483	-	-	20,986,483
Property, plant and equipment	38,841,192	-	-	38,841,192
Total non-financial assets	66,626,377	-	6,798,702	59,827,675
Total fair value measurements of assets in the statement of financial position	66,626,377	-	6,798,702	59,827,675

The highest and best use of all non-financial assets are the same as their current use.  
There are no assets not measured at fair value in the statement of financial position

**Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014 - Consolidated**

	Fair Value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
<b>Non-financial assets</b>				
Land	7,058,703	-	7,058,703	-
Buildings	21,626,366	-	-	21,626,366
Property, plant and equipment	38,222,020	-	-	38,222,020
Total non-financial assets	66,907,089	-	7,058,703	59,848,386
Total fair value measurements of assets in the statement of financial position	66,907,089	-	7,058,703	59,848,386

The highest and best use of all non-financial assets are the same as their current use.  
There are no assets not measured at fair value in the statement of financial position

**Note 6J: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements**

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

	Category (Level 2 or 3)	Fair value \$'000 2015	Fair value \$'000 2014	Valuation technique(s)	Inputs used 2	Range 3
<b>Non-financial assets</b>						
Land	Level 2	6,798,702	7,058,703	Market approach	Market evidence and analysis	N/A
Buildings	Level 3	20,986,483	21,626,366	Cost approach	Replacement cost new/consumed economic benefits/obsolescence	N/A
Property, plant and equipment	Level 3	38,841,192	38,222,020	Cost approach	Replacement cost new/consumed economic benefits/obsolescence	N/A

1. There were no changes in valuation technique from the previous reporting period

2. Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

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

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

**Note 7: Payables**

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 7A: Suppliers</b>				
Trade creditors and accruals	1,537,933	5,927,787	1,497,114	6,068,276
<b>Total suppliers payables</b>	<b>1,537,933</b>	<b>5,927,787</b>	<b>1,497,114</b>	<b>6,068,276</b>
<b>Suppliers payables expected to be settled within 12 months:</b>				
Related entities	-	-	140,611	218,716
External entities	1,537,933	5,927,787	1,356,503	5,849,560
<b>Total</b>	<b>1,537,933</b>	<b>5,927,787</b>	<b>1,497,114</b>	<b>6,068,276</b>

Settlement is usually made within 30 days.

**Note 7B: Other Payables**

Accrued salaries and wages	331,746	353,641	228,139	239,328
<b>Total other payables</b>	<b>331,746</b>	<b>353,641</b>	<b>228,139</b>	<b>239,328</b>

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

## Note 8: Other Liabilities

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 8A: Loans</b>				
Loan from the Commonwealth of Australia	11,709,527	11,754,875	11,709,527	11,754,875
<b>Total loans</b>	<b>11,709,527</b>	<b>11,754,875</b>	<b>11,709,527</b>	<b>11,754,875</b>
<b>Payable:</b>				
Within one year	1,245,000	1,245,347	1,245,000	1,245,347
In one to five years	4,850,000	4,850,000	4,850,000	4,850,000
In more than five years	5,614,527	5,659,528	5,614,527	5,659,528
<b>Total loans</b>	<b>11,709,527</b>	<b>11,754,875</b>	<b>11,709,527</b>	<b>11,754,875</b>

The loan from the Commonwealth of Australia includes the Airport Runway Loan of \$11,400,000 (2014: \$11,400,000) and Cascade Cliff Loan of \$309,527 (2014: \$370,689).

The *Airport Runways Loan Act 2003* was assented to on 25 November 2003. This Act binds the Commonwealth of Australia and the Administration of Norfolk Island. The purpose of the Airport Runways loan is to provide funding for the resurfacing of the Norfolk Island runways. The Act authorises that the Administration of Norfolk Island may borrow from the Commonwealth of Australia a total sum not exceeding \$12,000,000. By formal agreement, bi-annual loan repayment instalments of \$600,000 to the Commonwealth of Australia commenced on 1 June 2009. The loan is interest free. The loan agreement was varied by deferring the loan repayments due in the six financial years up to and including the 2014/15 financial year and removes the obligation for the Administration of Norfolk Island to make payments into the Runways Trust Fund.

The *Cascade Loan Act 1998* was assented to on 16 June 1998. This Act binds the Commonwealth of Australia and the Administration of Norfolk Island. The purpose of the Cascade Cliff loan is to provide funding of the stabilisation of the land described as lot 28 section 10, Sheet 33 Norfolk Island to ensure public safety. The Act authorises that the Administration of Norfolk Island may borrow from the Commonwealth of Australia a total sum not exceeding \$3,250,000. By formal agreement, bi-annual loan repayment instalments to the Commonwealth of Australia will be sourced from the receipt of rock royalties.

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 8B: Deposits</b>				
Customer payments on account	84,993	16,105	84,993	16,105
<b>Total deposits</b>	<b>84,993</b>	<b>16,105</b>	<b>84,993</b>	<b>16,105</b>
<b>Deposits relating to:</b>				
Customer bonds - Norfolk Telecom	13,026	16,105	13,026	16,105
Specific purpose deposits	71,967	-	71,967	-
<b>Total deposits</b>	<b>84,993</b>	<b>16,105</b>	<b>84,993</b>	<b>16,105</b>
<b>Deposits are expected to be settled in:</b>				
No more than 12 months	84,993	16,105	84,993	16,105
More than 12 months	-	-	-	-
<b>Total deposits</b>	<b>84,993</b>	<b>16,105</b>	<b>84,993</b>	<b>16,105</b>

## Note 9: Provisions

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 9A: Employee Provisions</b>				
Annual leave	879,127	805,166	638,025	600,597
Long service leave	1,399,086	1,407,860	993,803	1,004,722
Other	282,809	249,777	191,727	189,407
<b>Total employee provisions</b>	<b>2,561,022</b>	<b>2,462,803</b>	<b>1,823,555</b>	<b>1,794,726</b>
<b>Employee provisions are expected to be settled in:</b>				
No more than 12 months	1,581,967	1,481,792	1,127,893	1,091,420
More than 12 months	979,055	981,011	695,662	703,306
<b>Total employee provisions</b>	<b>2,561,022</b>	<b>2,462,803</b>	<b>1,823,555</b>	<b>1,794,726</b>

# Note 10: Cash Flow Reconciliation

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Reconciliation of cash and cash equivalents as per Statement of Financial Performance to Cash Flow Statement</b>				
<b>Cash and cash equivalents as per:</b>				
Cash flow statement	5,912,773	4,321,292	5,227,388	3,917,402
Statement of Financial Performance	5,912,773	4,321,292	5,227,388	3,917,402
<b>Difference</b>	-	-	-	-
<b>Reconciliation of net cost of services to net cash from operating activities:</b>				
Net cost of services	(1,685,261)	(3,627,391)	(885,114)	(3,290,547)
<b>Adjustments for non-cash items</b>				
Depreciation / amortisation	5,714,367	5,938,530	5,314,418	5,522,766
(Gains)/loss from sale of property, plant and equipment	3,888	19,278	2,183	3,106
Write-down and impairment of assets	622,213	17,906	9,397	2,599
<b>Changes in assets / liabilities</b>				
(Increase) / decrease in trade and other receivables	401,662	86,053	466,946	69,635
(Increase) / decrease in inventories	51,646	(716,457)	48,822	(760,663)
(Increase) / decrease in other non-financial assets	81,042	(889,772)	104,915	555,596
Increase / (decrease) in employee provisions	98,219	49,849	28,829	(23,646)
Increase / (decrease) in supplier payables	(4,389,854)	625,691	(4,571,160)	(561,293)
Increase / (decrease) in other payables	(21,896)	17,287	(11,190)	(54,338)
Increase / (decrease) in deposits	68,890	(1,525)	68,888	(1,525)
<b>Net cash from (used by) operating activities</b>	<b>944,916</b>	<b>1,519,450</b>	<b>576,934</b>	<b>1,461,690</b>

## **Note 11: Contingent Assets and Liabilities**

### **Quantifiable Contingencies**

The Administration and the Group had no quantifiable contingencies as at 30 June 2015 (2014: Nil).

### **Unquantifiable Contingencies**

The Administration and the Group had no unquantifiable contingencies as at 30 June 2015 (2014: Nil).

### **Significant Remote Contingencies**

The Administration and the Group had no significant remote contingencies as at 30 June 2015 (2014: Nil).

## Note 12: Related Party Transactions

### Note 12: Transactions with Related Parties

Key management personnel (including members of the Norfolk Island Legislative Assembly) were involved in the following arm length transactions:

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
Purchases of goods and services	53,964	40,886	52,964	39,516
Amounts outstanding at balance date	-	-	-	-
	53,964	40,886	52,964	39,516

Key management personnel and members of the Norfolk Island Legislative Assembly had no other transactions with the Administration or the Group, apart from payment of taxes, levies and/or charges as part of a normal customer relationship.

**Note 13: Senior Management Personnel Remuneration**

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Short-term employee benefits</b>				
Salary	356,950	329,125	195,552	168,696
Allowances	9,210	7,434	9,210	7,434
Gratuity	27,778	19,924	17,982	14,440
Other	16,361	14,965	7,240	5,994
<b>Total short-term employee benefits</b>	<b>410,299</b>	<b>371,448</b>	<b>229,984</b>	<b>196,563</b>
<b>Post-employment benefits</b>				
Superannuation	-	6,116	-	-
<b>Total post-employment benefits</b>	<b>-</b>	<b>6,116</b>	<b>-</b>	<b>-</b>
<b>Other long-term employee benefits</b>				
Annual leave	28,944	27,815	15,869	13,137
Long-service leave	-	-	-	-
<b>Total other long-term employee benefits</b>	<b>28,944</b>	<b>27,815</b>	<b>15,869</b>	<b>13,137</b>
<b>Termination benefits</b>				
Voluntary redundancy payments	-	-	-	-
<b>Total termination benefits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total senior executive remuneration expenses</b>	<b>439,243</b>	<b>405,379</b>	<b>245,853</b>	<b>209,700</b>

The total number of senior management personnel that are included in the Consolidated column is four (2014: 5).



**Note 14: Remuneration of Auditors**

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Fair value of the services provided</b>				
Financial statement audit services	<b>230,000</b>	199,000	<b>185,000</b>	160,000
<b>Total</b>	<b>230,000</b>	199,000	<b>185,000</b>	160,000

The 2014/15 financial statement audit services were provided to the Group by the Australian National Audit Office and the audit fees were paid by the Department of Infrastructure and Regional Development.

No other services were provided by the Australian National Audit Office.

**Note 15: Financial Instruments**

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Note 15A: Categories of Financial Instruments</b>				
<b>Financial Assets</b>				
<b>Loans and receivables:</b>				
Cash and cash equivalents	5,912,773	4,321,292	5,227,388	3,917,402
Trade and other receivables	3,015,451	3,439,384	2,671,558	3,137,656
Other investments	1,263,511	2,249,656	1,023,307	2,014,483
<b>Total</b>	<b>10,191,735</b>	<b>10,010,332</b>	<b>8,922,253</b>	<b>9,069,541</b>
<b>Carrying amount of financial assets</b>	<b>10,191,735</b>	<b>10,010,332</b>	<b>8,922,253</b>	<b>9,069,541</b>
<b>Financial Liabilities</b>				
<b>At amortised cost:</b>				
Trade creditors	1,537,933	5,927,787	1,497,114	6,068,276
Loans	11,709,527	11,754,875	11,709,527	11,754,875
Deposits	84,993	16,105	84,993	16,105
<b>Total</b>	<b>13,332,453</b>	<b>17,698,767</b>	<b>13,291,634</b>	<b>17,839,256</b>
<b>Carrying amount of financial liabilities</b>	<b>13,332,453</b>	<b>17,698,767</b>	<b>13,291,634</b>	<b>17,839,256</b>
<b>Note 15B: Net Income and Expense from Financial Assets</b>				
<b>Loans and receivables</b>				
Interest revenue	101,643	119,231	94,182	108,147
<b>Net gain from loans and receivables</b>	<b>101,643</b>	<b>119,231</b>	<b>94,182</b>	<b>108,147</b>
<b>Net gain from financial assets</b>	<b>101,643</b>	<b>119,231</b>	<b>94,182</b>	<b>108,147</b>

There was no income from financial assets not at fair value through profit or loss in the year ending 2015 (2014: Nil).

**Note 15C: Net Income and Expense from Financial Liabilities**

<b>Financial liabilities - at amortised cost</b>				
Interest expense	16,693	32,863	16,693	32,863
<b>Net loss from financial liabilities - at amortised cost</b>	<b>16,693</b>	<b>32,863</b>	<b>16,693</b>	<b>32,863</b>
<b>Net loss from financial liabilities</b>	<b>16,693</b>	<b>32,863</b>	<b>16,693</b>	<b>32,863</b>

There was no interest expense from financial assets not at fair value through profit or loss in the year ending 2015 (2014: Nil).

**Note 15D: Fair Value of Financial Instruments****Fair Value of Financial Instruments - Consolidated**

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	5,912,773	5,912,773	4,321,292	4,321,292
Trade and other receivables	3,015,451	3,015,451	3,439,384	3,439,384
Other investments	1,263,511	1,263,511	2,249,656	2,249,656
<b>Total</b>	<b>10,191,735</b>	<b>10,191,735</b>	<b>10,010,332</b>	<b>10,010,332</b>
<b>Financial Liabilities</b>				
Trade creditors	1,537,933	1,537,933	5,927,787	5,927,787
Loans	11,709,527	11,709,527	11,754,875	11,754,875
Deposits	84,993	84,993	16,105	16,105
<b>Total</b>	<b>13,332,453</b>	<b>13,332,453</b>	<b>17,698,767</b>	<b>17,698,767</b>

The determination of fair values for financial assets and financial liabilities is the carrying value.

**Fair Value of Financial Instruments - Administration**

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	5,227,388	5,227,388	3,917,402	3,917,402
Trade and other receivables	2,671,558	2,671,558	3,137,656	3,137,656
Other investments	1,023,307	1,023,307	2,014,483	2,014,483
<b>Total</b>	<b>8,922,253</b>	<b>8,922,253</b>	<b>9,069,541</b>	<b>9,069,541</b>
<b>Financial Liabilities</b>				
Trade creditors	1,497,114	1,497,114	6,068,276	6,068,276
Loans	11,709,527	11,709,527	11,754,875	11,754,875
Deposits	84,993	84,993	16,105	16,105
<b>Total</b>	<b>13,291,634</b>	<b>13,291,634</b>	<b>17,839,256</b>	<b>17,839,256</b>

The determination of fair values for financial assets and financial liabilities is the carrying value.

**Note 15E: Credit Risk**

The Administration was exposed to minimal credit risk as loans and receivables were cash and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables (2015: \$2,615,349 and 2014: \$3,082,295).

The Administration has assessed the risk of the default on payment and has allocated \$56,209 in 2015 (2014: \$55,361) to an impairment allowance account. The Administration manages its credit risk by undertaking various debt recovery techniques.

The Administration and the Group held no collateral to mitigate against credit risk.

**Credit risk of financial instruments not past due or individually determined as impaired - Consolidated**

	Not past due nor impaired 2015 \$	Not past due nor impaired 2014 \$	Past due or impaired 2015 \$	Past due or impaired 2014 \$
Cash and cash equivalents	5,912,773	4,321,292	-	-
Trade and other receivables	2,167,609	1,039,356	847,842	2,400,028
Other investments	1,263,511	2,249,656	-	-
<b>Total</b>	<b>9,343,893</b>	<b>7,610,304</b>	<b>847,842</b>	<b>2,400,028</b>

**Credit risk of financial instruments not past due or individually determined as impaired - Administration**

	Not past due nor impaired 2015 \$	Not past due nor impaired 2014 \$	Past due or impaired 2015 \$	Past due or impaired 2014 \$
Cash and cash equivalents	5,227,388	3,917,402	-	-
Trade and other receivables	2,073,384	819,631	598,174	2,318,025
Other investments	1,023,307	2,014,483	-	-
<b>Total</b>	<b>8,324,079</b>	<b>6,751,516</b>	<b>598,174</b>	<b>2,318,025</b>

**Ageing of financial assets that were past due but not impaired for 2015 - Consolidated**

	0 to 30 days \$	31 to 60 days \$	60+ days \$	Total \$
Trade and other receivables	401,850	71,116	158,667	631,633
<b>Total</b>	<b>401,850</b>	<b>71,116</b>	<b>158,667</b>	<b>631,633</b>

**Ageing of financial assets that were past due but not impaired for 2014 - Consolidated**

	0 to 30 days \$	31 to 60 days \$	60+ days \$	Total \$
Trade and other receivables	1,745,191	473,705	(74,228)	2,144,667
<b>Total</b>	<b>1,745,191</b>	<b>473,705</b>	<b>(74,228)</b>	<b>2,144,667</b>

**Ageing of financial assets that were past due but not impaired for 2015 - Administration**

	0 to 30 days \$	31 to 60 days \$	60+ days \$	Total \$
Trade and other receivables	2,073,384	71,116	158,668	2,303,168
<b>Total</b>	<b>2,073,384</b>	<b>71,116</b>	<b>158,668</b>	<b>2,303,168</b>

**Ageing of financial assets that were past due but not impaired for 2014 - Administration**

	0 to 30 days \$	31 to 60 days \$	60+ days \$	Total \$
Trade and other receivables	1,612,296	486,812	163,556	2,262,663
<b>Total</b>	<b>1,612,296</b>	<b>486,812</b>	<b>163,556</b>	<b>2,262,663</b>

**Note 15F: Liquidity Risk**

The Administration and the Group's financial liabilities are supplier payables. The exposure to liquidity risk is based on the notion that the Administration and the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Administration is facing financial issues resulting from the economic down turn. The Government of Norfolk Island is currently reviewing its strategies for longer term sustainability in conjunction with the Commonwealth of Australia. The Administration and the Group manages budgets and forecasts to ensure it has adequate funds to meet commitments as they fall due. In addition, the Administration and the Group have policies in place to ensure timely payments are made when due.

**Maturities for non-derivative financial liabilities for 2015 - Consolidated**

	On demand \$	within 1 year \$	1 to 2 years \$	2 to 5 years \$	>5 years \$	Total \$
Trade creditors	-	1,537,933	-	-	-	1,537,933
Loans	-	1,245,000	1,200,000	3,650,000	5,614,527	11,709,527
Deposits	84,993	-	-	-	-	84,993
<b>Total</b>	<b>84,993</b>	<b>2,782,933</b>	<b>1,200,000</b>	<b>3,650,000</b>	<b>5,614,527</b>	<b>13,332,453</b>

**Maturities for non-derivative financial liabilities for 2014 - Consolidated**

	On demand \$	within 1 year \$	1 to 2 years \$	2 to 5 years \$	>5 years \$	Total \$
Trade creditors	-	5,927,787	-	-	-	5,927,787
Loans	-	1,245,347	1,200,000	3,650,000	5,659,528	11,754,875
Deposits	16,105	-	-	-	-	16,105
<b>Total</b>	<b>16,105</b>	<b>7,173,134</b>	<b>1,200,000</b>	<b>3,650,000</b>	<b>5,659,528</b>	<b>17,698,767</b>

The Group had no derivative financial liabilities in either 2015 or 2014.

**Maturities for non-derivative financial liabilities for 2015 - Administration**

	On demand	within 1 year	1 to 2 years	2 to 5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Trade creditors	-	1,497,114	-	-	-	1,497,114
Loans	-	1,245,000	1,200,000	3,650,000	5,614,527	11,709,527
Deposits	84,993	-	-	-	-	84,993
<b>Total</b>	<b>84,993</b>	<b>2,742,114</b>	<b>1,200,000</b>	<b>3,650,000</b>	<b>5,614,527</b>	<b>13,291,634</b>

**Maturities for non-derivative financial liabilities for 2014 - Administration**

	On demand	within 1 year	1 to 2 years	2 to 5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Trade creditors	-	6,068,276	-	-	-	6,068,276
Loans	-	1,245,347	1,200,000	3,650,000	5,659,528	11,754,875
Deposits	16,105	-	-	-	-	16,105
<b>Total</b>	<b>16,105</b>	<b>7,313,623</b>	<b>1,200,000</b>	<b>3,650,000</b>	<b>5,659,528</b>	<b>17,839,256</b>

The Administration had no derivative financial liabilities in either 2015 or 2014.

**Note 16: Financial Assets and Liabilities Reconciliation**

	Notes	Consolidated		Administration	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b><u>Financial assets</u></b>					
Total financial assets as per Statement of Financial Position		9,975,526	9,754,971	8,866,044	9,014,180
Add: non-financial instrument components					
Impairment allowance for goods and services	5B	(216,209)	(255,361)	(56,209)	(55,361)
Total financial instrument components		(216,209)	(255,361)	(56,209)	(55,361)
Total financial assets as per financial instruments note		10,191,735	10,010,332	8,922,253	9,069,541
<b><u>Financial liabilities</u></b>					
Total financial liabilities as per Statement of Financial Position		16,225,221	20,515,211	15,343,329	19,873,310
Less: non-financial instrument components:					
Employee provisions	9A	2,561,022	2,462,803	1,823,555	1,794,726
Other payables	7B	331,746	353,641	228,139	239,328
Total non-financial instrument components		2,892,768	2,816,444	2,051,694	2,034,054
Total financial liabilities as per financial instruments note		13,332,453	17,698,767	13,291,635	17,839,256

**Note 17: Investments**

	Consolidated		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Balance brought forward from previous period</b>	<b>2,249,656</b>	2,436,962	<b>2,014,483</b>	285,295
Investments made	-	21,566	-	1,913,447
Investment income	5,031	6,272	-	-
Investments realised	(991,176)	(215,144)	(991,176)	(184,259)
<b>Total balance carried to the next period</b>	<b>1,263,511</b>	2,249,656	<b>1,023,307</b>	2,014,483

## Note 18: Appropriations

### Annual Appropriations (Norfolk Island Act 1979, section 48A)

	2015	2014
	\$	\$
<b>Balance as at 1 July</b>	<b>30,000</b>	-
New appropriation (from cash flow)	36,729,839	35,243,336
Cash payments	(36,182,905)	(33,267,621)
<b>Difference</b>	<b>576,934</b>	<b>1,975,715</b>
<i>Appropriation Act 2014-15</i>	<b>38,175,479</b>	35,243,350
Cash payments	(36,182,905)	(33,267,621)
<b>Appropriation under spend</b>	<b>1,992,574</b>	<b>1,975,729</b>
<b>Closing balance as represented by:</b>		
Amounts transferred	<b>1,124,000</b>	30,000
Amounts lapsed	<b>868,574</b>	1,945,729
<b>Total closing balance</b>	<b>1,992,574</b>	<b>1,975,729</b>

The Legislative Assembly of Norfolk Island appropriated money under the *Appropriation Act 2014-15* to specific cost centres. The Appropriation Act sets upper limits on expenditure that could only be varied by approvals from the Minister for Finance. During the reporting period no cost centre or specific budget lines actual expenditure exceeded the appropriated allowance.

The above table is prepared on a cash basis.

**Note 19: Ex-Gratia Payments**

	<b>Consolidated</b>		<b>Administration</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	\$	\$	\$	\$
<b>Ex-Gratia Payments</b>				
44 ex-gratia payments were provided for during the reporting period (2014: 38).	<b>24,476</b>	8,000	<b>22,455</b>	8,000

Ex-gratia payments relate to services provided free of charge to approved third parties, generally associated with tourism activities. The increase reflects new reporting guidelines introduced in 2015.



## Note 20: Assets Held in Trust

### Monetary assets

The Administration holds monetary assets under formal trust arrangements. These monies were not available for other purposes of the Administration and were not recognised in the financial statements.

### Non-monetary assets

The Administration had no non-monetary assets held in trust in both the current and prior reporting period.

<b>Total Assets Held in Trust</b>	<b>2015</b>	<b>2014</b>
	\$	\$
Total amount held at the beginning of the reporting period	1,106,021	996,777
Receipts	55,457	589,754
Payments	(314,863)	(480,510)
Transfer to Revenue Fund	(55,425)	-
<b>Total amount held at the end of the reporting period</b>	<b>791,190</b>	<b>1,106,021</b>

### Australian Government Assistance Air Services

In 2011 the Commonwealth provided specific purpose funds to enable the Administration to terminate its contract with Nauru Air Corporation for island air services. The unspent portion of these funds have been held in trust with the Commonwealth as co signatory to the trust account.

	<b>2015</b>	<b>2014</b>
	\$	\$
Total amount held at the beginning of the reporting period	498,448	495,537
Receipts	2,911	2,911
Payments	-	-
<b>Total amount held at the end of the reporting period</b>	<b>501,359</b>	<b>498,448</b>

### Iven "Toon" Buffett Environment Fund

This Fund was established as a head of the Trust Fund on 2 February 2006. The Trust will receive monies equivalent to the revenue received by the Commonwealth of Australia together with any other funds as set out in the Memorandum of Understanding made on 28 November 2005 between the Commonwealth of Australia and the Government of Norfolk Island establishing an environmental trust fund in honour of the late Iven F (Toon) Buffett. The Trust monies will be utilised to continue the good work of the late Minister in enhancing the significant cultural heritage and physical attributes of Norfolk Island.

	<b>2015</b>	<b>2014</b>
	\$	\$
Total amount held at the beginning of the reporting period	96,482	98,904
Receipts	-	-
Payments	-	(2,422)
<b>Total amount held at the end of the reporting period</b>	<b>96,482</b>	<b>96,482</b>

### Legal Aid Fund

This fund was established under section 24 of the *Legal Aid Act 1995*. The purpose of the Fund is to provide legal aid assistance to the community of Norfolk Island.

	<b>2015</b>	<b>2014</b>
	\$	\$
Total amount held at the beginning of the reporting period	86,217	88,740
Receipts	16,773	2,309
Payments	(2,309)	(4,832)
<b>Total amount held at the end of the reporting period</b>	<b>100,681</b>	<b>86,217</b>

**Refurbish Kingston Pier**

This account was established in 2005. The Commonwealth of Australia approved a grant sufficient to refurbish the Kingston Pier. The project in the main was completed in March 2007.

	2015	2014
	\$	\$
Total amount held at the beginning of the reporting period	54,655	54,655
Receipts	-	-
Payments	-	-
<b>Total amount held at the end of the reporting period</b>	<b>54,655</b>	<b>54,655</b>

**Commonwealth of Australia Grant - Caring for our Country**

A grant provided by the Commonwealth of Australia to assist in the eradication of the Argentine Ants on Norfolk Island.

	2015	2014
	\$	\$
Total amount held at the beginning of the reporting period	-	-
Receipts	-	65,333
Payments	-	(65,333)
<b>Total amount held at the end of the reporting period</b>	<b>-</b>	<b>-</b>

**Norfolk Island Climate Vulnerability Assessment**

This account was established in 1996 from a grant of \$55,000 provided by the Commonwealth of Australia. The purpose of the grant is to assist in the study of climatic conditions around Norfolk

	2015	2014
	\$	\$
Total amount held at the beginning of the reporting period	-	24,158
Receipts	-	24,158
Payments	-	(48,316)
<b>Total amount held at the end of the reporting period</b>	<b>-</b>	<b>-</b>

**Natural Resource Management - Kingston and Arthurs Vale Historic Area**

A Commonwealth Grant for the undergrounding of utilities in the KAVHA area.

	2015	2014
	\$	\$
Total amount held at the beginning of the reporting period	241,653	-
Receipts	-	241,653
Payments	(241,653)	-
<b>Total amount held at the end of the reporting period</b>	<b>-</b>	<b>241,653</b>

**Other Trust Monies Account**

Includes monies lodged with the Administration of Norfolk Island for purposes other than for costs associated with the operations of the Revenue Fund and Government Business Enterprises.

	2015	2014
	\$	\$
Total amount held at the beginning of the reporting period	128,566	170,601
Receipts	35,773	120,279
Payments	(70,901)	(162,314)
Transfer to Revenue Fund	(55,425)	-
<b>Total amount held at the end of the reporting period</b>	<b>38,013</b>	<b>128,566</b>

**Note 21: Major Classes of Income, Expenses Assets and Liabilities**

	Revenue Account 1	KAVHA 2	Workers Compensation Fund 3	Loan Fund 4	Healthcare Fund 5	Total
<b>Own-source revenue</b>						
Sale of goods and rendering of services	17,943,664	50,580	40,095	-	-	18,034,339
Taxation revenue	8,695,673	-	-	-	-	8,695,673
Fees and fines	856,764	-	298,750	-	1,524,630	2,680,144
Interest	92,804	1,254	55	9	60	94,182
Rental income	67,852					67,852
Royalties	700					700
Other	68,552	-	-	-	-	68,552
<b>Total own-source revenue</b>	<b>27,657,457</b>	<b>51,834</b>	<b>338,900</b>	<b>9</b>	<b>1,524,690</b>	<b>29,572,890</b>
<b>Other Revenue</b>						
Revenue from the Commonwealth of Australia	6,017,202	627,350	-	-	-	6,644,552
Resources received Free of Charge	185,000		-	-	-	185,000
<b>Total other revenue</b>	<b>6,202,202</b>	<b>627,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,829,552</b>
<b>EXPENSES</b>						
Employee benefits	7,216,205	529,111	47,663	-	29,618	7,822,597
Supplier	20,396,262	430,003	136,295	-	24,165	20,986,724
Grants	3,129,783	-	-	-	-	3,129,783
Depreciation and amortisation	5,314,417	-	-	-	-	5,314,417
Other	34,035	-	-	-	-	34,035
<b>Total expenses</b>	<b>36,090,702</b>	<b>959,113</b>	<b>183,958</b>	<b>-</b>	<b>53,783</b>	<b>37,287,557</b>
<b>Financial Assets</b>						
Cash and cash equivalents	4,427,273	449,106	188,275	-	162,735	5,227,388
Trade and other receivables	2,359,306	-	-	-	256,043	2,615,349
Other investments	1,023,307	-	-	-	-	1,023,307
<b>Total financial assets</b>	<b>7,809,886</b>	<b>449,106</b>	<b>188,275</b>	<b>-</b>	<b>418,778</b>	<b>8,866,045</b>
<b>Non-Financial Assets</b>						
Land and buildings	25,956,754	-	-	-	-	25,956,754
Property, plant and equipment	38,197,496	-	-	-	-	38,197,496
Intangibles	11,054	-	-	-	-	11,054
Inventories	4,024,376	57,758	-	-	-	4,082,134
Other non-financial assets	166,006	-	-	239,059	-	405,065
<b>Total non-financial assets</b>	<b>68,355,686</b>	<b>57,758</b>	<b>-</b>	<b>239,059</b>	<b>-</b>	<b>68,652,503</b>
<b>Total assets</b>	<b>76,165,572</b>	<b>506,864</b>	<b>188,275</b>	<b>239,059</b>	<b>418,778</b>	<b>77,518,548</b>
<b>LIABILITIES</b>						
<b>Payables</b>						
Suppliers	1,304,595	37,975	1,550	(45,178)	198,171	1,497,114
Other payables	228,139	-	-	-	-	228,139
<b>Total payables</b>	<b>1,532,734</b>	<b>37,975</b>	<b>1,550</b>	<b>(45,178)</b>	<b>198,171</b>	<b>1,725,252</b>
<b>Other Liabilities</b>						
Loans	-	-	-	11,709,527	-	11,709,527
Deposits	84,993	-	-	-	-	84,993
<b>Total other liabilities</b>	<b>84,993</b>	<b>-</b>	<b>-</b>	<b>11,709,527</b>	<b>-</b>	<b>11,794,520</b>
<b>Provisions</b>						
Employee provisions	1,691,809	115,521	2,291	-	13,934	1,823,555
<b>Total provisions</b>	<b>1,691,809</b>	<b>115,521</b>	<b>2,291</b>	<b>-</b>	<b>13,934</b>	<b>1,823,555</b>
<b>Total liabilities</b>	<b>3,309,536</b>	<b>153,497</b>	<b>3,841</b>	<b>11,664,349</b>	<b>212,105</b>	<b>15,343,328</b>

**1. Revenue Account**

The Revenue Account is the main reporting entity for the Administration of Norfolk Island other than the Funds listed below. The other two legal entities of the Norfolk Island Hospital Enterprise and the Norfolk Island Government Tourist Bureau are not included in the Revenue Account but are included in the Consolidated accounts.

**2. KAVHA**

The Kingston and Arthurs Vale Historic Area (KAVHA) is a world heritage listed precinct and is jointly administered and funded by the Administration of Norfolk Island and the Australian Government. Currently this account maintains the financial records of the joint activity relating to this historical precinct.

*3. Workers Compensation*

*The provision of workers compensation services to employees and the related workers compensation levy on employers and the associated financial records are held in this account.*

*4. Loan Fund*

*This account records and reports loan activities between the Administration of Norfolk Island and the Australian Government.*

*5. Healthcare Fund*

*The provision of Healthcare services to island residents and the related healthcare levy on eligible residents are recorded in the Healthcare Fund.*



# Financial Statements 2014/15

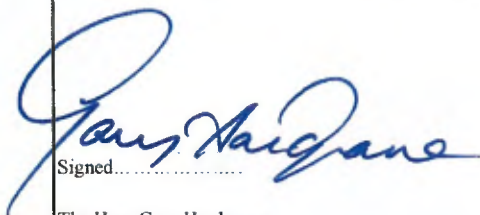


Norfolk Island Hospital Enterprise

**Norfolk Island Hospital Enterprise**

**STATEMENT BY THE ADMINISTRATOR OF THE AUSTRALIAN TERRITORY OF NORFOLK ISLAND AND  
THE DIRECTOR OF THE NORFOLK ISLAND HOSPITAL ENTERPRISE**


In our opinion, the attached financial statements for the year ended 30 June 2015 are based on properly maintained financial records and give a true and fair view of the matters required by the Commonwealth Finance Minister's (Norfolk Island) Orders 2011 (as amended) made under the *Norfolk Island Act 1979*.



Signed.....

The Hon. Gary Hardgrave  
The Administrator  
Australian Territory of Norfolk Island

11 November 2015



Signed.....

Mr. David McCowan  
Hospital Director  
Norfolk Island Hospital Enterprise

11 November 2015

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

	Notes	2015 \$	2014 \$
<b>EXPENSES</b>			
Employee benefits	3A	2,982,544	3,045,648
Suppliers	3B	1,577,234	1,481,710
Depreciation and amortisation	3C	393,182	408,583
Loss on disposal of assets	3D	1,705	15,364
Write-down and impairment of assets	3E	612,816	15,307
<b>Total expenses</b>		<b>5,567,481</b>	<b>4,966,612</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	4A	1,209,359	1,202,268
Fees	4B	1,623,414	1,362,069
Interest	4C	6,469	9,922
Rental income	4D	12,016	12,096
Other revenue	4E	54,525	140,343
<b>Total own-source revenue</b>		<b>2,905,783</b>	<b>2,726,698</b>
Resources received free of charge	4F	43,340	46,644
<b>Total resources received free of charge</b>		<b>43,340</b>	<b>46,644</b>
<b>Net cost of services</b>		<b>(2,618,358)</b>	<b>(2,193,270)</b>
Revenue received from Government	4G	1,787,390	1,900,000
<b>Surplus (Deficit) attributable to the Norfolk Island Hospital Enterprise</b>		<b>(830,968)</b>	<b>(293,270)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation reserves		(265,449)	-
<b>Total other comprehensive income</b>		<b>(265,449)</b>	<b>-</b>
<b>Total comprehensive income (loss) attributable to the Norfolk Island Hospital Enterprise</b>		<b>(1,096,417)</b>	<b>(293,270)</b>

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

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

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	520,127	322,891
Trade and other receivables	5B	336,495	374,280
Other investments	5C	219,543	214,711
<b>Total financial assets</b>		<b>1,076,165</b>	<b>911,882</b>
<b>Non-Financial Assets</b>			
Land and buildings	6A	1,828,431	3,034,487
Property, plant and equipment	6B,C	589,194	586,337
Intangibles	6D,E	405	1,414
Inventories	6F	199,151	201,752
Other non-financial assets	6G	67,928	55,792
<b>Total non-financial assets</b>		<b>2,685,109</b>	<b>3,879,782</b>
<b>Total assets</b>		<b>3,761,274</b>	<b>4,791,664</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	106,312	105,839
Other payables	7B	101,899	114,313
<b>Total payables</b>		<b>208,211</b>	<b>220,152</b>
<b>Provisions</b>			
Employee provisions	8A	720,205	642,239
<b>Total provisions</b>		<b>720,205</b>	<b>642,239</b>
<b>Total liabilities</b>		<b>928,416</b>	<b>862,391</b>
<b>Net assets</b>		<b>2,832,858</b>	<b>3,929,273</b>
<b>EQUITY</b>			
Reserves		316,386	581,834
Retained surplus (accumulated deficit)		2,516,472	3,347,439
<b>Total equity</b>		<b>2,832,858</b>	<b>3,929,273</b>

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



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

	Retained earnings		Asset revaluation reserve		Total equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>						
Balance carried forward from previous period	3,347,440	3,640,710	581,835	581,835	3,929,275	4,222,547
<b>Adjusted opening balance</b>	3,347,440	3,640,710	581,835	581,835	3,929,275	4,222,547
<b>Comprehensive income</b>						
Surplus (Deficit) for the period	(830,968)	(293,270)			(830,968)	(293,270)
<b>Total comprehensive income</b>	(830,968)	(293,270)	-	-	(830,968)	(293,270)
<b>Revaluation</b>						
Increase in value of assets	-	-	(265,449)	-	(265,449)	-
<b>Total comprehensive income</b>	-	-	(265,449)	-	(265,449)	-
<b>Closing balance as at 30 June</b>	2,516,472	3,347,440	316,386	581,835	2,832,858	3,929,277

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

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

	Notes	2015 \$	2014 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sales of goods and rendering of services		2,848,439	2,680,971
Receipts received from the Administration of Norfolk Island		1,841,636	1,869,250
Donations		14,525	8,792
Interest		6,469	4,113
<b>Total cash received</b>		<b>4,711,069</b>	<b>4,563,126</b>
<b>Cash used</b>			
Employees and suppliers		4,440,059	4,468,570
<b>Total cash used</b>		<b>4,440,059</b>	<b>4,468,570</b>
<b>Net cash from (used by) operating activities</b>	9	<b>271,010</b>	<b>94,556</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds received from investments		4,831	36,695
<b>Total cash received</b>		<b>4,831</b>	<b>36,695</b>
<b>Cash used</b>			
Purchase of land, property, plant and equipment		78,605	47,232
Purchase of financial instruments		-	1,566
<b>Total cash used</b>		<b>78,605</b>	<b>48,798</b>
<b>Net cash from (used by) investing activities</b>		<b>(73,775)</b>	<b>(12,103)</b>
<b>Net increase (decrease) in cash held</b>			
		<b>197,235</b>	<b>82,453</b>
Cash and cash equivalents at the beginning of the reporting period		<b>322,891</b>	<b>240,438</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>520,126</b>	<b>322,891</b>

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

**Schedule of Commitments for the Norfolk Island Hospital Enterprise**  
*as at 30 June 2015*

	2015	2014
	\$	\$
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Other <sup>2</sup>	12,646	12,646
<b>Total commitments receivable</b>	<u>12,646</u>	<u>12,646</u>
<b>Other commitments</b>		
Other <sup>3</sup>	172,635	105,726
<b>Total other commitments</b>	<u>172,635</u>	<u>105,726</u>
<b>Total commitments payable</b>	<u>172,635</u>	<u>105,726</u>
<b>Net commitments by type</b>	<u>159,989</u>	<u>93,080</u>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Other commitments receivable</b>		
One year or less	12,646	12,646
From one to five years	-	-
Over five years	-	-
<b>Total other commitments receivable</b>	<u>12,646</u>	<u>12,646</u>
<b>Total commitments receivable</b>	<u>12,646</u>	<u>12,646</u>
<b>Other Commitments</b>		
One year or less	141,999	75,176
From one to five years	30,636	30,550
Over five years	-	-
<b>Total other commitments</b>	<u>172,635</u>	<u>105,726</u>
<b>Total commitments payable</b>	<u>172,635</u>	<u>105,726</u>
<b>Net commitments by maturity</b>	<u>159,989</u>	<u>93,080</u>

Note:

1. Commitments were GST inclusive where relevant.
2. Other commitments receivable relate to Hospital managed residential property leases.
3. Other commitments payable relate to general service contracts.

This schedule should be read in conjunction with the accompanying notes.

**Schedule of Contingencies for the Norfolk Island Hospital Enterprise**  
*as at 30 June 2015*

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The Norfolk Island Hospital Enterprise has no quantifiable contingent assets or liabilities as at 30 June 2015 (2014: Nil).

Refer to Note 10.

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## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Norfolk Island Hospital Enterprise

The Norfolk Island Hospital Enterprise (NIHE) is established under the *Norfolk Island Hospital Act 1985*. The NIHE is a body corporate with perpetual succession. The function of the NIHE is:

- a) to control, administer and manage the hospital;
- b) to ensure the efficient and effective delivery of health services to the Norfolk Island community;
- c) to strive to maintain and improve the health of persons in the Norfolk Island community;
- d) to plan for the long term development of the delivery of health services to the Norfolk Island community.

### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 38 of the *Norfolk Island Hospital Act 1985*.

The financial statements have been prepared in accordance with:

- a) Commonwealth Finance Minister's (Norfolk Island) Orders 2011 (as amended) (CFMOs) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the CFMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the NIHE or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Going Concern

With effect from 18 June 2015, the Australian Government amended the self-governance provisions of the *Norfolk Island Act 1979* to dissolve the Norfolk Island Legislative Assembly. From 1 July 2016, the Administration of Norfolk Island (Administration) (which comprises the consolidated entities of the Administration, the Norfolk Island Hospital Enterprise (NIHE) and the Norfolk Island Government Tourist Bureau (NIGTB)) will cease to exist and a new legal entity, the Norfolk Island Regional Council, will come into existence.

The NIHE is not a going concern because it ceases to exist from 1 July 2016.

The amending legislation provides that from that time, the assets and liabilities of the Administration (and the consolidated entities) will be transferred to the Regional Council, subject to the Commonwealth Minister ruling that specific assets and liabilities are to be transferred to the Australian Government. The legislation also provides for the extension to Norfolk Island of mainland social security, immigration, and health arrangements, as well as changes to the tax system, and has provisions to allow the Australian Government to enter into arrangements with the New South Wales Government for the delivery of state level services.

At the time of signing the 2014-15 financial statements, no formal decisions have been made on which specific assets and liabilities are to be transferred from the Administration to the Australian Government. The financial statements have therefore been prepared on the basis that the Administration's assets will be realised and liabilities discharged in the normal course of business of its successor bodies; the financial statements have therefore been prepared in accordance with Australian Accounting Standards.

The NIHE receives a significant annual subsidy from the Administration to support its operations. The Norfolk Island Administration continues to experience financial difficulty associated with an economic downturn. The Australian Government of Australia has provided financial assistance in 2014/15 and 2015/16 to ensure the Administration has sufficient funds to meet expenditure commitments and this assistance currently extends to 30 June 2019. While the Administration has forecast balanced cash budgets in the above years, significant reform is still required to reduce expenditure in order to fund asset replacement and upgrade programs and achieve an accrual based surplus.

The 2015/16 Norfolk Island Funding Agreement was signed on 7 August 2015 which provides \$5.774 million in essential services/deficit funding. The funding provided by the agreement allowed the Administration to prepare the 2015/16 budget on a balanced cash operating basis.

### 1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the NIHE has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements:

- a) the relevant government bond rate has been used to discount non-current liabilities in accordance with the CFMOs;
- b) the liability for long service leave has been estimated using present value techniques in accordance with the Commonwealth shorthand method. This takes into account expected salary growth, attrition and future discounting using the Commonwealth bond rates;
- c) the fair value of land has been taken to be the market value of similar assets as determined by an independent qualified valuer. The fair value of individual land parcels is considered representative on their existing use and the fundamental assumption that they could be sold on a freehold basis;
- d) the fair value for buildings, property, plant and equipment of the NIHE has been taken to be the market value of similar assets, having regard to a depreciated replacement cost analysis, as determined by an independent valuer. Where possible the valuer endeavoured to identify comparable assets with a similar age, condition and specification to the assets listed and utilised a direct comparison basis as a primary method, with a depreciated replacement cost approach as a secondary method. Given the specialist nature of many of the assets heavy reliance on a depreciated replacement cost analysis has been necessary; and

e) estimates are made in determining value-in use for impairment purposes taking into account significant changes with an adverse effect on the condition of an asset, physical damage, and the manner in which the asset is expected to be used.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## 1.5 New Australian Accounting Standards

### Adoption of New Australian Accounting Standard Requirements

The NIHE has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015.

All new accounting standards, revised standards or amending standards that were issued prior to the signing of the statement by the secretary and chief financial officer (sign-off date) and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material impact on NIHE's financial statements.

### Future Australian Accounting Standard Requirements

All new accounting standards, revised standards or amending standards that were issued prior to the sign-off date and are applicable to the future reporting periods are not expected to have a material impact on the NIHE.

## 1.6 Revenue

### Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the NIHE retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the NIHE.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the NIHE.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### Interest

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### Fees

Revenues resulting from fees and levies are, where possible, recognised when the transaction or event giving rise to the revenue occurs.

### Revenue from Government

Revenue received from Government is recognised when the NIHE gains control of the funds.

## 1.7 Resources received free of charge

### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

### Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

## 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NIHE is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and Redundancy

The NIHE recognises a provision for separation and redundancy benefit payments when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### Superannuation

Full-time and permanent part-time employees who have been employed by the NIHE for greater than 12 months are eligible to contribute to the Norfolk Island Employee Superannuation Scheme. The Norfolk Island Employee Superannuation Scheme is a defined contribution scheme. Superannuation contributions are deposited into a term deposit account by the NIHE on behalf of members. The Norfolk Island Employee Superannuation Scheme does not form part of the NIHE and is not recognised in the financial statements.

### **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

### **1.10 Foreign Currency Transactions**

Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. The NIHE has not entered into specific forward exchange contracts during the reporting period.

### **1.11 Borrowing Costs**

All borrowing costs are expensed as incurred.

### **1.12 Cash**

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### **1.13 Financial Assets**

The NIHE classifies its financial assets in the following categories:

- a) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

#### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### **1.14 Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.



Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### 1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

### 1.17 Land, Buildings, Property, Plant and Equipment

#### Asset Recognition Threshold

Purchases of land, building, property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$300 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

#### Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Land	Market selling price
Buildings on freehold land	Market selling price / depreciated replacement cost
Property, plant and equipment	Market selling price / depreciated replacement cost

Following initial recognition at cost, land, buildings, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### Depreciation

Depreciable buildings, property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NIHE using, in all cases, the straight-line method of depreciation. Land is not depreciated.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

<i>Asset class</i>	<i>2015</i>	<i>2014</i>
Buildings on freehold land	10 to 40 years	10 to 40 years
Property, plant and equipment	4 to 30 years	4 to 30 years

#### Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the NIHE were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

An item of land, building, property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### 1.19 Intangibles

The NIHE's intangibles comprise acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses, except where the estimated cost of software is less than the \$300 threshold and expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the NIHE's software are 3 to 10 years (2014: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

#### **1.20 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

#### **1.21 Consumable Store**

Stocks of consumable stores, which are not held for resale, are expensed in the year of purchase. These stores mainly consist of medical, laboratory, dental clinic, x-ray and physiotherapy supplies and stationery.

#### **1.22 Taxation**

The NIHE is exempt from all forms of taxation except the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Norfolk Island GST Office; and
- b) for receivables, payables and commitments.

#### **1.23 Related Entities Disclosure**

Related entity values disclosed in Note 3B - Supplier Expenses, Note 4A - Sale of goods and rendering of services, Note 5B - Trade and other receivables, and Note 7A - Trade creditors and accruals, reflect business transactions between the Administration of Norfolk Island and the NIHE.

## **Note 2: Events After the Reporting Period**

From 1 July 2016, the Australian Government will assume responsibility for delivering health services on Norfolk Island. At this time, no formal decisions have been made regarding the future model for the delivery of health services.

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Norfolk Island Hospital Enterprise.

**Note 3: Expenses**

	2015	2014
	\$	\$
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	2,943,423	3,007,170
Superannuation	39,121	38,478
<b>Total employee benefits</b>	<b>2,982,544</b>	<b>3,045,648</b>
<b>Note 3B: Supplier</b>		
<b>Goods and services</b>		
General hospital	281,973	398,351
Dispensary	515,946	473,678
Laboratory	193,495	183,251
Physiotherapy department	26,702	30,706
Dental	62,846	66,416
Aged care	23,795	67,160
Other	452,057	240,529
<b>Total goods and services</b>	<b>1,556,815</b>	<b>1,460,091</b>
<b>Goods and services are made up of:</b>		
Provision of goods – related entities	-	-
Provision of goods – external entities	687,071	624,188
Rendering of services – related entities	241,791	234,220
Rendering of services – external entities	627,953	601,683
<b>Total goods and services</b>	<b>1,556,815</b>	<b>1,460,091</b>
<b>Other supplier expenses</b>		
Workers compensation expenses	20,419	21,619
<b>Total other supplier expenses</b>	<b>20,419</b>	<b>21,619</b>
<b>Total supplier expenses</b>	<b>1,577,234</b>	<b>1,481,710</b>
<b>Note 3C: Depreciation and Amortisation</b>		
<b>Depreciation:</b>		
Property, plant and equipment	103,867	118,956
Buildings	289,095	289,187
<b>Total depreciation</b>	<b>392,962</b>	<b>408,143</b>
<b>Amortisation:</b>		
Intangibles - computer software	220	440
<b>Total amortisation</b>	<b>220</b>	<b>440</b>
<b>Total depreciation and amortisation</b>	<b>393,182</b>	<b>408,583</b>
<b>Note 3D: Loss on Sale of Assets</b>		
<b>Property, plant and equipment:</b>		
Carrying value of assets sold	1,705	15,364
<b>Total losses from asset sales</b>	<b>1,705</b>	<b>15,364</b>
<b>Note 3E: Write-Down and Impairment of Assets</b>		
<b>Asset write-down and impairments from:</b>		
Bad debts	874	15,307
Asset revaluation adjustment recognised in operating result	611,942	-
<b>Total write-down and impairment of assets</b>	<b>612,816</b>	<b>15,307</b>

## Note 4: Income

	2015	2014
OWN-SOURCE INCOME	\$	\$

### Note 4A: Sale of Goods and Rendering of Services

Provision of goods - related entities	-	-
Provision of goods - external entities	676,667	616,526
Rendering of services - related entities	50,342	47,088
Rendering of services - external entities	482,350	538,654
<b>Total sale of goods and rendering of services</b>	<b>1,209,359</b>	<b>1,202,268</b>

### Note 4B: Fees

General hospital fees	421,861	522,465
Laboratory fees	174,987	182,010
X-Ray fees	76,731	85,242
Dental fees	123,018	124,040
Aged care fees	826,817	448,312
<b>Total fees</b>	<b>1,623,414</b>	<b>1,362,069</b>

Fees for Healthcare related services amounting to \$816,651 (2014 \$806,431) were received from the Administration of Norfolk Island.

### Note 4C: Interest

Deposits	6,469	9,922
<b>Total interest</b>	<b>6,469</b>	<b>9,922</b>

### Note 4D: Rental Income

Hospital properties	12,016	12,096
<b>Total rental income</b>	<b>12,016</b>	<b>12,096</b>

### Note 4E: Other Revenue

Donations	14,525	8,792
Write back from Doubtful Debt provision	40,000	131,551
<b>Total other revenue</b>	<b>54,525</b>	<b>140,343</b>

### Note 4F: Resources Received Free of Charge

Audit fee	30,000	26,000
Insurance and asset revaluation fees	13,340	20,644
<b>Total resources received free of charge</b>	<b>43,340</b>	<b>46,644</b>

## REVENUE FROM GOVERNMENT

### Note 4G: Revenue from Government

Revenue received from the Administration of Norfolk Island	1,787,390	1,900,000
<b>Total revenue from Government</b>	<b>1,787,390</b>	<b>1,900,000</b>

## Note 5: Financial Assets

	2015 \$	2014 \$
<b>Note 5A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	520,127	322,891
<b>Total cash and cash equivalents</b>	<b>520,127</b>	<b>322,891</b>
<b>Note 5B: Trade and Other Receivables</b>		
<b>Goods and Services:</b>		
Goods and services - related entities	114,056	149,461
Goods and services - external entities	357,439	345,573
<b>Total receivables for goods and services</b>	<b>471,495</b>	<b>495,034</b>
<b>Appropriation Receivable:</b>		
Appropriation Receivable from the Administration of Norfolk Island	25,000	79,246
<b>Total appropriation receivable</b>	<b>25,000</b>	<b>79,246</b>
<b>Less impairment allowance account:</b>		
Goods and services	(160,000)	(200,000)
<b>Total impairment allowance account</b>	<b>(160,000)</b>	<b>(200,000)</b>
<b>Total trade and other receivables (net)</b>	<b>336,495</b>	<b>374,280</b>
<b>Receivables are expected to be recovered in:</b>		
No more than 12 months	336,495	374,280
<b>Total trade and other receivables (net)</b>	<b>336,495</b>	<b>374,280</b>
<b>Receivables are aged as follows:</b>		
Not overdue	246,827	238,759
Overdue by:		
0 to 30 days	87,496	139,992
31 to 60 days	6,514	13,107
More than 60 days	155,658	182,423
<b>Total receivables (gross)</b>	<b>496,495</b>	<b>574,281</b>
<b>The impairment allowance account is aged as follows:</b>		
Overdue by:		
0 to 30 days	2,172	(4,470)
31 to 60 days	(6,514)	(13,107)
More than 60 days	(155,658)	(182,423)
<b>Total impairment allowance account</b>	<b>(160,000)</b>	<b>(200,000)</b>
The NIHE does not have a system to record receivables which are past due greater than 91 days.		
<b>Reconciliation of the Impairment Allowance Account:</b>		
<b>Movements in relation to 2015</b>		
	<b>Goods and services</b>	<b>Total</b>
	\$	\$
<b>Opening balance</b>	<b>(200,000)</b>	<b>(200,000)</b>
Amounts written off	-	-
<b>Closing balance</b>	<b>(200,000)</b>	<b>(200,000)</b>
<b>Movements in relation to 2014</b>		
	<b>Goods and services</b>	<b>Total</b>
	\$	\$
<b>Opening balance</b>	<b>(331,551)</b>	<b>(331,551)</b>
Amounts written off	131,551	131,551
<b>Closing balance</b>	<b>(200,000)</b>	<b>(200,000)</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Note 5C: Other Investments</b>		
Term deposits	219,543	214,711
<b>Total other investments</b>	<b>219,543</b>	<b>214,711</b>

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

**Note 6: Non-Financial Assets**

	2015 \$	2014 \$
<b>Note 6A: Land and Buildings</b>		
<b>Land:</b>		
Fair value	375,000	375,000
<b>Total land</b>	<b>375,000</b>	<b>375,000</b>
<b>Buildings on freehold land:</b>		
Fair value	1,453,431	3,236,476
Accumulated depreciation	-	(576,989)
<b>Total buildings on freehold land</b>	<b>1,453,431</b>	<b>2,659,487</b>
<b>Total land and buildings</b>	<b>1,828,431</b>	<b>3,034,487</b>

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

**Revaluation of land and buildings**

All revaluations were conducted in accordance with the revaluation policy stated in Note 1.17. Land and buildings were revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd.

**Note 6B: Property, Plant and Equipment**

<b>Property, plant and equipment:</b>		
Work in progress	21,489	341
Fair value	567,705	862,528
Accumulated depreciation	-	(276,532)
<b>Total property, plant and equipment</b>	<b>589,194</b>	<b>586,337</b>

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

**Revaluation of property, plant and equipment**

All revaluations were conducted in accordance with the revaluation policy stated in Note 1.17. Land and buildings were revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd.

**Note 6C: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment 2015**

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
<b>As at 1 July 2014</b>					
Gross book value	375,000	3,236,476	3,611,476	862,869	4,474,345
Accumulated depreciation and impairment	-	(576,989)	(576,989)	(276,532)	(853,521)
<b>Net book value 1 July 2014</b>	<b>375,000</b>	<b>2,659,487</b>	<b>3,034,487</b>	<b>586,337</b>	<b>3,620,824</b>
Additions:					
By purchase or donation	-	-	-	46,923	46,923
Work in progress	-	-	-	21,489	21,489
Depreciation expense	-	(289,095)	(289,095)	(103,867)	(392,962)
Revaluation Impairment	-	(611,942)	(611,942)	-	(611,942)
Disposals	-	-	-	(2,046)	(2,046)
Revaluation adjustment	-	(305,019)	(305,019)	40,358	(264,661)
<b>Net book value 30 June 2015</b>	<b>375,000</b>	<b>1,453,431</b>	<b>1,828,431</b>	<b>589,194</b>	<b>2,417,625</b>
<b>Net book value as of 30 June 2015</b>					
Gross book value	375,000	1,453,431	1,828,431	589,194	2,417,625
Accumulated depreciation and impairment	-	-	-	-	-
<b>Net book value 30 June 2015</b>	<b>375,000</b>	<b>1,453,431</b>	<b>1,828,431</b>	<b>589,194</b>	<b>2,417,625</b>

**Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment 2014**

	Land \$	Buildings \$	Total land & buildings \$	Property, plant & equipment \$	Total \$
<b>As at 1 July 2013</b>					
Gross book value	375,000	3,234,056	3,609,056	829,995	4,439,051
Accumulated depreciation and impairment	-	(287,845)	(287,845)	(167,518)	(455,363)
<b>Net book value 1 July 2013</b>	<b>375,000</b>	<b>2,946,211</b>	<b>3,321,211</b>	<b>662,477</b>	<b>3,983,688</b>
Additions:					
By purchase or donation	-	2,463	2,463	60,302	62,765
Work in progress	-	-	-	341	341
Depreciation expense	-	(289,187)	(289,187)	(118,950)	(408,137)
Disposals	-	-	-	(17,833)	(17,833)
<b>Net book value 30 June 2014</b>	<b>375,000</b>	<b>2,659,487</b>	<b>3,034,487</b>	<b>586,337</b>	<b>3,620,824</b>
<b>Net book value as of 30 June 2014</b>					
Gross book value	375,000	3,236,476	3,611,476	862,869	4,474,345
Accumulated depreciation and impairment	-	(576,989)	(576,989)	(276,532)	(853,521)
<b>Net book value 30 June 2014</b>	<b>375,000</b>	<b>2,659,487</b>	<b>3,034,487</b>	<b>586,337</b>	<b>3,620,824</b>

**Note 6: Non-Financial Assets**

	2015	2014
	\$	\$

**Note 6D: Intangibles****Computer software:**

Purchased	405	2,294
Accumulated amortisation	-	(880)
<b>Total computer software</b>	<b>405</b>	<b>1,414</b>
<b>Total intangibles</b>	<b>405</b>	<b>1,414</b>

No indicators of impairment were found for intangible assets.

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

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2015**

	Computer software purchased
	\$
<b>As at 1 July 2014</b>	
Gross book value	2,294
Accumulated amortisation and impairment	(880)
<b>Net book value 1 July 2014</b>	<b>1,414</b>
Additions by purchase or internally developed	-
Amortisation	(220)
Revaluation adjustment	(788)
<b>Net book value 30 June 2015</b>	<b>405</b>
<b>Net book value as of 30 June 2015 represented by:</b>	
Gross book value	405
Accumulated amortisation and impairment	-
<b>Net book value 30 June 2015</b>	<b>405</b>

**Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2014**

	Computer software purchased
	\$
<b>As at 1 July 2013</b>	
Gross book value	2,294
Accumulated amortisation and impairment	(440)
<b>Net book value 1 July 2013</b>	<b>1,854</b>
Additions by purchase or internally developed	-
Amortisation	(440)
<b>Net book value 30 June 2014</b>	<b>1,414</b>
<b>Net book value as of 30 June 2014 represented by:</b>	
Gross book value	2,294
Accumulated amortisation and impairment	(880)
<b>Net book value 30 June 2014</b>	<b>1,414</b>

	2015	2014
	\$	\$

**Note 6F: Inventories****Inventories held for sale:**

Finished goods	131,108	136,522
<b>Total inventories held for sale</b>	<b>131,108</b>	<b>136,522</b>
Inventories held for distribution	68,043	65,230
<b>Total inventories</b>	<b>199,151</b>	<b>201,752</b>

During 2015, \$382,673 of inventory held for sale was recognised as an expense (2014: \$333,086).

During 2015, \$127,756 of inventory held for distribution was recognised as an expense (2014: \$136,892).

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

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



## Note 6: Non-Financial Assets

### Note 6G: Other Non-Financial Assets

Prepayments	67,928	55,792
<b>Total other non-financial assets</b>	<b>67,928</b>	<b>55,792</b>

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

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

### Note 6H: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

### Note 6I: Fair Value Measurements

#### Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2015

	<b>Fair value measurements at the end of the reporting period using</b>			
	<b>Fair Value</b>	<b>Level 1 inputs</b>	<b>Level 2 inputs</b>	<b>Level 3 inputs</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-financial assets</b>				
Land	375,000	-	375,000	-
Buildings	1,453,431	-	-	1,453,431
Property, plant and equipment	567,705	-	-	567,705
<b>Total non-financial assets</b>	<b>2,396,136</b>	<b>-</b>	<b>375,000</b>	<b>2,021,136</b>
	2,396,136	-	375,000	2,021,136

Total fair value measurements of assets in the statement of financial position

The highest and best use of all non-financial assets are the same as their current use.

### Note 6J: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

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

	<b>Category</b>	<b>Fair value</b>	<b>Fair value</b>	<b>Valuation</b>	<b>Inputs used 2</b>	<b>Range 3</b>
	<b>(Level 2 or 3)</b>	<b>2015</b>	<b>2014</b>	<b>technique(s)1</b>		
		<b>\$'000</b>	<b>\$'000</b>			
<b>Non-financial assets</b>						
Land	Level 2	375,000	375,000	Market Approach	Market Evidence / Analysis	N/A
Buildings	Level 3	1,453,431	2,659,487	Depreciated replacement cost	Estimated replacement cost. Expected useful life	N/A
Property, plant and equipment	Level 3	567,705	585,996	Cost Approach	Estimated replacement cost. Expected useful life	N/A

1. There were no changes in valuation technique from the previous reporting period.

2. Significant level 3 inputs utilised by the NIHE are derived and evaluated as follows:

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

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

## Note 7: Payables

	2015	2014
	\$	\$
<b><u>Note 7A: Suppliers</u></b>		
Trade creditors and accruals	<u>106,312</u>	<u>105,839</u>
<b>Total suppliers payables</b>	<u>106,312</u>	<u>105,839</u>
<b>Suppliers payables expected to be settled within 12 months:</b>		
Related entities	21,503	37,852
External entities	<u>84,809</u>	<u>67,987</u>
<b>Total</b>	<u>106,312</u>	<u>105,839</u>

Settlement is usually made within 30 days.

## **Note 7B: Other Payables**

Accrued salaries and wages	<u>101,899</u>	<u>114,313</u>
<b>Total other payables</b>	<u>101,899</u>	<u>114,313</u>

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

## Note 8: Provisions

	2015	2014
	\$	\$
<b><u>Note 8A: Employee Provisions</u></b>		
Annual leave	233,263	193,573
Long service leave	399,360	392,087
Other	87,582	56,579
<b>Total employee provisions</b>	<b>720,205</b>	<b>642,239</b>
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	442,735	367,744
More than 12 months	277,470	274,495
<b>Total employee provisions</b>	<b>720,205</b>	<b>642,239</b>

## Note 9: Cash Flow Reconciliation

	2015	2014
	\$	\$
<b>Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	520,126	322,891
Statement of financial position	520,127	322,891
<b>Difference</b>	(1)	-
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(2,618,358)	(2,193,270)
Add revenue from Government	1,787,390	1,900,000
<b>Adjustments for non-cash items</b>		
Depreciation / amortisation	393,182	408,583
Donated property, plant and equipment capitalised	-	(5,686)
(Gains)/loss from sale of property, plant and equipment	1,705	15,364
Resources received free of charge	-	(46,644)
Write down and impairment of assets	612,816	-
<b>Changes in assets / liabilities</b>		
(Increase) / decrease in trade and other receivables	37,785	(11,507)
(Increase) / decrease in inventories	2,601	28,437
(Increase) / decrease in other non-financial assets	(12,136)	-
Increase / (decrease) in employee provisions	77,966	29,827
Increase / (decrease) in supplier payables	473	6,502
Increase / (decrease) in other payables	(12,414)	(37,051)
<b>Net cash from (used by) operating activities</b>	<b>271,010</b>	<b>94,555</b>

## **Note 10: Contingent Assets and Liabilities**

### **Quantifiable Contingencies**

The Norfolk Island Hospital Enterprise had no quantifiable contingencies as at 30 June 2015 (2014: Nil).

### **Unquantifiable Contingencies**

The Norfolk Island Hospital Enterprise is currently involved in a legal dispute for which the extent of the claim is unquantifiable as at 30 June 2015 (2014: Nil)

### **Significant Remote Contingencies**

The Norfolk Island Hospital Enterprise had no significant remote contingencies as at 30 June 2015 (2014: Nil).

## **Note 11: Related Party Transactions**

### **Note 11A: Board Members for the Reporting Period**

The Board Members of the Norfolk Island Hospital Enterprise during the reporting period were:

	<b>Appointed</b>	<b>Resigned</b>
Mrs. Valerie Martinez	20-Aug-2012	08-Jul-14
Ms. Candice Snell	20-Aug-2012	Current
Mr. Shane McCoy	20-Aug-2012	Current
Mr. Brett Sanderson	28-Mar-14	Current
Mr. Gerri Marr	16-Apr-14	Current
Ms. Barbara Kelly	18-Jul-14	11-Dec-14
Mrs. Rhonda Griffiths	16-Feb-15	Current

### **Note 11B: Transactions with Related Parties**

The Norfolk Island Hospital Enterprise had no related party transactions for the reporting period (2014: Nil).

**Note 12: Senior Management Personnel Remuneration**

	2015	2014
	\$	\$
<b>Short-term employee benefits</b>		
Salary	89,174	85,579
Gratuity	5,864	1,484
Other	3,157	2,971
<b>Total short-term employee benefits</b>	<b>98,195</b>	<b>90,034</b>
<b>Post-employment benefits</b>		
Superannuation	-	6,116
<b>Total post-employment benefits</b>	<b>-</b>	<b>6,116</b>
<b>Other long-term employee benefits</b>		
Annual leave	6,920	7,903
<b>Total other long-term employee benefits</b>	<b>6,920</b>	<b>7,903</b>
<b>Total senior executive remuneration expenses</b>	<b>105,115</b>	<b>104,053</b>

The total number of senior management personnel that are included in the above is one (2014: 2).

### Note 13: Remuneration of Auditors

	2015	2014
	\$	\$
<b>Fair value of the services provided</b>		
Financial statement audit services	<u>30,000</u>	<u>26,000</u>
<b>Total</b>	<u>30,000</u>	<u>26,000</u>

The 2014/15 financial statement audit services were provided to the Norfolk Island Hospital Enterprise by the Australian National Audit Office and the audit fees were paid by the Department of Infrastructure and Regional Development.

No other services were provided by the Australian National Audit Office.



**Note 14: Financial Instruments**

	2015	2014
	\$	\$

**Note 14A: Categories of Financial Instruments****Financial Assets****Loans and receivables:**

Cash and cash equivalents	520,127	322,891
Trade and other receivables	471,495	495,034
Other investments	219,543	214,711
<b>Total</b>	<b>1,211,165</b>	<b>1,032,636</b>
<b>Carrying amount of financial assets</b>	<b>1,211,165</b>	<b>1,032,636</b>

**Financial Liabilities****At amortised cost:**

Trade creditors	106,312	105,839
<b>Total</b>	<b>106,312</b>	<b>105,839</b>
<b>Carrying amount of financial liabilities</b>	<b>106,312</b>	<b>105,839</b>

**Note 14B: Net Income and Expense from Financial Assets****Loans and receivables**

Interest revenue	6,469	9,922
<b>Net gain from loans and receivables</b>	<b>6,469</b>	<b>9,922</b>
<b>Net gain from financial assets</b>	<b>6,469</b>	<b>9,922</b>

There was no interest income from financial assets not at fair value through profit or loss in the year ending 2015 (2014: Nil).

**Note 14C: Fair Value of Financial Instruments**

	Carrying amount 2015 \$	Fair value 2015 \$	Carrying amount 2014 \$	Fair value 2014 \$
<b>Financial Assets</b>				
Cash and cash equivalents	520,127	520,127	322,891	322,891
Trade and other receivables	471,495	471,495	495,034	495,034
Other investments	219,543	219,543	214,711	214,711
<b>Total</b>	<b>1,211,165</b>	<b>1,211,165</b>	<b>1,032,636</b>	<b>1,032,636</b>
<b>Financial Liabilities</b>				
Trade creditors	106,312	106,312	105,839	105,839
<b>Total</b>	<b>106,312</b>	<b>106,312</b>	<b>105,839</b>	<b>105,839</b>

The determination of fair values for financial assets and financial liabilities is the carrying value.

**Note 14: Financial Instruments****Note 14D: Credit Risk**

The Norfolk Island Hospital Enterprise was exposed to minimal credit risk as loans and receivables were cash and trade receivables. The

The Hospital Enterprise held no collateral to mitigate against credit risk.

**Credit risk of financial instruments not past due or individually determined as impaired**

	<b>Not past due nor impaired</b>	Not past due nor impaired	<b>Past due or impaired</b>	Past due or impaired
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>\$</b>	\$	<b>\$</b>	\$
Cash and cash equivalents	520,127	322,891	-	-
Other investments	219,543	214,711	-	-
Trade and other receivables	221,827	159,512	249,668	335,522
<b>Total</b>	<b>961,496</b>	697,114	<b>249,668</b>	335,522

**Ageing of financial assets that were past due but not impaired for 2015**

	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>60+ days</b>	<b>Total</b>
	<b>\$</b>	\$	\$	\$
Trade and other receivables	89,667	-	-	89,667
<b>Total</b>	<b>89,667</b>	-	-	<b>89,667</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>60+ days</b>	<b>Total</b>
	<b>\$</b>	\$	\$	\$
Trade and other receivables	135,522	-	-	135,522
<b>Total</b>	<b>135,522</b>	-	-	<b>135,522</b>

**Note 14E: Liquidity Risk**

The Norfolk Island Hospital Enterprise's financial liabilities are supplier payables. The exposure to liquidity risk was based on the notion that the Norfolk Island Hospital Enterprise will encounter difficulty in meeting its obligations associated with financial liabilities. The Norfolk Island Hospital Enterprise receives a significant subsidy from the Administration of Norfolk Island. The Administration of Norfolk Island is facing financial issues resulting from the economic down turn. The Administration of Norfolk Island is currently reviewing its strategies for longer term sustainability in conjunction with the Commonwealth of Australia. The Norfolk Island Hospital Enterprise manages its budget to ensure it has adequate funds to meet commitments as they fall due. In addition, the Norfolk Island Hospital Enterprise has policies in place to ensure timely payments were made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2015**

	<b>On demand</b>	<b>within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
	<b>\$</b>	\$	\$	\$	\$	\$
Trade creditors	-	106,312	-	-	-	106,312
<b>Total</b>	<b>-</b>	<b>106,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,312</b>

**Maturities for non-derivative financial liabilities 2014**

	<b>On demand</b>	<b>within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
	<b>\$</b>	\$	\$	\$	\$	\$
Trade creditors	-	105,839	-	-	-	105,839
<b>Total</b>	<b>-</b>	<b>105,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,839</b>

The Norfolk Island Hospital Enterprise had no derivative financial liabilities in either 2015 or 2014.

**Note 15: Financial Assets and Liabilities Reconciliation**

	Notes	2015	2014
		\$	\$
<b><u>Financial assets</u></b>			
<b>Total financial assets as per balance sheet</b>		<b>1,076,165</b>	911,882
<b>Add: non-financial instrument components</b>			
Impairment allowance for goods and services	5B	(160,000)	(200,000)
Appropriations receivable	5B	<u>25,000</u>	<u>79,246</u>
<b>Total non-financial instrument components</b>		<b>(135,000)</b>	<b>(120,754)</b>
<b>Total financial assets as per financial instruments note</b>		<b><u>1,211,165</u></b>	<b><u>1,032,636</u></b>
<b>Total financial liabilities as per Balance Sheet</b>		<b>928,416</b>	862,391
<b>Less: non-financial instrument components:</b>			
Employee provisions	8A	720,205	642,239
Other payables	7B	<u>101,899</u>	<u>114,313</u>
<b>Total non-financial instrument components</b>		<b>822,104</b>	<b>756,552</b>
<b>Total financial liabilities as per financial instruments note</b>		<b><u>106,312</u></b>	<b><u>105,839</u></b>

**Note 16: Investments****Note 16: Investments made under the *Norfolk Island Hospital Act 1985*, section 32**

2015	Balance brought forward from previous period \$	Investments made \$	Investment income \$	Transactional charges \$	Investments realised \$	Total balance carried to the next period \$
Norfolk Island Hospital Employees Entitlements Account <sup>1</sup>	79,639	-	1,747	-	-	81,386
Donations Account <sup>2</sup>	35,138	-	352	-	-	35,490
Edna Noonan Account <sup>3</sup>	39,023	-	759	-	-	39,782
Pearl May Account <sup>4</sup>	23,826	-	786	-	-	24,612
Emilie Channer Account <sup>5</sup>	37,086	-	1,187	-	-	38,273
<b>Total</b>	<b>214,712</b>	<b>-</b>	<b>4,831</b>	<b>-</b>	<b>-</b>	<b>219,543</b>

2014	Balance brought forward from previous period \$	Investments made \$	Investment income \$	Transactional charges \$	Investments realised \$	Total balance carried to the next period \$
Norfolk Island Hospital Employees Entitlements Account <sup>1</sup>	78,073	1,566	-	-	-	79,639
Donations Account <sup>2</sup>	64,030	-	1,993	-	30,885	35,138
Edna Noonan Account <sup>3</sup>	37,490	-	1,533	-	-	39,023
Pearl May Account <sup>4</sup>	22,982	-	844	-	-	23,826
Emilie Channer Account <sup>5</sup>	35,646	-	1,440	-	-	37,086
<b>Total</b>	<b>188,111</b>	<b>1,566</b>	<b>5,810</b>	<b>-</b>	<b>30,885</b>	<b>214,712</b>

**Notes:**

1. Funds held in the Norfolk Island Hospital Employees Entitlements Account are monies specifically assigned to pay for expenses associated with employee entitlements.
2. Funds held in the Donations Account are monies donated or received for specific reasons or earmarked for the benefit of a certain department, other than the day to day running costs of the Norfolk Island Hospital Enterprise.
3. Funds held in the Edna Noonan Account have been bequeathed to pay for costs associated with the care of the elderly and cannot be used for any other purpose.
4. Funds held in the Pearl May Account have been bequeathed to pay for costs associated with the care of the elderly and cannot be used for any other purpose.
5. Funds held in the Emilie Channer District Nursing Service Account are monies to pay for costs associated with the District Nursing Service and cannot be used for any other purpose.

**Note 17: Ex-Gratia Payments**

	2015	2014
	\$	\$
<b>Ex-Gratia Payments</b>		
Ex-gratia payments were provided for during the reporting period (2014: nil).	<u>2,021</u>	<u>-</u>

## Note 18: Assets Held in Trust

### Monetary assets

The Norfolk Island Hospital Enterprise holds superannuation funds on behalf of members of the Norfolk Island Hospital Employee Superannuation Scheme under formal trust arrangements. These monies were not available for other purposes of the Norfolk Island Hospital Enterprise and were not recognised in the financial statements.

### Non-monetary assets

The Norfolk Island Hospital Enterprise had no non-monetary assets held in trust in both the current and prior reporting period. Norfolk Island Hospital Enterprise Staff Superannuation funds were transferred to individual staff nominated Superannuation Funds during 2014 / 2015.

	2015	2014
	\$	\$
<b>Norfolk Island Hospital Employee Superannuation Scheme</b>		
Total amount held at the beginning of the reporting period	835,323	825,974
Receipts	40,600	129,320
Payments	(875,923)	(119,970)
<b>Total amount held at the end of the reporting period</b>	<b>-</b>	<b>835,324</b>



# Financial Statements 2014/15

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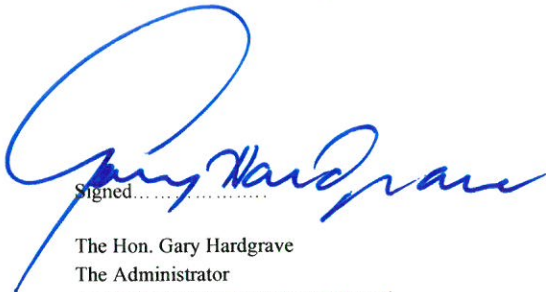
Norfolk Island Government Tourist  
Bureau

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**Norfolk Island Government Tourist Bureau**

**STATEMENT BY THE ADMINISTRATOR OF THE AUSTRALIAN TERRITORY OF NORFOLK ISLAND AND  
THE GENERAL MANAGER NORFOLK ISLAND GOVERNMENT TOURIST BUREAU**


In our opinion, the attached financial statements for the year ended 30 June 2015 are based on properly maintained financial records and give a true and fair view of the matters required by the *Commonwealth Finance Minister's (Norfolk Island) Orders 2011* (as amended) made under the *Norfolk Island Act 1979*.



Signed.....

The Hon. Gary Hardgrave  
The Administrator  
Australian Territory of Norfolk Island

11 November 2015



Signed.....

Mr. Glen Buffett  
General Manager  
Norfolk Island Government Tourist Bureau

11 November 2015



**Statement of Comprehensive Income for the Norfolk Island Government Tourist Bureau**  
*for the period ended 30 June 2015*

	Notes	2015 \$	2014 \$
<b>EXPENSES</b>			
Employee benefits	3A	293,082	312,803
Suppliers	3B	1,066,830	1,047,245
Depreciation	3C	6,768	7,179
Loss on disposal of assets	3D	-	809
<b>Total expenses</b>		<b>1,366,680</b>	<b>1,368,036</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	4A	43,710	48,038
Fees	4B	24,016	24,923
Interest	4C	992	1,163
<b>Total own-source revenue</b>		<b>68,718</b>	<b>74,124</b>
<b>Other revenue</b>			
Resources received free of charge	4D	15,000	13,000
<b>Total gains</b>		<b>15,000</b>	<b>13,000</b>
<b>Net cost of services</b>		<b>(1,282,962)</b>	<b>(1,280,912)</b>
Revenue from Government	4E	1,315,803	1,280,200
<b>Surplus (Deficit) attributable to the Norfolk Island Government Tourist Bureau</b>		<b>32,841</b>	<b>(712)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation reserves		2,699	-
<b>Total other comprehensive income</b>		<b>2,699</b>	<b>-</b>
<b>Total comprehensive income (loss) attributable to the Norfolk Island Government Tourist Bureau</b>		<b>35,540</b>	<b>(712)</b>

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

**Statement of Financial Position for the Norfolk Island Government Tourist Bureau**  
as at 30 June 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	165,258	80,999
Trade and other receivables	5B	10,783	412
Other investments	5C	20,661	20,462
<b>Total financial assets</b>		<b>196,702</b>	<b>101,873</b>
<b>Non-Financial Assets</b>			
Property, plant and equipment	6A,B	23,844	15,401
Inventories	6C	8,346	8,568
Pre-payments	6D	36,737	25,000
<b>Total non-financial assets</b>		<b>68,927</b>	<b>48,969</b>
<b>Total assets</b>		<b>265,629</b>	<b>150,842</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	98,110	11,997
Other payables	7B	1,708	-
<b>Total payables</b>		<b>99,818</b>	<b>11,997</b>
<b>Provisions</b>			
Employee provisions	8A	17,262	25,836
<b>Total provisions</b>		<b>17,262</b>	<b>25,836</b>
<b>Total liabilities</b>		<b>117,080</b>	<b>37,833</b>
<b>Net assets</b>		<b>148,549</b>	<b>113,009</b>
<b>EQUITY</b>			
Reserves		20,119	17,420
Retained surplus		128,430	95,589
<b>Total equity</b>		<b>148,549</b>	<b>113,009</b>

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

**Statement of Changes in Equity for the Norfolk Island Government Tourist Bureau**  
*for the period ended 30 June 2015*

	Retained earnings		Asset revaluation reserve		Total equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>						
Balance carried forward from previous period	95,589	176,670	17,420	17,420	113,009	194,090
<b>Adjusted opening balance</b>	95,589	176,670	17,420	17,420	113,009	194,090
<b>Comprehensive income</b>						
Surplus (Deficit) for the period	32,841	(712)	-	-	32,841	(712)
Other comprehensive income	-	-	2,699	-	2,699	-
<b>Total comprehensive income</b>	32,841	(712)	2,699	-	35,540	(712)
Transfers to Administration of Norfolk Island	-	(80,369)			-	(80,369)
<b>Closing balance as at 30 June</b>	128,430	95,589	20,119	17,420	148,549	113,009

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

**Cash Flow Statement for the Norfolk Island Government Tourist Bureau**  
*for the period ended 30 June 2015*

	Notes	2015 \$	2014 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from the Administration of Norfolk Island		1,314,659	1,349,570
Sales of goods and rendering of services		58,499	72,960
Interest		992	1,163
<b>Total cash received</b>		<b>1,374,150</b>	<b>1,423,693</b>
<b>Cash used</b>			
Suppliers		977,231	1,042,729
Employees		299,949	315,364
Receipts returned to the Administration of Norfolk Island		-	80,369
<b>Total cash used</b>		<b>1,277,180</b>	<b>1,438,462</b>
<b>Net cash from (used by) operating activities</b>	9	<b>96,970</b>	<b>(14,769)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment		12,512	8,058
Investments		199	20,462
<b>Total cash used</b>		<b>12,711</b>	<b>28,520</b>
<b>Net cash (used by) investing activities</b>		<b>(12,711)</b>	<b>(28,520)</b>
<b>Net increase (decrease) in cash held</b>			
		<b>84,259</b>	<b>(43,289)</b>
Cash and cash equivalents at the beginning of the reporting period		80,999	124,288
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>165,258</b>	<b>80,999</b>

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

**Schedule of Commitments for the Norfolk Island Government Tourist Bureau**  
*as at 30 June 2015*

	2015	2014
	\$	\$
<b>BY TYPE</b>		
<b>Commitments payable</b>		
Other	21,925	19,500
<b>Total commitments payable</b>	<u>21,925</u>	<u>19,500</u>
<b>Net commitments by type</b>	<u>21,925</u>	<u>19,500</u>
<b>BY MATURITY</b>		
<b>Commitments payable</b>		
One year or less	21,925	19,500
<b>Total commitments payable</b>	<u>21,925</u>	<u>19,500</u>
<b>Net commitments by maturity</b>	<u>21,925</u>	<u>19,500</u>

Commitments were GST inclusive where relevant. Other commitments relate to marketing and advertising obligations

**Notes to and Forming Part of the Financial Statements for the Norfolk Island Government Tourist Bureau**  
*for the period ended 30 June 2015*

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**Schedule of Contingencies for the Norfolk Island Government Tourist Bureau**  
*as at 30 June 2015*

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The Norfolk Island Government Tourist Bureau has no contingent assets or liabilities as at 30 June 2015 (2014: Nil).



## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Norfolk Island Government Tourist Bureau

The Norfolk Island Government Tourist Bureau (NIGTB) is regulated by the *Norfolk Island Government Tourist Bureau Act 1980*. The NIGTB is a body corporate with perpetual succession.

The NIGTB's Corporate vision is: To provide for an environment which promotes Norfolk Island as surpassing visitor expectations through excellence in customer service and stakeholder communications, effective marketing and accountable procedures.

- Represent and serve our community, creating a vision and giving direction, manage resources and risks to achieve quality outcomes.
- more substantially contribute to the economy of the community;
- Actively pursue community opinion and participation.
- Provide for decisions to ensure ongoing financial, environmental and social wellbeing.
- Formulate decisions that are fair and just for all sectors of our community.
- Diligently undertake our activities ensuring due process and accountability.
- Challenge ourselves to seek new and effective solutions.

### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 19 of the *Norfolk Island Government Tourist Bureau Act 1980*.

The financial statements have been prepared in accordance with:

- a) *Commonwealth Finance Minister's (Norfolk Island) Orders 2011* (as amended) (CFMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the CFMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the NIGTB or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Going Concern

With effect from 18 June 2015, the Australian Government amended the self-governance provisions of the *Norfolk Island Act 1979* to dissolve the Norfolk Island Legislative Assembly. From 1 July 2016, the Administration of Norfolk Island (Administration) (which comprises the consolidated entities of the Administration, the Norfolk Island Hospital Enterprise (NIHE) and the Norfolk Island Government Tourist Bureau (NIGTB)) will cease to exist and a new legal entity, the Norfolk Island Regional Council, will come into existence.

The NIGTB is not a going concern because it ceases to exist from 1 July 2016.

The amending legislation provides that from that time, the assets and liabilities of the Administration (and the consolidated entities) will be transferred to the Regional Council, subject to the Commonwealth Minister ruling that specific assets and liabilities are to be transferred to the Australian Government. The legislation also provides for the extension to Norfolk Island of mainland social security, immigration, and health arrangements, as well as changes to the tax system, and has provisions to allow the Australian Government to enter into arrangements with the New South Wales Government for the delivery of state level services.

At the time of signing the 2014-15 financial statements, no formal decisions have been made on which specific assets and liabilities are to be transferred from the Administration to the Australian Government. The financial statements have therefore been prepared on the basis that the Administration's assets will be realised and liabilities discharged in the normal course of business of its successor bodies; the financial statements have therefore been prepared in accordance with Australian Accounting Standards.

The NIGTB receives a significant annual subsidy from the Administration to support its operations. The Norfolk Island Administration continues to experience financial difficulty. The Australian Government has provided financial assistance in 2014/15 and 2015/16 to ensure the Administration has sufficient funds to meet expenditure commitments and this assistance currently extends to 30 June 2019. While the Administration has forecast balanced cash budgets in the above years, significant reform is still required to reduce expenditure in order to fund asset replacement and upgrade programs and achieve an accrual based surplus.

The 2015/16 Norfolk Island Funding Agreement was signed on 7 August 2015 which provides \$5.774 million in essential services/deficit funding. The funding provided by the agreement allowed the Administration to prepare the 2015/16 budget on a balanced cash operating basis.



#### 1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note the NIGTB has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements include:

- a) the relevant government bond rate has been used to discount non-current liabilities in accordance with the CFMOs;
- b) the liability for long service leave has been estimated using present value techniques in accordance with the Commonwealth shorthand method. This takes into account expected salary growth, attrition and future discounting using the Commonwealth bond rates;
- c) the fair value for property, plant and equipment of the NIGTB has been taken to be the market value of similar assets, having regard to a depreciated replacement cost analysis, as determined by an independent valuer. Where possible the valuer endeavoured to identify comparable assets with a similar age, condition and specification to the assets listed and utilised a direct comparison basis as a primary method, with a depreciated replacement cost approach as a secondary method. Given the specialist nature of many of the assets heavy reliance on a depreciated replacement cost analysis has been necessary; and

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### 1.5 New Australian Accounting Standards

##### Adoption of New Australian Accounting Standard Requirements

No new accounting standard has been adopted earlier than the application date as stated in the standard.

All new accounting standards, revised standards or amending standards that were issued prior to the signing of the statement by the secretary and chief financial officer (sign-off date) and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material impact on ANI's financial statements.

##### Future Australian Accounting Standard Requirements

All new accounting standards, revised standards or amending standards that were issued prior to the sign-off date and are applicable to the future reporting periods are not expected to have a material impact on the NIGTB.

#### 1.6 Revenue

##### Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the NIGTB retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the NIGTB.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the NIGTB.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

##### Interest

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

##### Fees

Revenues resulting from fees and levies are, where possible, recognised when the transaction or event giving rise to the revenue occurs.

##### Revenue from Government

Revenue received from Government is recognised when the NIGTB gains control of the funds.

#### 1.7 Resources Received Free of Charge

##### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for

##### Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

## 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NIGTB is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Separation and Redundancy

The NIGTB recognises a provision for separation and redundancy benefit payments when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

## 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

## 1.10 Foreign Currency Transactions

Transactions denominated in a foreign currency are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. The NIGTB has not entered into specific forward exchange contracts during the reporting period.

## 1.11 Borrowing Costs

All borrowing costs are expensed as incurred.

## 1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

## 1.13 Financial Assets

The NIGTB classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

#### 1.14 Financial Liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

##### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

#### 1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

#### 1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

#### 1.17 Property, Plant and Equipment

##### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$1,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

##### Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measurement</i>
Property, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

##### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NIGTB using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

<i>Asset class</i>	<i>2015</i>	<i>2014</i>
Property, plant & equipment	3 to 10 years	3 to 10 years

#### Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the NIGTB were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

#### AASB 13: Fair Value Measurement

The NIGTB's assets are held for operational purposes and not for deriving a profit. The current use of all assets is considered their highest and best use.

NIGTB's assets are valued on a recurring basis, under an adjusted market selling price valuation methodology and are therefore considered Level 2 class assets under the valuation hierarchy. There have been no movements between the hierarchy asset classes for 2014-15, with further details on the NIGTB's valuation methodology provided for in Note 6.

### **1.18 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

### **1.19 Taxation**

The NIGTB is exempt from all forms of taxation except the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Norfolk Island GST Office; and
- b) for receivables, payables and commitments.

### **1.20 Related Entities Disclosure**

Related entity values disclosed in Note 3B - Supplier Expenses, Note 4A - Sale of goods and rendering of services, Note 5B - Trade and other receivables, and Note 7A - Suppliers payables, reflect business transactions between the Administration of Norfolk Island and the NIGTB.

## **Note 2: Events After the Reporting Period**

The future role of the Norfolk Island Government Tourist Bureau is currently being reviewed. At this time, no decisions have been made regarding changes to any aspects of the functions of the Bureau.

There were no other subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Norfolk Island Government Tourist Bureau.



**Note 3: Expenses**

	2015	2014
	\$	\$
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	293,082	312,803
<b>Total employee benefits</b>	<u>293,082</u>	<u>312,803</u>
<b>Note 3B: Supplier</b>		
<b>Goods and services</b>		
Advertising, marketing and promotions	955,978	938,533
Audit fees	15,000	13,000
Business travel	13,076	13,386
Other goods and services	80,509	79,073
<b>Total goods and services</b>	<u>1,064,563</u>	<u>1,043,992</u>
<b>Goods and services are made up of:</b>		
Provision of goods – external entities	60,947	36,946
Rendering of services – related entities	19,141	33,534
Rendering of services – external entities	984,475	973,512
<b>Total goods and services</b>	<u>1,064,563</u>	<u>1,043,992</u>
<b>Other supplier expenses</b>		
Workers compensation expenses	2,267	3,253
<b>Total other supplier expenses</b>	<u>2,267</u>	<u>3,253</u>
<b>Total supplier expenses</b>	<u>1,066,830</u>	<u>1,047,245</u>
<b>Note 3C: Depreciation</b>		
<b>Depreciation</b>		
Property, plant and equipment	6,768	7,179
<b>Total depreciation</b>	<u>6,768</u>	<u>7,179</u>
<b>Note 3D: Loss on Sale of Assets</b>		
<b>Property, plant and equipment</b>		
Carrying value of assets sold	-	809
<b>Total losses from asset sales</b>	<u>-</u>	<u>809</u>

**Note 4: Income**

	2015	2014
OWN-SOURCE INCOME	\$	\$

**Note 4A: Sale of Goods and Rendering of Services**

Provision of goods - related entities	-	-
Provision of goods - external entities	42,777	47,009
Rendering of services - related entities	-	-
Rendering of services - external entities	933	1,029
<b>Total sale of goods and rendering of services</b>	<b>43,710</b>	<b>48,038</b>

**Note 4B: Fees**

Fees and commissions	24,016	24,923
<b>Total fees</b>	<b>24,016</b>	<b>24,923</b>

**Note 4C: Interest**

Bank and term deposits	992	1,163
<b>Total interest</b>	<b>992</b>	<b>1,163</b>

**GAINS****Note 4D: Other Revenue**

Resources received free of charge	15,000	13,000
<b>Total other gains</b>	<b>15,000</b>	<b>13,000</b>

**REVENUE FROM GOVERNMENT****Note 4E: Revenue from Government**

Revenue received from the Administration of Norfolk Island	1,315,803	1,280,200
<b>Total revenue from Government</b>	<b>1,315,803</b>	<b>1,280,200</b>

**Note 5: Financial Assets**

	2015	2014
	\$	\$
<b><u>Note 5A: Cash and Cash Equivalents</u></b>		
Cash on hand or on deposit	165,258	80,999
<b>Total cash and cash equivalents</b>	<b>165,258</b>	<b>80,999</b>
<b><u>Note 5B: Trade and Other Receivables</u></b>		
<b>Goods and services:</b>		
Goods and services - related entities	1,556	412
Goods and services - external entities	9,227	-
<b>Total receivables for goods and services</b>	<b>10,783</b>	<b>412</b>
<b>Total trade and other receivables (net)</b>	<b>10,783</b>	<b>412</b>
<b>Receivables are expected to be recovered in:</b>		
No more than 12 months	10,783	412
<b>Total trade and other receivables (net)</b>	<b>10,783</b>	<b>412</b>
<b>Receivables are aged as follows:</b>		
Not overdue	10,783	412
<b>Total receivables (net)</b>	<b>10,783</b>	<b>412</b>
<b><u>Note 5C: Other Investments</u></b>		
Term Deposits	20,661	20,462
<b>Total other investments</b>	<b>20,661</b>	<b>20,462</b>

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



**Note 6: Non-Financial Assets**

	2015	2014
	\$	\$
<b>Note 6A: Property, Plant and Equipment</b>		
<b>Property, plant and equipment:</b>		
Fair value	23,844	28,581
Work in progress	-	3,510
Accumulated depreciation	-	(16,690)
<b>Total property, plant and equipment</b>	<b>23,844</b>	<b>15,401</b>

No indicators of impairment were found for property, plant and equipment.

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

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated in Note 1.17. Property, plant and equipment were revalued as at 30 June 2015 by an independent valuer. The valuer was Preston, Rowe, Paterson NSW Pty Ltd.

**Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2015**

	Property, plant and equipment \$
<b>As at 1 July 2014</b>	
Gross book value (at fair value)	32,091
Accumulated depreciation and impairment	(16,690)
<b>Net book value 30 June 2014 (at fair value)</b>	<b>15,401</b>
Additions:	
By purchase	12,512
Work in progress	-
Disposal	-
Depreciation expense	(6,768)
Revaluation adjustment recognised in reserve	2,699
<b>Net book value 30 June 2015</b>	<b>23,844</b>
<b>Net book value as of 30 June 2015</b>	
Gross book value (at fair value)	23,844
Accumulated depreciation and impairment	-
<b>Net book value 30 June 2015</b>	<b>23,844</b>

Note 6B (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014

	Property, plant and equipment \$
As at 1 July 2013	
Gross book value (at fair value)	27,168
Accumulated depreciation and impairment	(11,838)
Net book value 1 July 2013	15,330
Additions:	
By purchase	4,548
Work in progress	3,510
Disposal	(808)
Depreciation expense	(7,179)
Revaluation adjustment recognised in reserve	-
Net book value 30 June 2014	15,401
Net book value as of 30 June 2014	
Gross book value (at fair value)	32,091
Accumulated depreciation and impairment	(16,690)
Net book value 30 June 2014	15,401

	2015 \$	2014 \$
<b><u>Note 6C: Inventories</u></b>		
<b>Inventories held for sale</b>		
Finished goods	8,346	8,658
<b>Total inventories</b>	<u>8,346</u>	<u>8,658</u>

During 2015, cost of goods sold was \$28,573 (2014: \$28,820).

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

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

<b><u>Note 6D: Pre-payments</u></b>		
Pre-payment	36,737	25,000
<b>Total</b>	<u>36,737</u>	<u>25,000</u>

**Note 7: Payables**

	2015	2014
	\$	\$

**Note 7A: Suppliers**

Trade creditors and accruals	98,110	11,997
<b>Total suppliers payables</b>	<b>98,110</b>	<b>11,997</b>

**Suppliers payables expected to be settled within 12 months:**

Related entities	1,271	482
External entities	96,839	11,515
<b>Total suppliers payables</b>	<b>98,110</b>	<b>11,997</b>

Settlement is usually made within 30 days.

**Note 7B: Other Payables**

Accrued salaries and wages	1,708	-
<b>Total other payables</b>	<b>1,708</b>	<b>-</b>

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

**Note 8: Provisions**

	2015	2014
	\$	\$
<b><u>Note 8A: Employee Provisions</u></b>		
Annual leave	7,839	10,996
Long service leave	5,923	11,050
Other	3,500	3,790
<b>Total employee provisions</b>	<b>17,262</b>	<b>25,836</b>
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	11,339	22,626
More than 12 months	5,923	3,210
<b>Total employee provisions</b>	<b>17,262</b>	<b>25,836</b>

## Note 9: Cash Flow Reconciliation

	2015	2014
	\$	\$
<b>Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash Flow Statement	165,258	80,999
Statement of Financial Position	165,258	80,999
<b>Difference</b>	<u>-</u>	<u>-</u>
 <b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(1,282,962)	(1,280,912)
Add revenue from Government	1,315,803	1,280,200
Receipts returned to the Administration of Norfolk Island	-	(80,369)
 <b>Adjustments for non-cash items</b>		
Depreciation / amortisation	6,768	7,179
(Gains)/loss from sale of property, plant and equipment	-	808
 <b>Changes in assets / liabilities</b>		
(Increase) / decrease in net receivables	(10,371)	68,954
(Increase) / decrease in inventories	222	15,770
(Increase) / decrease in other financial assets	(11,737)	(25,000)
Increase / (decrease) in employee provisions	(8,574)	(3,626)
Increase / (decrease) in supplier payables	86,113	2,224
Increase / (decrease) in other payables	1,708	-
<b>Net cash from (used by) operating activities</b>	<u>96,970</u>	<u>(14,772)</u>

## **Note 10: Contingent Assets and Liabilities**

### **Quantifiable Contingencies**

The Norfolk Island Government Tourist Bureau had no quantifiable contingencies as at 30 June 2015 (2014: Nil).

### **Unquantifiable Contingencies**

The Norfolk Island Government Tourist Bureau had no unquantifiable contingencies as at 30 June 2015 (2014: Nil).

### **Significant Remote Contingencies**

The Norfolk Island Government Tourist Bureau had no significant remote contingencies as at 30 June 2015 (2014: Nil).

## **Note 11: Related Party Transactions**

### **Note 11A: Board Members for the Reporting Period**

The Board Members of the Norfolk Island Government Tourist Bureau during the reporting period were:

	<b>Appointed</b>	<b>Ceased</b>
Mr. Michael Perkins (Chair)	9 September 2011	Current
Mrs. Sandy Petitt	9 May 2013	9 May 2015
Mr. Rael Donde	11 April 2013	11 April 2015
Anita French	5 October 2013	Current
Peter Barney	21 February 2014	Current
David Porter	11 April 2013	11 April 2015

Three appointments to the Norfolk Island Government Tourist Bureau Advisory Board (the Advisory Board) lapsed in late 2014/15 and these vacancies were not filled. In addition, the Chair of the Advisory Board resigned on 16 July 2015 and another Board member's appointment lapsed on 5 October 2015 and these vacancies were also not filled. Not filling these vacancies represents non-compliance with section 4 (6) of the Norfolk Island Tourist Bureau Act 1980.

### **Note 11B: Transactions with Related Parties**

Key management personnel (including members of the Norfolk Island Legislative Assembly) were involved in the following arms length transactions:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Related Party Transactions:</b>		
Purchases of goods and services	<b>1,000</b>	1,370
	<b>1,000</b>	1,370

Key management personnel and members of the Norfolk Island Legislative Assembly had no other transactions with the Norfolk Island Government Tourist Bureau, apart from payment of charges as part of a normal customer relationship.

# **Note 12: Senior Management Personnel Remuneration**

	2015	2014
	\$	\$
<b>Short-term employee benefits</b>		
Salary	72,224	74,851
Superannuation	4,000	4,000
Gratuity	6,000	6,000
<b>Total short-term employee benefits</b>	<b>82,224</b>	<b>84,851</b>
<b>Post-employment benefits</b>		
Termination payments	-	-
<b>Total post-employment benefits</b>	<b>-</b>	<b>-</b>
<b>Other long-term employee benefits</b>		
Annual leave	6,155	6,155
Long-service leave	-	-
<b>Total other long-term employee benefits</b>	<b>6,155</b>	<b>6,155</b>
<b>Termination benefits</b>		
Voluntary redundancy payments	-	-
<b>Total termination benefits</b>	<b>-</b>	<b>-</b>
<b>Total senior executive remuneration expenses</b>	<b>88,379</b>	<b>91,006</b>

The total number of senior management personnel that are included in the above is one (2014: 1).



**Note 13: Remuneration of Auditors**

	2015	2014
	\$	\$
<b>Fair value of the services provided:</b>		
Financial statement audit services	<u>15,000</u>	<u>13,000</u>
<b>Total</b>	<u>15,000</u>	<u>13,000</u>

The 2015 financial statement audit services were provided to the Norfolk Island Government Tourist Bureau by the Australian National Audit Office and the audit fees were paid by the Department of Infrastructure and Regional Development.

No other audit services were provided by the Australian National Audit Office during the reporting period.

## Note 14: Financial Instruments

	2015	2014
	\$	\$

### Note 14A: Categories of Financial Instruments

#### Financial Assets

##### Loans and receivables:

Cash and cash equivalents	165,258	80,999
Trade and other receivables	10,783	412
Other investments	20,661	20,462
<b>Total</b>	<b>196,702</b>	<b>101,873</b>
<b>Carrying amount of financial assets</b>	<b>196,702</b>	<b>101,873</b>

#### Financial Liabilities

##### At amortised cost:

Trade creditors and accruals	98,110	11,997
<b>Total</b>	<b>98,110</b>	<b>11,997</b>
<b>Carrying amount of financial liabilities</b>	<b>98,110</b>	<b>11,997</b>

### Note 14B: Net Income and Expense from Financial Assets

#### Loans and receivables

Interest revenue	992	1,163
<b>Net gain from loans and receivables</b>	<b>992</b>	<b>1,163</b>
<b>Net gain from financial assets</b>	<b>992</b>	<b>1,163</b>

There was no interest income from financial assets not at fair value through profit or loss in the year ending 2015 (2014: Nil).

### Note 14C: Fair Value of Financial Instruments

	Carrying amount 2015 \$	Fair value 2015 \$	Carrying amount 2014 \$	Fair value 2014 \$
<b>Financial Assets</b>				
Cash and cash equivalents	165,258	165,258	80,999	80,999
Trade and other receivables	10,783	10,783	412	412
Other investments	20,661	20,661	20,462	20,462
<b>Total</b>	<b>196,702</b>	<b>196,701</b>	<b>101,873</b>	<b>101,873</b>
<b>Financial Liabilities</b>				
Trade creditors	98,110	98,110	11,997	11,997
<b>Total</b>	<b>98,110</b>	<b>98,110</b>	<b>11,997</b>	<b>11,997</b>

The determination of fair values for financial assets and financial liabilities is the carrying value.

### Note 14D: Credit Risk

The Norfolk Island Government Tourist Bureau was exposed to minimal credit risk as loans and receivables were cash and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables (2015: \$10,783 and 2014: \$412).

The Norfolk Island Government Tourist Bureau has assessed the risk of the default on payment and has allocated a nil amount to an impairment allowance account in 2015 (2014: Nil). The Norfolk Island Government Tourist Bureau managed its credit risk by undertaking various debt recovery techniques.

The Norfolk Island Government Tourist Bureau held no collateral to mitigate against credit risk.

### Credit risk of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2015 \$	Not past due nor impaired 2014 \$	Past due or impaired 2015 \$	Past due or impaired 2014 \$
Cash and cash equivalents	165,258	80,999	-	-
Trade and other receivables	10,783	412	-	-
Other investments	20,661	20,462	-	-
<b>Total</b>	<b>196,702</b>	<b>101,873</b>	<b>-</b>	<b>-</b>

**Note 14E: Liquidity Risk**

The Norfolk Island Government Tourist Bureau's financial liabilities are supplier payables. The Norfolk Island Government Tourist Bureau manages its budget to ensure it has adequate funds to meet commitments as they fall due. In addition, the Norfolk Island Government Tourist Bureau has policies in place to ensure timely payments were made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2015**

	On demand	Within 1 year	1 to 2 years	2 to 5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Trade creditors	-	98,110	-	-	-	98,110
<b>Total</b>	-	98,110	-	-	-	98,110

**Maturities for non-derivative financial liabilities 2014**

	On demand	Within 1 year	1 to 2 years	2 to 5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Trade creditors	-	11,997	-	-	-	11,997
<b>Total</b>	-	11,997	-	-	-	11,997

The Norfolk Island Government Tourist Bureau had no derivative financial liabilities in either 2015 or 2014.

## Note 15: Financial Assets and Liabilities Reconciliation

	Notes	2015 \$	2014 \$
<b>Financial assets</b>			
<b>Total financial assets as per balance sheet</b>		<b>196,702</b>	<b>101,873</b>
<b>Add: non-financial instrument components</b>			
Impairment allowance for goods and services	5B	-	-
Appropriation receivable	5B	-	-
<b>Total non-financial instrument components</b>		<b>-</b>	<b>-</b>
<b>Total financial assets as per financial instruments note</b>		<b>196,702</b>	<b>101,873</b>
<b>Total financial liabilities as per Balance Sheet</b>		<b>117,080</b>	<b>37,833</b>
<b>Less: non-financial instrument components:</b>			
Employee provisions	8A	17,262	25,836
Other payables	7B	1,708	-
<b>Total non-financial instrument components</b>		<b>18,970</b>	<b>25,836</b>
<b>Total financial liabilities as per financial instruments note</b>		<b>98,110</b>	<b>11,997</b>

**Note 16: Investments****Note 16: Investments**

2015	Balance brought forward from previous period \$	Investments made \$	Investment income \$	Transactional charges \$	Investments realised \$	Total balance carried to the next period \$
Norfolk Island Government Tourist Bureau Credit Card Security Term Deposit	20,462	-	199	-	-	20,661
Total	20,462	-	199	-	-	20,661

2014	Balance brought forward from previous period \$	Investments made \$	Investment income \$	Transactional charges \$	Investments realised \$	Total balance carried to the next period \$
Norfolk Island Government Tourist Bureau Credit Card Security Term Deposit	-	20,000	462	-	-	20,462
Total	-	20,000	462	-	-	20,462

**Notes:**

1. Funds held in the Norfolk Island Government Tourist Bureau Credit Card Security Term Deposit Account are monies held as security by the Commonwealth Bank of Australia.

**Note 17: Ex-Gratia Payments**

No ex-gratia payments were provided for during the reporting period (2014: nil).

## Note 18: Assets Held in Trust

### Monetary assets

The Norfolk Island Government Tourist Bureau collects tour and accommodation bookings on behalf of various tour operators. The funds were not available for other purposes of the Norfolk Island Government Tourist Bureau and were not recognised in the financial statements.

### Non-monetary assets

The Norfolk Island Government Tourist Bureau had no non-monetary assets held in trust in both the current and prior reporting period.

	2015	2014
	\$	\$
<b>Norfolk Island Government Tourist Bureau Trust Account</b>		
Total amount held at the beginning of the reporting period	39,760	32,926
Receipts	318,996	281,854
Payments	(330,227)	(275,020)
<b>Total amount held at the end of the reporting period</b>	<b>28,529</b>	<b>39,760</b>

