

# financial report 2012



redhs

rochester and elmore district health service

ROCHESTER & ELMORE DISTRICT HEALTH SERVICE  
BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND  
CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for Rochester & Elmore District Health Service have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and the financial position of Rochester & District Health Service at 30 June 2012.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.



Mr K Oberin  
Chairperson

Rochester

22 / 8 / 2012



Mr M Sharp  
Accountable Officer  
Chief Finance and Accounting Officer

Rochester

22 / 8 / 2012

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members of Rochester & Elmore District Health Service

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 of Rochester & Elmore District Health Service which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of Rochester & Elmore District Health Service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.


### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Rochester & Elmore District Health Service as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of Rochester & Elmore District Health Service for the year ended 30 June 2012 included both in Rochester & Elmore District Health Service's annual report and on the website. The Board Members of Rochester & Elmore District Health Service are responsible for the integrity of Rochester & Elmore District Health Service's website. I have not been engaged to report on the integrity of Rochester & Elmore District Health Service's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
23 August 2012

  
for D D R Pearson  
Auditor-General

## Rochester and Elmore District Health Service 30 June 2012

### Financial and Operational Performance Summary

#### Financials in Brief

	2011-12 \$000's	2010-11 \$000's	2009-10 \$000's	2008-09 \$000's	2007-08 \$000's
Total Revenue	12,275	11,875	14,250	16,096	16,803
Total Expenses	12,840	12,048	10,531	9,732	9,607
Operating Surplus (Deficit)	(566)	(173)	379	509	(93)
Retained Surplus/(Accumulated Deficit)	15,245	16,606	16,779	13,060	6,695
Total Assets	33,383	33,657	33,651	30,591	22,182
Total Liabilities	5,699	5,407	5,228	5,857	5,276
Net Assets	27,684	28,250	28,423	24,704	16,906
Net Cash Result	(1,977)	701	(595)	(239)	1,210
Total Equity	27,684	28,250	28,423	24,704	16,906
Other (List)					

#### Revenue Indicators

	Average Collection Days	
	2011/12	2010/11
Private	47.33	43.74
TAC	-	-
VWA	-	-
Other Compensable	-	-
Psychiatric	-	-
Residential Aged Care	89.00	59.60

#### Debtors Outstanding as at 30 June 2012

	Under 30 days	31-60 days	61-90 days	Over 90 days	Total 30/06/12	Total 30/06/11
Private	43,429	4,024	290	1,479	49,222	65,784
TAC	-	-	-	-	-	-
VWA	-	-	-	-	-	-
Other Compensable	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-
Residential Aged Care	153,853	13,578	5,656	11,999	185,086	167,055

### Comprehensive Operating Statement For the Year Ended 30 June 2012

	NOTE	2012 \$	2011 \$
Revenue from Operating Activities	2	11,464,463	11,017,722
Revenue from Non-operating Activities	2	276,063	209,823
Employee Benefits	3	(8,471,493)	(7,761,559)
Non Salary Labour Costs	3	(301,667)	(399,801)
Supplies & Consumables	3	(647,018)	(627,221)
Other Expenses	3	(1,824,144)	(1,515,368)
<b>Net Result Before Capital and Specific Items</b>		<b>496,204</b>	<b>923,596</b>
Capital Purpose Income		534,161	622,111
Asset provided free of charge	2d	0	25,260
Depreciation	4	(1,578,938)	(1,529,077)
Finance Costs	5	(17,184)	(16,263)
Expenditure using Capital Purpose Income		0	(198,974)
<b>COMPREHENSIVE OPERATING RESULT FOR THE YEAR</b>		<b>(565,757)</b>	<b>(173,347)</b>

*This Statement should be read in conjunction with the accompanying notes.*

**Rochester and Elmore District Health Service 30 June 2012****Balance Sheet as at 30 June 2012**

	<b>NOTE</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	6	829,063	2,844,467
Receivables	7	519,773	604,801
Investments	8	5,415,620	2,769,967
Inventories	9	63,697	37,009
Non-financial Assets Classified as Held for Sale	10	9,950	18,000
Other Assets	11	12,730	44,238
<b>Total Current Assets</b>		<b>6,850,833</b>	<b>6,318,482</b>
<b>Non-Current Assets</b>			
Receivables	7	386,963	229,379
Property, Plant & Equipment	12	26,193,001	27,109,383
<b>Total Non-Current Assets</b>		<b>26,579,964</b>	<b>27,338,762</b>
<b>TOTAL ASSETS</b>		<b>33,430,797</b>	<b>33,657,244</b>
<b>Current Liabilities</b>			
Payables	13	578,405	490,339
Interest Bearing Liabilities	14	133,368	129,812
Provisions	15	2,101,002	1,722,273
Other Liabilities	16	2,534,238	2,702,465
<b>Total Current Liabilities</b>		<b>5,347,013</b>	<b>5,044,889</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	14	77,016	85,570
Provisions	15	322,719	276,979
<b>Total Non-Current Liabilities</b>		<b>399,735</b>	<b>362,549</b>
<b>TOTAL LIABILITIES</b>		<b>5,746,748</b>	<b>5,407,438</b>
<b>NET ASSETS</b>		<b>27,684,049</b>	<b>28,249,806</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	17a	4,092,074	4,092,074
Restricted Specific Purpose Reserve	17a	977,016	181,933
Contributed Capital	17b	7,369,839	7,369,839
Accumulated Surpluses/(Deficits)	17c	15,245,120	16,605,960
<b>TOTAL EQUITY</b>		<b>27,684,049</b>	<b>28,249,806</b>
Contingent Liabilities and Contingent Assets	21		
Commitments for Expenditure	20		

*This Statement should be read in conjunction with the accompanying notes.*

**Rochester and Elmore District Health Service 30 June 2012**

**Statement of Changes in Equity for the year ended 30 June 2012**

**2012**

		<b>Equity at 1 July 2011</b>	<b>Net Result for the year</b>	<b>Equity at 30 June 2012</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Accumulated Surplus/(Deficit)</b>	17c	16,605,960	(565,757)	16,040,203
Transfer to/from accumulated surplus	17c	-	(795,083)	(795,083)
		<b>16,605,960</b>	<b>(565,757)</b>	<b>15,245,120</b>
<b>Contributed Capital</b>	17b	7,369,839	0	7,369,839
		<b>7,369,839</b>	<b>0</b>	<b>7,369,839</b>
<b>Reserves</b>				
Property Plant and Equipment Revaluation Surplus	17a	4,092,074	0	4,092,074
Restricted Specific Purpose Reserve	17a	181,933	(181,933)	-
Transfer to/from accumulated surplus	17a	-	977,016	977,016
		<b>4,274,007</b>	<b>(181,933)</b>	<b>5,069,090</b>
<b>Total Equity at the end of the financial year</b>		<b>28,249,806</b>	<b>(747,690)</b>	<b>27,684,049</b>

**Statement of Changes in Equity for the year ended 30 June 2011**

**2011**

		<b>Equity at 1 July 2010</b>	<b>Net Result for the year</b>	<b>Equity at 30 June 2011</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Accumulated Surplus/(Deficit)</b>	17c	16,779,307	(173,347)	16,605,960
		<b>16,779,307</b>	<b>(173,347)</b>	<b>16,605,960</b>
<b>Contributed Capital</b>	17b	7,369,839	0	7,369,839
		<b>7,369,839</b>	<b>0</b>	<b>7,369,839</b>
<b>Reserves</b>				
Property Plant and Equipment Revaluation Surplus	17a	4,092,074	0	4,092,074
Restricted Specific Purpose Reserve	17a	181,933	0	181,933
		<b>4,274,007</b>	<b>0</b>	<b>4,274,007</b>
<b>Total Equity at the end of the financial year</b>		<b>28,423,153</b>	<b>(173,347)</b>	<b>28,249,806</b>

*This Statement should be read in conjunction with the accompanying notes.*

**Rochester and Elmore District Health Service 30 June 2012****Cash Flow Statement for the year ended 30 June 2012**

	<b>NOTE</b>	<b>2012 \$</b>	<b>2011 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		8,272,315	7,418,684
Patient and Resident Fees Received		2,348,217	2,009,123
Donations and Bequests Received		6,914	64,262
GST Received from/(paid to) ATO		46,821	15,942
Interest Received		170,708	194,883
Other Receipts		1,476,346	1,203,216
Employee Benefits Paid		(8,339,739)	(7,569,413)
Fee for Service Medical Officers		(301,667)	(399,801)
Payments for Supplies and Consumables		(647,018)	(630,457)
Finance Costs		(17,184)	(16,263)
Other Payments		(1,915,308)	(1,342,339)
<b>Cash Generated from Operations</b>		<b>1,100,405</b>	<b>947,837</b>
Capital Grants from Government		345,875	437,442
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>18</b>	<b>1,446,280</b>	<b>1,385,279</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Non-Financial Assets		(742,470)	(703,061)
Proceeds from sale of Non-Financial Assets		68,727	143,380
Purchase of Investments		(2,744,272)	(135,870)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(3,418,015)</b>	<b>(695,551)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayments) of Borrowings		(4,999)	11,345
<b>NET CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(4,999)</b>	<b>11,345</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(1,976,734)</b>	<b>701,073</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>2,639,019</b>	<b>1,937,946</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6</b>	<b>662,285</b>	<b>2,639,019</b>

*This Statement should be read in conjunction with the accompanying notes*

## **Note 1: Summary of Significant Accounting Policies**

### **(a) Statement of compliance**

These financial statements are a general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB).

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

The Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASs.

### **(b) Basis of accounting preparation and measurement**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

The going concern basis was used to prepare the financial statements.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit or loss;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- The fair value of assets other than land is generally based on their depreciated replacement value.

## **Rochester and Elmore District Health Service 30 June 2012**

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

### **(c) Reporting Entity**

The financial statements include all the controlled activities of the Rochester and Elmore District Health Service.

Its principal address is:

1 Pascoe Street

Rochester VIC 3561.

### **(d) Rounding of Amounts**

All amounts shown in the financial statements are expressed to the nearest \$1

### **(e) Functional and Presentation Currency**

The presentation currency of the Rochester and Elmore District Health Service is the Australian dollar, which has also been identified as the functional currency of the Health Service.

### **(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current interest bearing liabilities in the balance sheet.

### **(g) Receivables**

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for

## **Rochester and Elmore District Health Service 30 June 2012**

doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

### **(h) Inventories**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost. Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

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

### **Cost of Goods Sold**

Cost of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

### **(i) Investments and Other Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Rochester and Elmore District Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were

## **Rochester and Elmore District Health Service 30 June 2012**

acquired. Management determines the classification of its other financial assets at initial recognition.

The Rochester and Elmore District Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

### **Financial assets at fair value through profit or loss**

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in net result incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 19.

### **Loans and receivables**

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment.

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.

### **Held-to-maturity investments**

Where the Health Service has the positive intent and ability to hold investments to maturity, they are measured at amortised cost less impairment losses.

### **Available-for-sale financial assets**

Other financial assets held by the Health Service are classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 19.

## **(j) Property, Plant and Equipment**

**Freehold and Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available

## **Rochester and Elmore District Health Service 30 June 2012**

in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

**Land and Buildings** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

### **(k) Revaluations of Non-current Physical Assets**

Non-current physical assets are measured at fair value and are re-valued in accordance with FRD 103D *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus are normally not transferred to accumulated funds on de-recognition of the relevant asset.

In accordance with FRD 103D, Rochester and Elmore District Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### **(l) Investment Properties**

Investment properties represent properties held to earn rentals or for capital appreciation or both.

## **Rochester and Elmore District Health Service 30 June 2012**

Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Health Service.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value, determined annually by independent valuers. Changes in the fair value are recognised as income or expenses in the period that they arise. Investment properties are neither depreciated nor tested for impairment.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

### **(m) Non-Current Assets Classified as Held for Sale**

Non-Current assets (including disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-current assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification.

### **(n) Depreciation**

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

## **Rochester and Elmore District Health Service 30 June 2012**

<b>Buildings</b>	<b>2012</b>	<b>2011</b>
Buildings		
Structure Shell Building Fabric	45 to 60 years	45 to 60 years
Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Central Plant		
Fit Out	20 to 30 years	20 to 30 years
Trunk and Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant and Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture and Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Intangible Assets	3 years	3 years
Leasehold Improvements	2 to 10 Years	2 to 10 Years

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

### **(o) Net Gain/(Loss) on Non-Financial Assets**

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

#### **Disposal of Non-Financial Assets**

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

#### **Impairment of Non-Financial Assets**

Apart from intangible assets with indefinite useful lives, all other assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets;
- investment properties that are measured at fair value;
- non-current physical assets held for sale; and
- Assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the

## **Rochester and Elmore District Health Service 30 June 2012**

higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

### **(p) Net Gain/(Loss) on Financial Instruments**

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading; impairment and reversal of impairment for financial instruments at amortised cost; and disposals of financial assets.

### **Revaluations of Financial Instruments at Fair Value**

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

### **Impairment of Financial Assets**

Financial Assets have been assessed for impairment in accordance with AASB 136 Impairment of Assets. Where a financial asset's fair value at balance date has reduced by 20 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2012 for its portfolio of financial assets, Rochester and Elmore District Health Service obtained a valuation based on the best available advice using an estimated market price through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2012. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

Prices obtained from both sources were compared and were generally consistent with the full portfolio. The above valuation process was used to quantify the level of impairment on the portfolio of financial assets as at year end.

### **(q) Payables**

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

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### **(r) Interest Bearing Liabilities**

Interest Bearing Liabilities in the balance sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 19.

### **(s) Provisions**

Provisions are recognised when the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### **(t) Goods and Services Tax ("GST")**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority are presented as an operating cash flow.

Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

### **(u) Employee Benefits**

#### **Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off**

Liabilities for wages and salaries, including non-monetary benefits, annual leave accumulating sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as non-current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

## **Rochester and Elmore District Health Service 30 June 2012**

### **Long Service Leave**

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Current Liability – unconditional LSL** (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where the Rochester and Elmore District Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Rochester and Elmore District Health Service does not expect to settle within 12 months; and
- nominal value – component that the Rochester and Elmore District Health Service expects to settle within 12 months.

**Non-Current Liability – conditional LSL** (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

### **SUPERANNUATION**

#### **Defined contribution plans**

Contributions to defined contribution superannuation plans are expensed when incurred.

#### **Defined benefit plans**

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period.

Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of the Rochester and Elmore District Health Service are entitled to receive superannuation benefits and the Rochester and Elmore District Health Service contributes to both the defined benefit and defined contribution plans.

## **Rochester and Elmore District Health Service 30 June 2012**

The defined benefit plan(s) provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by the Rochester and Elmore District Health Service are as follows:

<b>Fund</b>	<b>Contributions Paid or Payable for the year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Defined benefit plans:</b>		
Health Super	17,311	20,083
<b>Defined contribution plans:</b>		
Health Super	573,641	541,688
HESTA	64,614	51,289

Rochester and Elmore District Health Service does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial statements.

### **Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out.

The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

### **On-Costs**

Employee benefit on-costs, such as payroll tax, workers compensation, superannuation are recognised separately from provisions for employee benefits.

### **(v) Finance Costs**

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;

## **Rochester and Elmore District Health Service 30 June 2012**

- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

### **(w) Residential Aged Care Service**

The Residential Aged Care Service operations are an integral part of the Rochester and Elmore District Health Service and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

### **(x) Jointly controlled assets**

Interests in jointly controlled assets are accounted for by recognising in Rochester and Elmore District Health Service's financial statements its proportionate share of the assets, liabilities and any income and expenses of such joint ventures. Details of joint ventures are set out in Note 23.

### **(y) Intersegment Transactions**

Transactions between segments within the Rochester and Elmore District Health Service have been eliminated to reflect the extent of the Rochester and Elmore District Health Service's operations as a group.

### **(z) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **Finance Leases**

##### **Entity as lessor**

The Health Service does not hold any finance lease arrangements with other parties.

#### **Operating Leases**

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

## **Rochester and Elmore District Health Service 30 June 2012**

### **Lease Incentives**

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received by the lessee to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

### **(aa) Income Recognition**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Rochester and Elmore District Health Service and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

### **Government Grants and other transfers of income (other than contributions by owners)**

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions. For reciprocal grants, Rochester and Elmore District Health Service is deemed to have assumed control when the performance has occurred under the grant. For the non-reciprocal grants, Rochester and Elmore District Health Service is deemed to have assumed control when the grant is received or receivable.

Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

### **Indirect Contributions from the Department of Health**

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

### **Patient and Resident Fees**

Patient fees are recognised as revenue at the time invoices are raised.

## **Rochester and Elmore District Health Service 30 June 2012**

### **Private Practice Fees**

Private practice fees are recognised as revenue at the time invoices are raised.

### **Donations and Other Bequests**

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a reserve, such as the specific restricted purpose reserve.

### **Interest Revenue**

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

### **Sale of investments**

The gain/loss on the sale of investments is recognised when the investment is realised.

## **(ab) Fund Accounting**

The Rochester and Elmore District Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Rochester and Elmore District Health Service's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

## **(ac) Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives**

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

## **(ad) Resources Provided and Received Free of Charge or for Nominal Consideration**

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

## **(ae) Property, Plant & Equipment Revaluation Surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

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### **(af) Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a re-valued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a re-valued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the comprehensive operating statement.

### **(ag) General Reserves**

No General Reserves are in existence at the date of this report.

### **(ah) Specific Restricted Purpose Reserve**

A specific restricted purpose reserve is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

### **(ai) Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119 *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

### **(aj) Commitments for expenditure**

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable.

### **(ak) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

### **(al) Comprehensive Operating Statement**

The subtotal entitled 'Net result Before Capital & Specific Items' is included in the comprehensive operating statement to enhance the understanding of the financial performance of Rochester and Elmore District Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result Before Capital & Specific Items' is used by the management of Rochester and Elmore District Health Service, the

## **Rochester and Elmore District Health Service 30 June 2012**

Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (ad)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Non-current asset revaluation increments/decrements
  - Diminution/impairment of investments
  - Restructuring of operations (disaggregation/aggregation of Health Services)
  - Litigation settlements
  - Non-current assets lost or found
  - Forgiveness of loans
  - Reversals of provisions
  - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (m)
- Depreciation, as described in Note 1 (n)
- Assets provided or received free of charge (refer to Note 1 (ad))

Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

### **(am) Category Groups**

The Rochester and Elmore District Health Service has used the following category groups for reporting purposes for the current and previous financial years.

**Admitted Patient Services (Admitted Patients)** comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

**Aged Care** comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services.

## **Rochester and Elmore District Health Service 30 June 2012**

**Primary Health** comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

**Off Campus, Ambulatory Services (Ambulatory)** comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

**Residential Aged Care including Mental Health (RAC incl. Mental Health)** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

**Other Services excluded from Australian Health Care Agreement (AHCA) (Other)** comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

### **(an) New Accounting Standards and Interpretations**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period.

As at 30 June 2012, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2012. The Rochester and Elmore District Health Service has not and does not intend to adopt these standards early.

## **Rochester and Elmore District Health Service 30 June 2012**

<b><i>Standard/Interpretation</i></b>	<b><i>Summary</i></b>	<b><i>Applicable for annual reporting periods beginning on</i></b>	<b><i>Impact on public sector entity financial statements</i></b>
<i>AASB 9 Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2013	Detail of impact is still being assessed.
<i>AASB 10 Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i> and Interpretation 112 <i>Consolidation – Special Purpose Entities</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
<i>AASB 11 Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 <i>Interests in Joint Ventures</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
<i>AASB 12 Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
<i>AASB 13 Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.

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<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
SB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.

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<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets</i> [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i> [AASB 2009-11 & AASB 2010-7]	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.

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<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 <i>Consolidated and Separate Financial Statements</i> are amended to AASB 10 <i>Consolidated Financial Statements</i> or AASB 127 <i>Separate Financial Statements</i> , and references to AASB 131 <i>Interests in Joint Ventures</i> are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.

## **Rochester and Elmore District Health Service 30 June 2012**

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , as a consequence of the issuance of IFRIC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> . This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time.  No implication is expected for existing entities in the Victorian public sector.
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> ), the reduced disclosure requirements included in AASB 2012-1 will not affect the

## **Rochester and Elmore District Health Service 30 June 2012**

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
			financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No significant impact is expected on entity reporting.

# Rochester and Elmore District Health Service 30 June 2012

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2012

### Note 2: Revenue

	HSA 2012 \$	HSA 2011 \$	Non HSA 2012 \$	Non HSA 2011 \$	Total 2012 \$	Total 2011 \$
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	5,514,550	5,676,597	0	0	5,514,550	5,676,597
- Commonwealth Government						
- Residential Aged Care Subsidy	2,599,701	2,067,512	0	0	2,599,701	2,067,512
<b>Total Government Grants</b>	<b>8,114,251</b>	<b>7,744,109</b>	<b>0</b>	<b>0</b>	<b>8,114,251</b>	<b>7,744,109</b>
Indirect Contributions by Department of Human Services						
- Insurance	31,040	325,425	0	0	31,040	325,425
- Long Service Leave	158,064	24,432	0	0	158,064	24,432
<b>Total Indirect Contributions by Department of Health</b>	<b>189,104</b>	<b>349,857</b>	<b>0</b>	<b>0</b>	<b>189,104</b>	<b>349,857</b>
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	571,302	665,950	0	0	571,302	665,950
- Residential Aged Care (refer note 2b)	1,404,182	1,356,119	0	0	1,404,182	1,356,119
<b>Total Patient and Resident Fees</b>	<b>1,975,484</b>	<b>2,022,069</b>	<b>0</b>	<b>0</b>	<b>1,975,484</b>	<b>2,022,069</b>
Business Units & Specific Purpose Funds						
- Catering	3,765	0	144,069	117,476	147,834	117,476
- Property Income	97,095	0	0	27,302	97,095	27,302
<b>Total Business Units &amp; Specific Purpose Funds</b>	<b>100,860</b>	<b>0</b>	<b>144,069</b>	<b>144,778</b>	<b>244,929</b>	<b>144,778</b>
Interest and Dividends	170,708	194,528	0	0	170,708	194,528
Loddon Mallee Rural Health Alliance Revenue	140,587	118,381	0	0	140,587	118,381
Other Revenue from Operating Activities	629,400	444,000	0	0	629,400	444,000
<b>Sub-Total Revenue from Operating Activities</b>	<b>11,320,394</b>	<b>10,872,944</b>	<b>144,069</b>	<b>144,778</b>	<b>11,464,463</b>	<b>11,017,722</b>
<b>Revenue from Non-Operating Activities</b>						
Interest and Dividends	0	0	154,983	107,894	154,983	107,894
Other Revenue from Non-Operating Activities	0	0	121,080	101,929	121,080	101,929
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>276,063</b>	<b>209,823</b>	<b>276,063</b>	<b>209,823</b>
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	345,875	405,808	0	0	345,875	405,808
- Other	0	31,633	0	0	0	31,633
- Loddon Mallee Rural Health Alliance	0	4,794	0	0	0	4,794
Residential Accommodation Payments (refer Note 2b)	194,649	149,674	0	0	194,649	149,674
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	(13,277)	0	0	(8,800)	(13,277)	(8,800)
Donations and Bequests	6,914	61,295	0	2,967	6,914	64,262
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>534,161</b>	<b>653,204</b>	<b>0</b>	<b>(5,833)</b>	<b>534,161</b>	<b>647,371</b>
<b>Total Revenue (refer to note 2a)</b>	<b>11,854,555</b>	<b>11,526,148</b>	<b>420,132</b>	<b>348,768</b>	<b>12,274,687</b>	<b>11,874,916</b>

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

# Rochester and Elmore District Health Service 30 June 2012

## Note 2a: Analysis of Revenue by Source

	Admitted Patients 2012 \$	Ambulatory 2012 \$	Residential Aged Care 2012 \$	Aged Care 2012 \$	Primary Health 2012 \$	Other 2012 \$	Total 2012 \$
<b>Revenue from Services Supported by Health Services Agreement</b>							
Government Grants	4,245,664	0	2,838,920	596,598	419,000	14,070	8,114,251
Indirect contributions by Department of Human Services	189,104	0	0	0	0	0	189,104
Patient and Resident Fees (refer note 2b)	442,861	0	1,404,182	53,548	17,061	57,832	1,975,484
Interest and Dividends	0	0	170,708	0	0	0	170,708
Other	31,966	271,297	18,762	0	376,272	170,457	868,754
Capital Purpose Income (refer Note 2)	0	0	194,649	0	0	341,605	536,254
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>4,909,595</b>	<b>271,297</b>	<b>4,627,221</b>	<b>650,146</b>	<b>812,333</b>	<b>583,964</b>	<b>11,854,555</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>							
Catering	0	0	0	0	0	144,069	144,069
Bank & Investment Income	0	0	0	0	0	154,983	154,983
Other	0	0	0	0	0	121,080	121,080
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>420,132</b>	<b>420,132</b>
<b>Total Revenue</b>	<b>4,909,595</b>	<b>271,297</b>	<b>4,627,221</b>	<b>650,146</b>	<b>812,333</b>	<b>1,004,096</b>	<b>12,274,687</b>

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

	Admitted Patients 2011 \$	Residential Aged Care 2011 \$	Aged Care 2011 \$	Primary Health 2011 \$	Other 2011 \$	Total 2011 \$
<b>Revenue from Services Supported by Health Services Agreement</b>						
Government Grants	4,074,935	2,948,124	546,503	174,547	0	7,744,109
Indirect contributions by Department of Human Services	349,857	0	0	0	0	349,857
Patient and Resident Fees (refer note 2b)	548,943	1,356,119	41,246	75,761	0	2,022,069
Interest and Dividends	194,528	0	0	0	0	194,528
Other	136,067	129,048	2,984	294,281	0	562,380
Capital Purpose Income (refer Note 2)	437,442	149,674	0	0	66,089	653,205
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>5,741,772</b>	<b>4,582,965</b>	<b>590,733</b>	<b>544,589</b>	<b>66,089</b>	<b>11,526,148</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>						
Catering	0	0	0	0	117,476	117,476
Bank & Investment Income	0	0	0	0	107,894	107,894
Property Income	0	0	0	0	27,302	27,302
<b>Other Activities</b>						
Capital Purpose Income (refer Note 2)	0	0	0	0	(8,800)	(8,800)
Other	0	0	0	0	104,896	104,896
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>348,768</b>	<b>348,768</b>
<b>Total Revenue</b>	<b>5,741,772</b>	<b>4,582,965</b>	<b>590,733</b>	<b>544,589</b>	<b>414,857</b>	<b>11,874,916</b>

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

**Rochester and Elmore District Health Service 30 June 2012****Note 2b: Patient and Resident Fees Raised**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Patient and Resident Fees</b>		
Acute		
– Inpatients	442,861	548,943
Residential Aged Care		
– Nursing Home	726,025	684,005
– Hostel	678,157	672,114
Aged Care and Primary Health		
– District Nursing	38,371	32,068
Other	90,070	84,939
<b>TOTAL PATIENT AND RESIDENT FEES</b>	<b>1,975,484</b>	<b>2,022,069</b>
<b>Capital Purpose Income:</b>		
Residential Accommodation Payments(*)	194,649	149,674
<b>TOTAL CAPITAL PURPOSE INCOME</b>	<b>194,649</b>	<b>149,674</b>

(\*) This includes accommodation charges, interest earned on accommodation bonds and retention amount.

**Note 2c: Net Gain/(Loss) on Disposal of Non-Financial Assets**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Proceeds from Disposals of Non-Current Assets</b>		
Motor Vehicles	68,727	143,380
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>68,727</b>	<b>143,380</b>
<b>Less: Written Down Value of Non-Current Assets Sold</b>		
Motor Vehicles	(73,203)	(152,180)
Plant and Equipment	(5,069)	0
Furniture and Fittings	(3,732)	0
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>(82,004)</b>	<b>(152,180)</b>
<b>NET GAINS/(LOSSES) ON DISPOSAL OF NON-FINANCIAL ASSET</b>	<b>(13,277)</b>	<b>(8,800)</b>

**Note 2d: Assets Received Free of Charge or For Nominal Consideration**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>During the reporting period, the fair value of assets received free of charge, was as follows:</b>		
Plant - from LMHA Network Ltd	0	25,260
<b>TOTAL</b>	<b>0</b>	<b>25,260</b>

# Rochester and Elmore District Health Service 30 June 2012

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2012

### Note 3: Expenses

	HSA 2012 \$	HSA 2011 \$	Non HSA 2012 \$	Non HSA 2011 \$	2012 \$	2011 \$
<b>Employee Benefits</b>						
Salaries & Wages	7,361,902	6,565,974	38,344	359,292	7,400,246	6,925,265
WorkCover Premium	63,085	58,553	181	2,941	63,266	61,494
Long Service Leave	323,407	159,492	753	2,246	324,160	161,738
Superannuation (refer note 1(u))	681,863	584,162	1,958	28,899	683,821	613,061
<b>Total Employee Benefits</b>	<b>8,430,257</b>	<b>7,368,181</b>	<b>41,236</b>	<b>393,378</b>	<b>8,471,493</b>	<b>7,761,559</b>
<b>Non Salary Labour Costs</b>						
Fee for Service Medical Officers	212,899	193,256	0	0	212,899	193,256
Purchased Services	65,753	193,650	23,015	12,895	88,768	206,545
<b>Total Non Salary Labour Costs</b>	<b>278,652</b>	<b>386,906</b>	<b>23,015</b>	<b>12,895</b>	<b>301,667</b>	<b>399,801</b>
<b>Supplies &amp; Consumables</b>						
Drug Supplies	77,403	66,113	0	0	77,403	66,113
Medical, Surgical Supplies and Prosthesis	213,223	191,218	68	10,708	213,291	201,926
Pathology Supplies	351	26,379	0	0	351	26,379
Special Services	9,188	0	0	1,713	9,188	1,713
Food Supplies	346,779	264,268	6	66,822	346,785	331,090
<b>Total Supplies &amp; Consumables</b>	<b>646,944</b>	<b>547,978</b>	<b>74</b>	<b>79,243</b>	<b>647,018</b>	<b>627,221</b>
<b>Other Expenses</b>						
Domestic Services & Supplies	125,339	112,954	85	8,113	125,424	121,067
Fuel, Light, Power and Water	142,233	171,114	0	4,373	142,233	175,487
Insurance costs funded by DHS	31,040	325,425	0	0	31,040	325,425
Motor Vehicle Expenses	63,559	59,270	422	0	63,981	59,270
Repairs & Maintenance	363,355	127,474	1,195	8,476	364,550	135,950
Maintenance Contracts	50,642	33,157	0	0	50,642	33,157
Patient Transport	44,080	63,836	83	0	44,163	63,836
Bad & Doubtful Debts	454	0	0	0	454	0
Administrative Expenses	736,198	349,262	219	45,975	736,417	395,237
Loddon Mallee Rural Health Alliance	242,280	176,479	0	0	242,280	176,479
Audit Fees						
- VAGO - Audit of Financial Statements	14,000	15,140	0	0	14,000	15,140
- Other	8,960	14,320	0	0	8,960	14,320
<b>Total Other Expenses</b>	<b>1,822,140</b>	<b>1,448,431</b>	<b>2,004</b>	<b>66,937</b>	<b>1,824,144</b>	<b>1,515,368</b>
<b>Expenditure using Capital Purpose Income</b>						
Salaries & Wages	0	0	0	5,254	0	5,254
Long Service Leave	0	0	0	175	0	175
<b>Total Employee Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,429</b>	<b>0</b>	<b>5,429</b>
<b>Other Expenses from Capital Operations</b>						
Loddon Mallee Rural Health Alliance	0	23,727	0	0	0	23,727
Repairs and Maintenance	0	0	0	46,617	0	46,617
Administrative Expenses	0	0	0	123,201	0	123,201
<b>Total Other Expenses</b>	<b>0</b>	<b>23,727</b>	<b>0</b>	<b>169,818</b>	<b>0</b>	<b>193,545</b>
<b>Sub-Total Expenditure using Capital Purpose Income</b>	<b>0</b>	<b>23,727</b>	<b>0</b>	<b>175,247</b>	<b>0</b>	<b>198,974</b>
Depreciation	1,578,938	1,529,077	0	0	1,578,938	1,529,077
Finance Costs	17,184	9,965	0	6,299	17,184	16,263
<b>Total Other Expenses</b>	<b>1,596,122</b>	<b>1,539,042</b>	<b>0</b>	<b>6,299</b>	<b>1,596,122</b>	<b>1,545,340</b>
<b>TOTAL EXPENSES</b>	<b>12,774,115</b>	<b>11,314,264</b>	<b>66,329</b>	<b>733,999</b>	<b>12,840,444</b>	<b>12,048,263</b>

# Rochester and Elmore District Health Service 30 June 2012

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2012

## Note 3a: Analysis of Expenses by Source

	Admitted Patients 2012 \$	Ambulatory 2012 \$	Residential Aged Care 2012 \$	Aged Care 2012 \$	Primary Health 2012 \$	Other 2012 \$	Total 2012 \$
<b>Services Supported by Health Services Agreement</b>							
Employee Benefits	1,346,867	80,268	2,645,733	384,234	798,055	2,106,745	7,361,902
Non Salary Labour Costs	492,782	27,708	349,730	67,070	103,713	306,004	1,347,007
Supplies & Consumables	167,025	1,141	102,671	5,331	25,330	345,446	646,944
Other Expenses from Continuing Operations	197,125	3,058	231,709	37,338	56,881	1,296,029	1,822,140
Depreciation (refer Note 4)	0	0	0	0	0	1,578,938	1,578,938
Finance Costs (refer Note 5)	0	0	0	4,806	8,900	3,478	17,184
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>2,203,799</b>	<b>112,175</b>	<b>3,329,843</b>	<b>498,779</b>	<b>992,879</b>	<b>5,636,640</b>	<b>12,774,115</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Benefits	0	0	0	0	0	38,344	38,344
Non Salary Labour Costs	0	0	0	0	0	25,907	25,907
Supplies & Consumables	0	0	0	0	0	74	74
Other Expenses from Continuing Operations	0	0	0	0	0	2,004	2,004
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,329</b>	<b>66,329</b>
<b>Total Expenses</b>	<b>2,203,799</b>	<b>112,175</b>	<b>3,329,843</b>	<b>498,779</b>	<b>992,879</b>	<b>5,702,969</b>	<b>12,840,444</b>

	Admitted Patients 2011 \$	Ambulatory 2011 \$	Residential Aged Care 2011 \$	Aged Care 2011 \$	Primary Health 2011 \$	Other 2011 \$	Total 2011 \$
<b>Services Supported by Health Services Agreement</b>							
Employee Benefits	2,590,525	0	3,383,759	940,436	453,461	0	7,368,181
Non Salary Labour Costs	267,272	0	48,232	3,778	67,624	0	386,906
Supplies & Consumables	304,368	0	206,962	16,986	19,662	0	547,978
Other Expenses from Continuing Operations	510,327	0	656,860	63,221	41,543	176,479	1,448,430
Depreciation (refer Note 4)	0	0	0	0	0	1,529,077	1,529,077
Finance Costs (refer Note 5)	3,927	0	2,735	2,555	748	0	9,965
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>3,676,419</b>	<b>0</b>	<b>4,298,548</b>	<b>1,026,976</b>	<b>583,038</b>	<b>1,705,556</b>	<b>11,290,537</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Benefits	0	0	0	0	0	398,807	398,807
Non Salary Labour Costs	0	0	0	0	0	12,895	12,895
Supplies & Consumables	0	0	0	0	0	79,243	79,243
Other Expenses from Continuing Operations	0	0	0	0	0	124,317	124,317
Finance Costs (refer Note 5)	0	0	0	0	0	6,299	6,299
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>621,561</b>	<b>621,561</b>
<b>Expenditure using Capital Sources</b>							
Other Expenses	0	0	0	0	0	136,165	136,165
<b>Sub-Total Expenses from Services Supported by Capital Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136,165</b>	<b>136,165</b>
<b>Total Expenses</b>	<b>3,676,419</b>	<b>0</b>	<b>4,298,548</b>	<b>1,026,976</b>	<b>583,038</b>	<b>2,463,282</b>	<b>12,048,263</b>

**Rochester and Elmore District Health Service 30 June 2012**

**Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Radiology	47,938	59,712
Meals on Wheels	0	168,390
Cafeteria	18,392	0
Primary Care Partnership	203,011	245,911
<b>TOTAL</b>	<b>269,341</b>	<b>474,013</b>

---

**Note 4: Depreciation**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Buildings	975,382	954,509
Land Improvements	16,000	16,000
Plant and Equipment		
- Plant	392,343	395,136
- Motor Vehicles	118,595	87,232
Furniture and Fittings	69,417	69,860
Loddon Mallee Rural Health Alliance	7,201	6,340
<b>TOTAL DEPRECIATION</b>	<b>1,578,938</b>	<b>1,529,077</b>

---

**Note 5: Finance Costs**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Finance charges on Hire		
Purchase Liabilities	17,184	16,263
<b>TOTAL FINANCE COSTS</b>	<b>17,184</b>	<b>16,263</b>

## Rochester and Elmore District Health Service 30 June 2012

### Note 6: Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand	650	650
Cash at Bank	820,592	2,836,064
Deposits at Call	7,821	7,753
<b>TOTAL</b>	<b>829,063</b>	<b>2,844,467</b>

#### Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)	662,285	2,639,019
Cash for Monies Held in Trust		
- Deposits at Call	9,234	78,841
Cash Held for Loddon Mallee Rural Health Alliance	157,544	126,607
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>829,063</b>	<b>2,844,467</b>

### Note 7: Receivables

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Inter Hospital Debtors		
<b>Contractual</b>		
Trade Debtors	124,851	50,519
Patient Fees	246,200	253,570
Accrued Investment Income	42,049	107,540
Accrued Revenue - Other	27,913	67,618
Loddon Mallee Rural Health Alliance Receivables	14,316	30,707
LESS Allowance Provision for Doubtful Debts Patient Fees	(14,000)	(14,000)
LESS Allowance Provision for Doubtful Debts LMRHA	(312)	-
	<b>441,017</b>	<b>495,954</b>
<b>Statutory</b>		
GST Receivable	74,092	106,220
Loddon Mallee Rural Health Alliance GST Receivable	4,664	2,627
	<b>78,756</b>	<b>108,847</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>519,773</b>	<b>604,801</b>
<b>NON CURRENT</b>		
<b>Contractual</b>		
Bond Debtors	1,644	2,124
	<b>1,644</b>	<b>2,124</b>
<b>Statutory</b>		
Long Service Leave - DoH	385,319	227,255
	<b>385,319</b>	<b>227,255</b>
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>386,963</b>	<b>229,379</b>
<b>TOTAL RECEIVABLES</b>	<b>906,736</b>	<b>834,179</b>

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Movement in the Allowance for doubtful debts</b>		
Balance at the beginning of the year- REDHS	14,000	14,000
Balance at the beginning of the year - LMRHA	0	0
Increase/(decrease) in allowance recognised in net result	312	0
<b>Balance at end of year</b>	<b>14,312</b>	<b>14,000</b>

#### (b) Ageing analysis of receivables

Please refer to note 19(b) for the ageing analysis of contractual receivables.

#### (c) Nature and extent of risk arising from receivables

Please refer to note 19(b) for the nature and extent of credit risk arising from contractual receivables.

**Rochester and Elmore District Health Service 30 June 2012****Note 8: Investments and Other Financial Assets****CURRENT****Term Deposit**

Aust. Dollar Term Deposits

**TOTAL CURRENT OTHER FINANCIAL ASSETS****Represented by:**

Health Services Investments

Accommodation Bonds (Refundable Entrance Fees)

Term Deposits

**TOTAL**

	<b>Capital</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	5,415,620	2,769,967	5,415,620	2,769,967
	<b>5,415,620</b>	<b>2,769,967</b>	<b>5,415,620</b>	<b>2,769,967</b>
	1,152,803	799,967	1,152,803	799,967
	1,871,860	1,970,000	1,871,860	1,970,000
	2,390,957	0	2,390,957	0
	<b>5,415,620</b>	<b>2,769,967</b>	<b>5,415,620</b>	<b>2,769,967</b>

**(a) Ageing analysis of other financial assets**

Please refer to note 19(b) for the ageing analysis of investments and other financial assets.

**(b) Nature and extent of risk arising from other financial assets**

Please refer to note 19(b) for the nature and extent of credit risk arising from investments and other financial assets.

**Note 9: Inventories****CURRENT**

Pharmaceuticals - at cost

Catering Supplies - at cost

Housekeeping - at cost

Medical and Surgical Lines - at cost

Administration Stores - at cost

**TOTAL INVENTORIES**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
	12,663	12,091
	14,813	7,671
	9,463	1,049
	19,602	11,882
	7,156	4,316
	<b>63,697</b>	<b>37,009</b>

**Note 10: Non Financial Physical assets  
classified as held for sale**

Plant

**TOTAL NON FINANCIAL PHYSICAL ASSETS****CLASSIFIED AS HELD FOR SALE**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
	9,950	18,000
	<b>9,950</b>	<b>18,000</b>

**Rochester and Elmore District Health Service 30 June 2012**

**Note 11: Other Assets**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Current:</b>		
Prepayments	7,547	38,689
Loddon Mallee Rural Health Alliance	5,183	5,549
<b>TOTAL OTHER ASSETS</b>	<b>12,730</b>	<b>44,238</b>

**Note 12: Property, Plant and Equipment**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Land</b>		
- Land at Fair Value	439,000	439,000
- Land Improvements at Fair Value	320,000	320,000
Less Accumulated Depreciation	(48,000)	(32,000)
<b>Total Land</b>	<b>711,000</b>	<b>727,000</b>
<b>Buildings</b>		
- Buildings at Cost	14,232,115	13,747,299
Less Accumulated Depreciation	(864,819)	(440,986)
- Buildings at Fair Value	11,818,000	11,818,000
Less Accumulated Depreciation	(1,654,646)	(1,103,097)
<b>Total Buildings</b>	<b>23,530,650</b>	<b>24,021,216</b>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	3,068,576	3,145,720
Less Accumulated Depreciation	(1,743,957)	(1,487,469)
- Loddon Mallee Rural Health Alliance Equipment at Fair Value	21,992	19,902
Less Accumulated Depreciation	(17,214)	(9,568)
<b>Total Plant and Equipment</b>	<b>1,329,397</b>	<b>1,668,585</b>
<b>Furniture and Fittings</b>		
- Furniture and Fittings at Fair Value	643,157	853,785
Less Accumulated Depreciation	(339,002)	(494,609)
<b>Total Furniture and Fittings</b>	<b>304,155</b>	<b>359,176</b>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	498,057	441,220
Less Accumulated Depreciation	(180,258)	(107,814)
<b>Total Motor Vehicles</b>	<b>317,799</b>	<b>333,406</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>26,193,001</b>	<b>27,109,383</b>

**Rochester and Elmore District Health Service 30 June 2012****Note 12: Property, Plant and Equipment (Continued)**

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	<b>Land</b>	<b>Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2010</b>	743,000	24,694,216	1,878,998	388,789	354,080	28,059,083
Additions	0	281,509	188,011	40,247	218,738	728,505
Loddon Mallee Rural Health Alliance	0	0	3,052	0	0	3,052
Disposals	0	0	0	0	(152,180)	(152,180)
Depreciation (see Note 4)	(16,000)	(954,509)	(401,476)	(69,860)	(87,232)	(1,529,077)
<b>Balance at 1 July 2011</b>	727,000	24,021,216	1,668,585	359,176	333,406	27,109,383
Additions	0	484,816	63,335	18,128	176,191	742,470
Loddon Mallee Rural Health Alliance	0	0	2,090	0	0	2,090
Disposals	0	0	(5,069)	(3,732)	(73,203)	(82,004)
Depreciation (see Note 4)	(16,000)	(975,382)	(399,544)	(69,417)	(118,595)	(1,578,938)
<b>Balance at 30 June 2012</b>	711,000	23,530,650	1,329,397	304,155	317,799	26,193,001

**Land and buildings carried at valuation**

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2009.

Fair value of plant and equipment has been assessed by management in accordance with Financial Reporting Direction 103D. Management have obtained second-hand values for equipment where possible, or compelled an assessment of value based on depreciated replacement cost.

## **Rochester and Elmore District Health Service 30 June 2012**

### **Note 13: Payables**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	328,648	159,743
Accrued Expenses	90,571	184,131
Accrued Audit Fees	22,960	11,220
Other Payable - Social Club	7,490	7,084
Loddon Mallee Rural Health Alliance Payables	21,814	21,259
	<b>471,483</b>	<b>383,437</b>
<b>Statutory</b>		
GST Payable	17,949	33,608
PAYG Payable	88,973	73,294
	<b>106,922</b>	<b>106,902</b>
<b>TOTAL PAYABLES</b>	<b>578,405</b>	<b>490,339</b>

**(a) Maturity analysis of payables** Please refer to Note 19(c) for the ageing analysis of contractual payables.

**(b) Nature and extent of risk arising from payables** Please refer to note 19(c) for the nature and extent of risks arising from contractual payables.

### **Note 14: Interest Bearing Liabilities**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Australian Dollar Borrowings		
– Hire Purchase Liability (refer Note 20)	133,368	129,812
<b>Total Current Australian Dollars Borrowings</b>	<b>133,368</b>	<b>129,812</b>
<b>NON CURRENT</b>		
Australian Dollar Borrowings		
– Hire Purchase Liability (refer Note 20)	77,016	85,570
<b>Total Non-Current Australian Dollars Borrowings</b>	<b>77,016</b>	<b>85,570</b>
<b>TOTAL INTEREST BEARING LIABILITIES</b>	<b>210,384</b>	<b>215,382</b>

Borrowings are secured by motor vehicles to which the agreements relate. Eight hire purchase agreements exist with terms of up to 24 monthly payments followed by a balloon payment. Interest rates vary between 6.0% and 7.5%.

The approved Bank Overdraft limit is \$150,000.

Finance costs of the Health Service incurred during the year are accounted for as follows:  
Amount of Finance Costs recognised as expenses (see Note 5) 17,184 16,263

#### **(a) Maturity analysis of interest bearing liabilities**

Please refer to note 19(c) for the ageing analysis of interest bearing liabilities.

#### **(b) Nature and extent of risk arising from interest bearing liabilities**

Please refer to note 19(c) for the nature and extent of risks arising from interest bearing liabilities.

#### **(c) Defaults and breaches**

During the current and prior year, there were no defaults and breaches of any of the borrowings.

# Rochester and Elmore District Health Service 30 June 2012

## **Note 15: Provisions**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT PROVISIONS</b>		
Employee Benefits		
- unconditional and expected to be settled within 12 months (nominal Value)	1,232,455	998,134
- unconditional and expected to be settled after 12 months (present value)	782,574	527,463
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (nominal value)	70,879	122,005
- unconditional and expected to be settled after 12 months (present value)	15,094	74,671
<b>TOTAL CURRENT PROVISIONS</b>	<b>2,101,002</b>	<b>1,722,273</b>
<b>NON-CURRENT PROVISIONS</b>		
Employee Benefits	307,548	253,528
Provisions related to employee benefits on-costs	15,172	23,451
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>322,720</b>	<b>276,979</b>
<b>TOTAL PROVISIONS</b>	<b>2,423,722</b>	<b>1,999,252</b>
<b>CURRENT EMPLOYEE BENEFITS</b>		
Unconditional Long Service Leave Entitlements	1,019,054	740,888
Annual Leave Entitlements	696,883	690,816
Accrued Wages and Salaries	287,414	78,784
Accrued Days Off	11,678	15,110
<b>NON-CURRENT EMPLOYEE BENEFITS</b>		
Conditional Long Service Leave Entitlements (present value)	307,548	253,528
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>2,322,577</b>	<b>1,779,125</b>
<b>ON-COSTS</b>		
Current On-Costs	85,973	196,676
Non-Current On-Costs	15,172	23,451
<b>TOTAL ON-COSTS</b>	<b>101,145</b>	<b>220,127</b>
<b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>	<b>2,423,722</b>	<b>1,999,252</b>
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	1,103,791	916,513
Provision made during the year	308,507	149,750
Settlement made during the year	(85,696)	(71,851)
<b>Balance at end of year</b>	<b>1,326,602</b>	<b>994,412</b>

## **Note 16: Other Liabilities**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Monies Held in Trust*		
- Patient Monies Held in Trust	46,895	47,460
- Accommodation Bonds (Refundable Entrance Fees)	2,478,109	2,630,005
- Rochester Community House	9,234	25,000
<b>TOTAL CURRENT</b>	<b>2,534,238</b>	<b>2,702,465</b>
<b>* Total Monies Held in Trust</b>		
<b>Represented by the following assets:</b>		
Cash Assets (refer to Note 6)	0	53,841
Receivables (refer to Note 7)	1,644	2,124
Other Financial Assets (refer to Note 8)	1,871,860	1,970,000
Land and Buildings	651,500	651,500
Rochester Community House	9,234	25,000
<b>TOTAL</b>	<b>2,534,238</b>	<b>2,702,465</b>

**Rochester and Elmore District Health Service 30 June 2012**

**Note 17: Equity**

**(a) Reserves**

**Property, Plant and Equipment Revaluation Surplus**

Balance at the beginning of the reporting period

- Land	253,325	253,325
- Buildings	3,838,749	3,838,749

**Revaluation Increment/Decrement**

- Land	0	0
- Buildings	0	0

**Balance at the end of the reporting period**

**4,092,074 4,092,074**

**Balance at the end of the reporting period\***

\* Represented by:

- Land	253,325	253,325
- Buildings	3,838,749	3,838,749

**4,092,074 4,092,074**

**Restricted Specific Purpose Reserve**

Balance at the beginning of the reporting period

181,933 181,933

Transfer to and from Restricted Purpose Surplus

(181,933) 0

Bequests

977,016 0

**Balance at the end of the reporting period**

**977,016 181,933**

**TOTAL RESERVES**

**5,069,090 4,274,007**

Income derived from restricted special purpose funds has contributed towards expenditure within which the spirit of the bequests were made.

**(b) Contributed Capital**

Balance at the beginning of the reporting period

7,369,839 7,369,839

Capital Contribution received from Victorian Government

0 0

**Balance at the end of the reporting period**

**7,369,839 7,369,839**

**(c) Accumulated Surpluses/(Deficits)**

Balance at the beginning of the reporting period

16,787,893 16,779,307

Net Result for the year

(565,757) (173,347)

Transfer to and from Restricted Purpose Surplus

(977,016) 0

**Balance at the end of the reporting period**

**15,245,120 16,605,960**

**(d) Total Equity at the end of financial year**

**27,684,049 28,249,806**

**Note 18: Reconciliation of the net result for the year to net cash inflow/(outflow) from operating activities**

**NET RESULT FOR THE YEAR**

Depreciation

(565,757) (173,347)

Share of Net Result from Ventures

1,578,938 1,529,077

Net (Gain)/Loss from Sale of Motor Vehicles

(24,977) (4,472)

Assets Received Free of Charge

13,277 8,800

Change in Operating Assets & Liabilities

0 (25,260)

(Increase)/Decrease in Receivables

(72,556) (99,817)

(Increase)/Decrease in Prepayments

31,508 (24,790)

(Increase)/Decrease in Stores

(26,688) (8,586)

Increase/(Decrease) in Payables

88,066 (38,333)

Increase/(Decrease) in Employee Benefits

424,469 222,007

**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

**1,446,280 1,385,279**

**Note 19: Financial Instruments**

**(a) Financial Risk Management Objectives and Policies**

The Rochester and Elmore District Health Service's principal financial instruments comprise of:

- Cash Assets
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Rochester and Elmore District Health Services financial risks within the government policy parameters.

**Categorisation of financial instruments**

Details of each categories in accordance with AASB 139, shall be disclosed either on the face of the balance sheet or in the notes.

	<b>Carrying Amount 2012</b>	<b>Carrying Amount 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and Cash Equivalents	782,168	2,797,007
Receivables	5,856,637	3,265,921
<b>Total Financial Assets (i)</b>	<b>6,638,805</b>	<b>6,062,928</b>
<b>Financial Liabilities</b>		
At amortised cost	3,168,041	3,301,284
<b>Total Financial Liabilities (ii)</b>	<b>3,168,041</b>	<b>3,301,284</b>

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable).

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes Payable).

**Net holding gain/(loss) on financial instruments by category**

	<b>Net holding gain/(loss) 2012</b>	<b>Net holding gain/(loss) 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Receivables (i)	170,708	194,528
<b>Total Financial Assets</b>	<b>170,708</b>	<b>194,528</b>

(i) For cash and cash equivalents, receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

**(b) Credit Risk**

Rochester and Elmore District Health Services' exposure to credit risk by ageing periods is set out in the following table

**Ageing analysis of financial asset as at 30 June 2012**

	<b>Total Carrying Amount</b>	<b>Not Past Due and Not Impaired</b>	<b>Past Due But Not Impaired</b>				<b>Impaired Financial Assets</b>
	<b>\$</b>	<b>\$</b>	<b>Less than 1 Month</b>	<b>1 to 3 Months</b>	<b>3 months to 1 Year</b>	<b>1 to 5 Years</b>	<b>\$</b>
<b>2012</b>			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Financial Assets</b>							
Cash & Cash Equivalents	782,168	782,168	0	0	0	0	0
Receivables							
- Trade Debtors	371,051	264,925	56,519	6,521	43,086	0	0
- Other Receivables	69,966	69,966	0	0	0	0	0
Other Financial Assets							
-Term Deposit	5,415,620	5,415,620	0	0	0	0	0
<b>Total Financial Assets</b>	<b>6,638,805</b>	<b>6,532,679</b>	<b>56,519</b>	<b>6,521</b>	<b>43,086</b>	<b>0</b>	<b>0</b>
<b>2011</b>							
<b>Financial Assets</b>							
Cash & Cash Equivalents	2,797,007	2,797,007	0	0	0	0	0
Receivables							
- Trade Debtors	304,089	217,415	41,178	8,510	36,986	0	0
- Other Receivables	191,865	191,865	0	0	0	0	0
Other Financial Assets							
- Term Deposit	2,769,967	2,769,967	0	0	0	0	0
<b>Total Financial Assets</b>	<b>6,062,928</b>	<b>5,976,254</b>	<b>41,178</b>	<b>8,510</b>	<b>36,986</b>	<b>0</b>	<b>0</b>

**Note 19: Financial Instruments (continued)**

**(c) Liquidity Risk**

The following table discloses the contractual maturity analysis for Rochester and Elmore District Health Services' financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

**Maturity analysis of financial liabilities as at 30 June 2012**

	<b>Total Amount \$</b>	<b>Contractual Cash Flows \$</b>	<b>Less than 1 Month \$</b>	<b>Maturity Dates 1 to 3 Months \$</b>	<b>3 months 1 Year \$</b>	<b>1 to 5 Years \$</b>
<b>2012</b>						
<b>Payables</b>						
Payables	423,419	423,419	423,419	0	0	0
Interest Bearing Liabilities	210,384	210,384	6,464	58,560	68,344	77,016
Other Financial Liabilities						
- Monies Held in Trust	2,534,238	2,534,238	46,895	9,234	2,478,106	0
<b>Total Financial Liabilities</b>	<b>3,168,041</b>	<b>3,168,041</b>	<b>476,778</b>	<b>67,794</b>	<b>2,546,450</b>	<b>77,016</b>
<b>2011</b>						
<b>Payables</b>						
Trade Creditors & Accruals	383,437	383,437	383,437	0	0	0
Interest Bearing Liabilities	215,382	215,382	6,529	19,587	103,696	85,570
Other Financial Liabilities						
- Monies Held in Trust	2,702,465	2,702,465	0	25,000	2,677,465	0
<b>Total Financial Liabilities</b>	<b>3,301,284</b>	<b>3,301,284</b>	<b>389,966</b>	<b>44,587</b>	<b>2,781,161</b>	<b>85,570</b>

**(d) Market Risk**

Rochester and Elmore District Health Service's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage these risks are disclosed below.

**Currency Risk**

Rochester and Elmore District Health Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitments and settlement.

**Interest Rate Risk**

Exposure to interest rate risk might arise primarily through the Rochester and Elmore District Health Services' other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial liabilities, the Hospital mainly holds financial assets with relatively even maturity profiles.

**Interest rate exposure and ageing analysis of financial asset as at 30 June 2012**

	<b>*Weighted Average Effective Interest Rates (%)</b>	<b>Carrying Amount \$</b>	<b>Interest Rate Exposure Fixed Interest Rate \$</b>	<b>Variable Interest Rate \$</b>	<b>Non Interest Bearing \$</b>
<b>2012</b>					
<b>Financial Assets</b>					
Cash & Cash Equivalents	3.15	782,168	0	782,168	0
Receivables					
- Trade Debtors	0	371,051	0	0	371,051
- Other Receivables	0	69,966	0	0	69,966
Other Financial Assets					
- Term Deposits	5.45	5,415,620	5,415,620	0	0
<b>Total Financial Assets</b>		<b>6,638,805</b>	<b>5,415,620</b>	<b>782,168</b>	<b>441,017</b>
<b>Financial Liabilities</b>					
Payables	0.00	423,419	0	0	423,419
Interest Bearing Liabilities	7.49	210,384	210,384	0	0
Other Financial Liabilities					
- Monies Held in Trust	0	2,534,238	0	0	2,534,238
<b>Total Financial Liabilities</b>		<b>3,168,041</b>	<b>210,384</b>	<b>0</b>	<b>2,957,657</b>
<b>2011</b>					
<b>Financial Assets</b>					
Cash & Cash Equivalents	4.05	2,797,007	0	2,797,007	0
Receivables					
- Trade Debtors	0	304,089	0	0	304,089
- Other Receivables	0	191,865	0	0	191,865
Other Financial Assets					
- Term Deposits	6.20	2,769,967	2,769,967	0	0
<b>Total Financial Assets</b>		<b>6,062,928</b>	<b>2,769,967</b>	<b>2,797,007</b>	<b>495,954</b>
<b>Financial Liabilities</b>					
Payables	0.00	383,437	0	0	383,437
Interest Bearing Liabilities	7.75	215,382	215,382	0	0
Other Financial Liabilities					
- Monies Held in Trust	0	2,630,005	0	0	2,630,005
<b>Total Financial Liabilities</b>		<b>3,228,824</b>	<b>215,382</b>	<b>0</b>	<b>3,013,442</b>

\*Weighted average or effective interest rates for each class of assets

**Note 19: Financial Instruments (continued)**

**Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Rochester and Elmore District Health Service believes the following movements are 'reasonably possible' over the next 12 months (Based rates are sourced from Bendigo Bank).

A parallel shift of 1% in market interest rates (AUD) from year end rates of 6%.

A parallel shift of 1% in inflation rate from year end rates of 2%.

The following table discloses the impact on net operating result and equity for each category of interest bearing financial instrument held by Rochester and Elmore District Health Service at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		1%		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>2012</b>	\$								
<b>Financial Assets</b>									
Cash & Cash Equivalents	782,168	(7,822)	(7,822)	7,822	7,822	0	0	0	0
Receivables									
- Trade Debtors	371,051	0	0	0	0				
- Other Receivables	21,902	0	0	0	0				
Other Financial Assets									
- Term Deposits	5,415,620	(54,156)	(54,156)	54,156	54,156	0	0	0	0
<b>Financial Liabilities</b>									
Payables	423,419	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	210,384	2104	2104	(2,104)	(2,104)	0	0	0	0
Other Financial Liabilities									
- Term Deposits	2,534,238	0	0	0	0	0	0	0	0
		(59,874)	(59,874)	59,874	59874	0	0	0	0

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		1%		-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>2011</b>	\$								
<b>Financial Assets</b>									
Cash & Cash Equivalents	2,797,007	(27,970)	(27,970)	27,970	27,970	0	0	0	0
Receivables									
- Trade Debtors	304,089	0	0	0	0	0	0	0	0
- Other Receivables	191,865	0	0	0	0	0	0	0	0
Other Financial Assets									
-Term Deposits	2,769,967	(27,700)	(27,700)	27,700	27,700	0	0	0	0
<b>Financial Liabilities</b>									
Payables	383,437	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	215,382	2154	2154	(2,154)	(2,154)	0	0	0	0
Other Financial Liabilities						0	0	0	0
-Monies Held in Trust	2,630,005	0	0	0	0	0	0	0	0
		(53,516)	(53,516)	53,516	53516	0	0	0	0

**(e) Fair Value**

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The financial assets include holdings in unlisted shares. Fair value of these is determined by projecting future cash inflows from expected future dividends and subsequent disposals of the securities.

The Health Service considers that the carrying amount of financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

**Comparison between carrying amount and fair value**

	Consol'd Carrying Amount	Fair value	Consol'd Carrying Amount	Fair value
	2012 \$	2012 \$	2011 \$	2011 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	782,168	782,168	2,797,007	2,797,007
Receivables				
- Trade Debtors	371,051	371,051	304,089	304,089
- Other Receivables	21,902	21,902	191,865	191,865
Other Financial Assets				
- Term Deposit	5,415,620	5,415,620	2,769,967	2,769,967
<b>Total Financial Assets</b>	<b>6,590,741</b>	<b>6,590,741</b>	<b>6,062,928</b>	<b>6,062,928</b>
<b>Financial Liabilities</b>				
Payables	423,419	423,419	383,437	383,437
Interest Bearing Liabilities	210,384	210,384	215,382	215,382
Other Financial Liabilities				
- Monies Held in Trust	2,534,238	2,534,238	2,630,005	2,630,005
<b>Total Financial Liabilities</b>	<b>3,168,041</b>	<b>3,168,041</b>	<b>3,228,824</b>	<b>3,228,824</b>

### Note 20: Commitments for Expenditure

The weighted average interest rate implicit in leases is 7.49% (2011 7.75%)

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Contingent Assets</b>		
Rochester and Elmore District Health Service does not have any known contingent assets at 30th June, 2012	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>Contingent Liabilities</b>		
Recallable grant	28,755	62,626
<b>TOTAL</b>	<b>28,755</b>	<b>62,626</b>

Rochester and Elmore District Health Service has a contingent liability with Department of Health in respect to a recallable grant which may be required to be repaid in future.

**Rochester and Elmore District Health Service 30 June 2012**

**Note 22: Operating Segments**

	Health Services		RACS		Other Services		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>								
External Segment Revenue	7,488,165	6,989,531	4,460,831	4,582,964	0	0	11,948,996	11,572,495
<b>Total Revenue</b>	<b>7,488,165</b>	<b>6,989,531</b>	<b>4,460,831</b>	<b>4,582,964</b>	<b>0</b>	<b>0</b>	<b>11,948,996</b>	<b>11,572,495</b>
<b>EXPENSES</b>								
External Segment Expenses	(9,493,417)	(7,742,488)	(3,329,843)	(4,295,812)	0	0	(12,823,260)	(12,038,300)
<b>Total Expenses</b>	<b>(9,493,417)</b>	<b>(7,742,488)</b>	<b>(3,329,843)</b>	<b>(4,295,812)</b>	<b>0</b>	<b>0</b>	<b>(12,823,260)</b>	<b>(12,038,300)</b>
<b>Net Result from ordinary activities</b>	<b>(2,005,252)</b>	<b>(752,957)</b>	<b>1,130,988</b>	<b>287,152</b>	<b>0</b>	<b>0</b>	<b>(874,264)</b>	<b>(465,805)</b>
Interest Expense	(17,184)	(7,230)	0	(2,735)	0	0	(17,184)	(9,965)
Interest Income	154,983	194,528	170,708	107,895	0	0	325,691	302,423
<b>Net Result for Year</b>	<b>(1,867,453)</b>	<b>(565,659)</b>	<b>1,301,696</b>	<b>392,312</b>	<b>0</b>	<b>0</b>	<b>(565,757)</b>	<b>(173,347)</b>
<b>OTHER INFORMATION</b>								
Segment Assets	5,107,518	5,060,382	11,917,636	12,161,097	0	0	17,025,154	17,221,479
Unallocated Assets	0	0	0	0	16,357,539	16,388,301	16,357,539	16,388,301
<b>Total Assets</b>	<b>5,107,518</b>	<b>5,060,382</b>	<b>11,917,636</b>	<b>12,161,097</b>	<b>16,357,539</b>	<b>16,388,301</b>	<b>33,382,693</b>	<b>33,609,780</b>
Segment Liabilities	1,510,492	1,243,710	3,524,483	3,514,835	0	0	5,034,975	4,758,545
Unallocated Liabilities	0	0	0	0	663,709	0	663,709	648,893
<b>Total Liabilities</b>	<b>1,510,492</b>	<b>1,243,710</b>	<b>3,524,483</b>	<b>3,514,835</b>	<b>663,709</b>	<b>0</b>	<b>5,698,684</b>	<b>5,407,438</b>
Acquisition of property, plant and equipment and intangible assets	0	191,384	0	16,943	0	520,178	0	728,505
Depreciation expense	0	(1,403,284)	0	(122,602)	0	(3,191)	0	(1,529,077)
Non cash expenses other than depreciation	0	0	0	0	0	0	0	0

The major products/services from which the above segments derive revenue are:

**Business Segments**

Residential Aged Care Services (RACS)

Acute

**Services**

Nursing home services  
Hostel Facilities  
Acute Hospital Services  
Ambulatory  
Aged Care Services  
Primary Health Services

**Geographical Segment**

Rochester and Elmore District Health Service operates predominantly in Rochester and Elmore, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets related to operations in Rochester and Elmore, Victoria.

# Rochester and Elmore District Health Service 30 June 2012

## **Note 23: Jointly Controlled Operations and Assets**

Name of entity	Principal Activity	Ownership Interest	
		2012 %	2011 %
Loddon Mallee Rural Health Alliance	Information Technology	3.71	3.54

Rochester & Elmore District Health Services interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2012 \$	2011 \$
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	157,544	126,607
Receivables	18,668	33,334
Prepayments	5,183	5,545
<b>TOTAL CURRENT ASSETS</b>	<b>181,395</b>	<b>165,486</b>
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment	4,778	10,334
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,778</b>	<b>10,334</b>
<b>TOTAL ASSETS</b>	<b>186,173</b>	<b>175,820</b>
<b>CURRENT LIABILITIES</b>		
Payables	19,405	20,969
Accrued Expenses	2,409	290
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,814</b>	<b>21,259</b>
<b>TOTAL LIABILITIES</b>	<b>21,814</b>	<b>21,259</b>
<b>NET ASSETS</b>	<b>164,359</b>	<b>154,561</b>

Rochester & Elmore District Health Service's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2012 \$	2011 \$
<b>REVENUES</b>		
Operating Activities	140,587	118,381
Capital Purpose Income	0	4,794
<b>Total Revenue</b>	<b>140,587</b>	<b>123,175</b>
<b>EXPENSES</b>		
Other Expenses from Continuing Operations	249,481	182,819
Expenditure using Capital Purpose Income	0	23,727
<b>TOTAL EXPENSES</b>	<b>249,481</b>	<b>206,546</b>
<b>PROFIT</b>	<b>(108,894)</b>	<b>(83,371)</b>

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The joint venture does not have any known contingent assets or contingent liabilities as at 30 June 2012

### **Commitments for Expenditure**

LMRHA has entered into the following contract commitments for expenditure as at 30 June 2012:

	Not later than 1 year \$'000	Later than 1 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<u>Payable:</u> Information Communication Technology	28,755	0	0	28,755
<b>Total Capital Commitments</b>	<b>28,755</b>	<b>0</b>	<b>0</b>	<b>28,755</b>

LMRHA has entered into the following contract commitments for expenditure as at 30 June 2011:

	Not later than 1 year \$'000	Later than 1 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<u>Payable:</u> Information Communication Technology	33,871	28,755	0	62,626
<b>Total Capital Commitments</b>	<b>33,871</b>	<b>28,755</b>	<b>0</b>	<b>62,626</b>

## Rochester and Elmore District Health Service 30 June 2012

### Note 24a: Responsible Persons Disclosures

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

#### Responsible Ministers:

The Honourable David Davis, MP, Minister for Health and Ageing  
The Honourable Mary Wooldridge, MLA, Minister for Mental Health

Period
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012

#### Governing Boards

Prof J. Farmer  
Mr T. Fulton  
Mr D. Gilbert  
Mr G. Hodgins  
Ms K. Lee  
Mr S. McDonald  
Ms M. Magennis  
Mr B. Maw  
Mr K. Oberin  
No remuneration was paid to any Governing Board Members for the Financial Year ended 30 June 2012.

01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012
01/07/2011 - 30/06/2012

#### Accountable Officers

Mr Matthew Sharp

01/07/2011 - 30/06/2012

#### Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands;

#### Income Band

\$0  
\$140,000 - \$159,999  
\$160,000 - \$169,999

2012 No.	2011 No.
9	9
0	1
1	0
1	1
<b>\$164,680</b>	<b>\$147,105</b>

#### Total Numbers

#### Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet

#### Other Transactions of Responsible Persons and their Related Parties

No responsible person or their related parties received any remuneration or retirement benefits during the year

### Note 24b: Executive Officer Disclosures

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

The number of Responsible Persons are shown in their relevant income bands;

\$110,000 - \$120,000  
\$160,000 - \$169,999

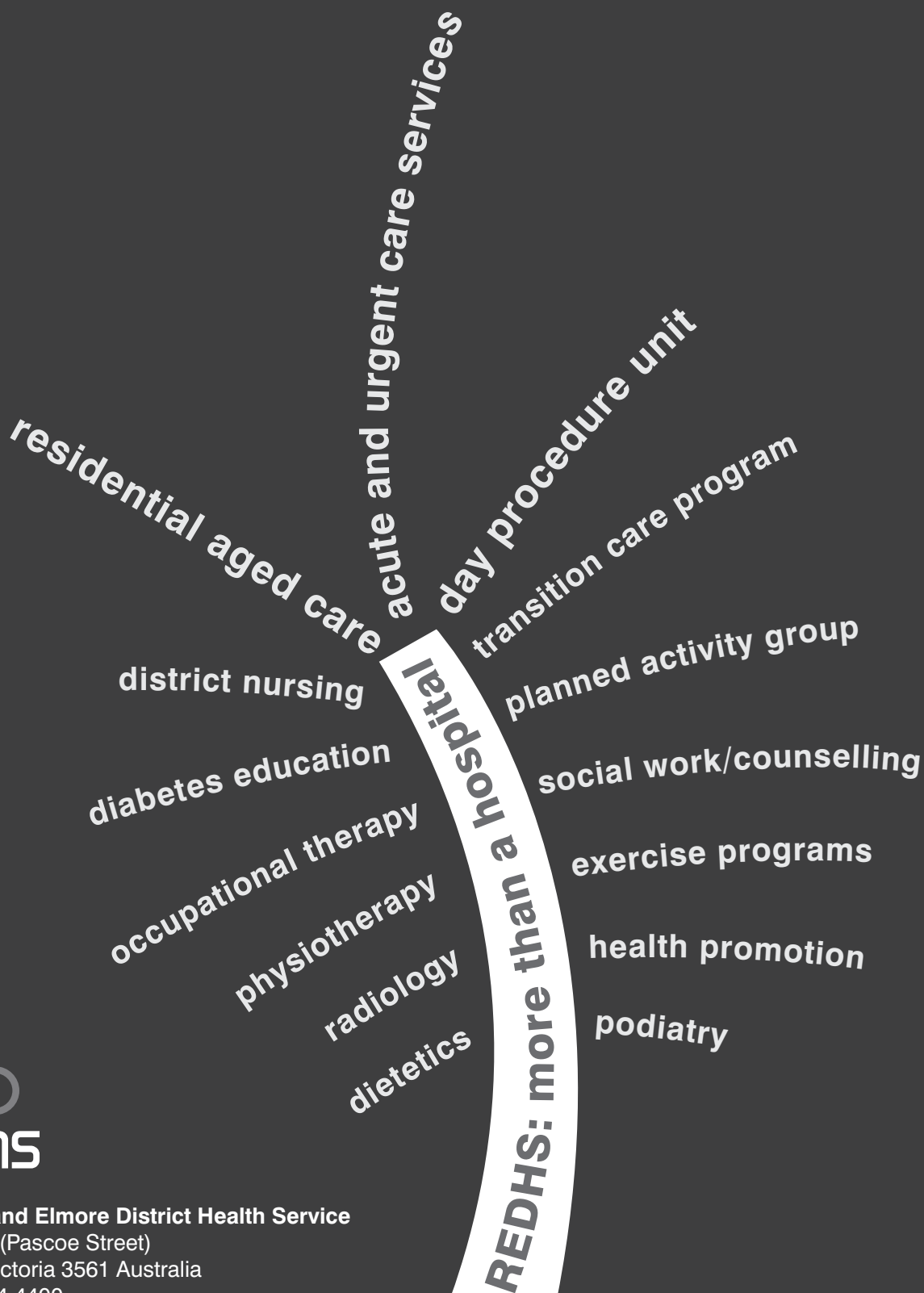
2012 No.	2011 No.
0	2
1	0
1	2
<b>\$164,680</b>	<b>\$98,957</b>

#### TOTAL

#### TOTAL REMUNERATION

### Note 25: Events occurring after the Balance Sheet Date

No events occurred after Balance Sheet Date.



**Rochester and Elmore District Health Service**

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