

FINANCIAL REPORT 2011



Rochester and Elmore District Health Service

FINANCIAL PERFORMANCE **SUMMARY**

Factors affecting operational performance

During the 2010-2011 year, there was a severe disruption to services. In January, it was necessary for the entire health service to be evacuated due to flooding and resultant loss of utilities. Wage and salary costs were higher to manage the emergency event and support the community recovery process.

Consultants

There were eight consultancies this year, none of which exceeded \$100,000. The combined total of the consultancies was \$ 12,449.84.

	2011 \$000's	2010 \$000's	2009 \$000's	2008 \$000's	2007 \$000's
Total Revenue	11,875	14,250	16,096	16,803	7,937
Total Expenses	12,048	10,530	9,732	9,607	8,531
Net Result Before Capital and Depreciation	924	379	509	(93)	(27)
Net Result	(173)	3,720	6,364	7,195	(594)
Retained Surplus / (Accumulated Deficit)	16,606	16,779	13,060	6,695	(500)
Total Assets	33,657	33,651	30,561	22,182	14,606
Total Liabilities	5,407	5,228	5,857	5,276	5,105
Net Assets	28,250	28,423	24,704	16,906	9,501
Net Cash Result	701	(595)	(239)	1,210	846
Total Equity	28,250	28,423	24,704	16,906	9,501

ROCHESTER & ELMORE DISTRICT HEALTH SERVICE

BOARD MEMBER'S, ACCOUNTABLE OFFICERS 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 2011 and the financial position of Rochester & District Health Service at 30 June 2011.

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.


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Mr K. Oberin
Chairperson

Rochester

30 / 8 / 11


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Mr M. Sharp
Accountable Officer
Chief Finance & Accounting Officer

Rochester

30 / 08 / 2011.

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Rochester and Elmore District Health Service

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Rochester and 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 Officers and Chief Finance and Accounting Officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Rochester and Elmore District Health Service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, 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 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.

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.

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Rochester and Elmore District Health Service as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, 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 and Elmore District Health Service for the year ended 30 June 2011 included both in Rochester and Elmore District Health Service's annual report and on the website. The Board Members of Rochester and Elmore District Health Service are responsible for the integrity of Rochester and Elmore District Health Service's website. I have not been engaged to report on the integrity of Rochester and 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
31 August 2011



for D D R Pearson
Auditor-General

Financial and Operational Performance Summary

Factors affecting performance

During the 2010-2011 year, there was a severe disruption to services. In January, it was necessary for the entire health service to be evacuated due to flooding and resultant loss of utilities. Wage and salary costs were higher to manage the emergency event and support the community recovery process.

Financials in Brief	2010-11 \$000's	2009-10 \$000's	2008-09 \$000's	2007-08 \$000's	2006-07 \$000's
Total Revenue	11,875	14,250	16,096	16,803	7,937
Total Expenses	12,048	10,530	9,732	9,607	8,531
Net Result before Capital and Depreciation	924	379	509	(93)	(27)
Net Result for the year	(173)	3,720	6,364	7,195	(594)
Retained Surplus/(Accumulated Deficit)	16,606	16,779	13,060	6,695	(500)
Total Assets	33,657	33,651	30,561	22,182	14,606
Total Liabilities	5,407	5,228	5,857	5,276	5,105
Net Assets	28,250	28,423	24,704	16,906	9,501
Net Cash Result	701	(595)	(239)	1,210	846
Total Equity	28,250	28,423	24,704	16,906	9,501
Other (List)					

Revenue Indicators

Revenue Indicators	Average Collection Days	
	2010/11	2009/10
Private	43.74	44.00
TAC	-	-
VWA	-	-
Other Compensable	-	-
Psychiatric	-	-
Residential Aged Care	59.60	52.00

Debtors Outstanding as at 30 June 2011

	Under 30 days	31-60 days	61-90 days	Over 90 days	Total 30/06/11	Total 30/06/10
Private	42,837	-	150	22,797	65,784	12,403
TAC	-	-	-	-	-	-
VWA	-	-	-	-	-	-
Other Compensable	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-
Residential Aged Care	140,496	11,178	4,776	10,605	167,055	146,203

Comprehensive Operating Statement For the ended 30 June 2011

	NOTE	2011 \$	2010 \$
Revenue from Operating Activities	2	11,017,722	9,180,992
Revenue from Non-operating Activities	2	209,823	425,369
Employee Benefits	3	(7,761,559)	(7,032,321)
Non Salary Labour Costs	3	(399,801)	(325,018)
Supplies & Consumables	3	(627,221)	(598,355)
Other Expenses From Continuing Operations	3	(1,515,368)	(1,271,690)
Net Result Before Capital and Specific Items		923,596	378,977
Capital Purpose Income		622,111	4,644,048
Asset provided free of charge	2d	25,260	0
Depreciation	4	(1,529,077)	(1,057,877)
Finance Costs	5	(16,263)	(13,777)
Expenditure using Capital Purpose Income		(198,974)	(231,763)
COMPREHENSIVE OPERATING RESULT FOR THE YEAR		(173,347)	3,719,608

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

Balance Sheet as at 30 June 2011

	NOTE	2011 \$	2010 \$
Current Assets			
Cash and Cash Equivalents	6	2,844,467	2,128,081
Receivables	7	604,801	529,420
Other Financial Assets	8	2,769,967	2,664,097
Inventories	9	37,009	28,423
Non-financial Assets Classified as Held for Sale	10	18,000	18,000
Other Current Assets	11	44,238	19,444
Total Current Assets		6,318,482	5,387,465
Non-Current Assets			
Receivables	7	229,379	204,947
Property, Plant & Equipment	12	27,109,383	28,059,083
Total Non-Current Assets		27,338,762	28,264,030
TOTAL ASSETS		33,657,244	33,651,495
Current Liabilities			
Payables	13	490,339	528,672
Interest Bearing Liabilities	14	129,812	134,746
Provisions	15	1,722,273	1,497,791
Other Liabilities	16	2,702,465	2,718,388
Total Current Liabilities		5,044,889	4,879,597
Non-Current Liabilities			
Interest Bearing Liabilities	14	85,570	69,291
Provisions	15	276,979	279,454
Total Non-Current Liabilities		362,549	348,745
TOTAL LIABILITIES		5,407,438	5,228,342
NET ASSETS		28,249,806	28,423,153
EQUITY			
Property, Plant and Equipment Revaluation Reserve	17a	4,092,074	4,092,074
Restricted Specific Purpose Reserve	17a	181,933	181,933
Contributed Capital	17b	7,369,839	7,369,839
Accumulated Surpluses/(Deficits)	17c	16,605,960	16,779,307
TOTAL EQUITY		28,249,806	28,423,153
Contingent Liabilities and Contingent Assets	21		
Commitments for Expenditure	20		

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

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

2011

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

Statement of Changes in Equity for the year ended 30 June 2010

2010

		Equity at 1 July 2009	Net Result for the year	Equity at 30 June 2010
	Note	\$	\$	\$
Accumulated Surplus/(Deficit)	17c	13,059,699	3,719,608	16,779,307
		13,059,699	3,719,608	16,779,307
Contribution by Owners	17b	7,369,839	0	7,369,839
		7,369,839	0	7,369,839
Reserves				
Property Plant and Equipment Revaluation Surplus	17a	4,092,074	0	4,092,074
Restricted Specific Purpose Reserve	17a	181,933	0	181,933
		4,274,007	0	4,274,007
Total Equity at the end of the financial year		24,703,545	3,719,608	28,423,153

Cash Flow Statement for the year ended 30 June 2011

	NOTE	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		7,418,684	7,285,620
Patient and Resident Fees Received		2,009,123	1,082,040
Donations and Bequests Received		64,262	16,588
GST Received from/(paid to) ATO		15,942	51,513
Interest Received		194,883	197,330
Other Receipts		1,203,216	710,476
Employee Benefits Paid		(7,569,413)	(7,127,859)
Fee for Service Medical Officers		(399,801)	(325,018)
Payments for Supplies and Consumables		(630,457)	(584,957)
Finance Costs		(16,263)	(13,777)
Other Payments		(1,342,339)	(831,684)
Cash Generated from Operations		947,837	460,272
Capital Grants from Government		437,442	4,503,539
Capital Donations and Bequests Received		0	0
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	1,385,279	4,963,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(703,061)	(5,093,779)
Proceeds from sale of Non-Financial Assets		143,380	85,000
Proceeds from Sale of Assets Held for Sale		0	6,450
Purchase of Investments		(135,870)	(512,055)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(695,551)	(5,514,384)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		11,345	(44,425)
Contributed Capital from Government		0	0
NET CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES		11,345	(44,425)
NET INCREASE/(DECREASE) IN CASH HELD		701,073	(594,998)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,937,946	2,532,944
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	2,639,019	1,937,946

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 report which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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.

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 doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. 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

Other financial assets 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 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 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.

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 not depreciated.

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. 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.

Buildings	2011	2010
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	6 to 7 Years	6 to 7 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 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 126 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 2011 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 2011. 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.

(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 provision 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

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.

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 expected 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.

Superannuation contributions are made to the plans based on the relevant rules of each plan.

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.

Notes to the Financial Statements 30 June 2011

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:

Fund	Contributions Paid or Payable for the year	
	2011	2010
	\$	\$
Defined benefit plans:		
Health Super	20,083	26,779
Defined contribution plans:		
Health Super	541,688	466,527
HESTA	51,289	49,282

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;
- 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 shares 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.

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.

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.

(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 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.

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

Notes to the Financial Statements 30 June 2011

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 2011 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2011. The Rochester and Elmore District Health Service has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>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>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures</i> (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the Rochester and Elmore District Health Service is still assessing the detailed impact and whether to early adopt.
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.	Beginning 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 to the Victorian Public Sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> [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]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

Notes to the Financial Statements 30 June 2011

AASB 2009-12 <i>Amendments to Australian Accounting Standards</i> [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i> [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 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.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i> [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i> [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
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 amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.

Notes to the Financial Statements 30 June 2011

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [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 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [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.	Beginning 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 to Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [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.	Beginning 1 July 2012	This amendment provides clarification to users 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 performance measurements will occur.

Notes to the Financial Statements 30 June 2011

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
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 2010-9 <i>Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
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.	Beginning 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 to 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.	Beginning 1 July 2012	This amendment provides clarification to users 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 performance measurements will occur.

Note 2: Revenue

Revenue from Operating Activities

- Government Grants
- Department of Human Services
- Commonwealth Government
- Residential Aged Care Subsidy

Total Government Grants

Indirect Contributions by Department of Human Services

- Insurance
- Long Service Leave

Total Indirect Contributions by Department of Health

Patient and Resident Fees

- Patient and Resident Fees (refer note 2b)
- Residential Aged Care (refer note 2b)

Total Patient and Resident Fees

Business Units & Specific Purpose Funds

- Catering
- Property Income

Total Business Units & Specific Purpose Funds

Interest and Dividends

- Loddon Mallee Rural Health Alliance Revenue
- Other Revenue from Operating Activities

Sub-Total Revenue from Operating Activities

Revenue from Non-Operating Activities

- Interest and Dividends
- Other Revenue from Non-Operating Activities

Sub-Total Revenue from Non-Operating Activities

Revenue from Capital Purpose Income

- State Government Capital Grants
- Targeted Capital Works and Equipment
- Other

- Loddon Mallee Rural Health Alliance

Residential Accommodation Payments (refer Note 2b)

Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)

Donations and Bequests

Sub-Total Revenue from Capital Purpose Income

Total Revenue (refer to note 2a)

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.

HSA 2011 \$	HSA 2010 \$	Non HSA 2011 \$	Non HSA 2010 \$	Total 2011 \$	Total 2010 \$
5,676,597	5,221,136	0	0	5,676,597	5,221,136
2,067,512	2,179,844	0	0	2,067,512	2,179,844
7,744,109	7,400,980	0	0	7,744,109	7,400,980
325,425	247,798	0	0	325,425	247,798
24,432	54,868	0	0	24,432	54,868
349,857	302,666	0	0	349,857	302,666
665,950	189,890	0	0	665,950	189,890
1,356,119	823,554	0	0	1,356,119	823,554
2,022,069	1,013,444	0	0	2,022,069	1,013,444
0	0	117,476	84,384	117,476	84,384
0	0	27,302	17,005	27,302	17,005
0	0	144,778	101,389	144,778	101,389
194,528	85,244	0	0	194,528	85,244
118,381	49,383	0	0	118,381	49,383
444,000	227,886	0	0	444,000	227,886
10,872,944	9,079,603	144,778	101,389	11,017,722	9,180,992
0	0	107,894	133,230	107,894	133,230
0	0	101,929	292,139	101,929	292,139
0	0	209,823	425,369	209,823	425,369
405,808	4,370,139	0	0	405,808	4,370,139
31,633	133,400	0	0	31,633	133,400
4,794	19,078	0	0	4,794	19,078
149,674	105,888	0	0	149,674	105,888
0	0	(8,800)	(1,045)	(8,800)	(1,045)
61,295	9,474	2,967	7,114	64,262	16,588
653,204	4,637,979	(5,833)	6,069	647,371	4,644,048
11,526,148	13,717,582	348,768	532,827	11,874,916	14,250,409

Note 2a: Analysis of Revenue by Source

Revenue from Services Supported by Health Services Agreement

	Admitted Patients 2011 \$	Residential Aged Care 2011 \$	Aged Care 2011 \$	Primary Health 2011 \$	Other 2011 \$	Total 2011 \$
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

Sub-Total Revenue from Services Supported by Health Services Agreement

	5,741,772	4,582,965	590,733	544,589	66,089	11,526,148
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Revenue from Services Supported by Hospital and Community Initiatives

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
Other Activities						
Capital Purpose Income (refer Note 2)	0	0	0	0	(8,800)	(8,800)
Other	0	0	0	0	104,896	104,896

Sub-Total Revenue from Services Supported by Hospital and Community Initiatives

	0	0	0	0	348,768	348,768
Total Revenue	5,741,772	4,582,965	590,733	544,589	414,857	11,874,916

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.

Note 2a: Analysis of Revenue by Source

Revenue from Services Supported by Health Services Agreement

Government Grants
Indirect contributions by Department of Human Services
Patient and Resident Fees (refer note 2b)
Interest and Dividends
Other
Capital Purpose Income (refer Note 2)

Sub-Total Revenue from Services Supported by Health Services Agreement

Revenue from Services Supported by Hospital and Community Initiatives

Catering
Bank & Investment Income
Property Income
Other Activities

Capital Purpose Income (refer Note 2)
Other

Sub-Total Revenue from Services Supported by Hospital and Community Initiatives

Total Revenue

	Admitted Patients 2010 \$	Residential Aged Care 2010 \$	Aged Care 2010 \$	Primary Health 2010 \$	Other 2010 \$	Total 2010 \$
	3,862,796	3,017,344	512,698	142	8,000	7,400,980
	302,666	0	0	0	0	302,666
	138,945	823,554	39,380	11,565	0	1,013,444
	85,244	0	0	0	0	85,244
	121,596	101,709	9,406	44,558	0	277,269
	4,513,013	105,888	0	0	19,078	4,637,979
	9,024,260	4,048,495	561,484	56,265	27,078	13,717,582
	0	0	0	0	84,384	84,384
	0	0	0	0	133,230	133,230
	0	0	0	0	17,005	17,005
	0	0	0	0	6,069	6,069
	0	0	0	0	292,139	292,139
	0	0	0	0	532,827	532,827
	9,024,260	4,048,495	561,484	56,265	559,905	14,250,409

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.

Note 2b: Patient and Resident Fees

	2011	2010
	\$	\$
Patient and Resident Fees Raised		
Recurrent:		
Acute		
– Inpatients	548,943	138,945
Residential Aged Care		
– Nursing Home	684,005	429,543
– Hostel	672,114	394,011
Aged Care and Primary Health		
– District Nursing	32,068	39,380
Other	84,939	11,565
TOTAL RECURRENT	2,022,069	1,013,444
Capital Purpose:		
Residential Accommodation Payments(*)	149,674	105,888
TOTAL CAPITAL	149,674	105,888

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

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

	2011	2010
	\$	\$
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	143,380	85,000
Plant	0	0
Total Proceeds from Disposal of Non-Current Assets	143,380	85,000
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	(152,180)	(86,045)
Plant and Equipment	0	0
Furniture and Fittings	0	0
Total Written Down Value of Non-Current Assets Sold	(152,180)	(86,045)
NET GAINS/(LOSSES) ON DISPOSAL OF NON-FINANCIAL ASSET	(8,800)	(1,045)

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

	2011	2010
	\$	\$
During the reporting period, the fair value of assets received free of charge, was as follows:		
Plant - from LMHA Network Ltd	25,260	0
TOTAL ASSETS RECEIVED FREE OF CHARGE	25,260	0

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 3: Expenses

	HSA 2011 \$	HSA 2010 \$	Non HSA 2011 \$	Non HSA 2010 \$	2011 \$	2010 \$
Employee Benefits						
Salaries & Wages	6,565,974	5,890,012	359,292	327,372	6,925,265	6,217,384
WorkCover Premium	58,553	34,176	2,941	1,896	61,494	36,072
Long Service Leave	159,492	163,304	2,246	27,645	161,738	190,949
Superannuation (refer note 1(u))	584,162	557,631	28,899	30,285	613,061	587,916
Total Employee Benefits	7,368,181	6,645,123	393,378	387,198	7,761,559	7,032,321
Non Salary Labour Costs						
Fee for Service Medical Officers	193,256	200,319	0	0	193,256	200,319
Purchased Services	193,650	117,610	12,895	7,089	206,545	124,699
Total Non Salary Labour Costs	386,906	317,929	12,895	7,089	399,801	325,018
Supplies & Consumables						
Drug Supplies	66,113	62,264	0	0	66,113	62,264
Medical, Surgical Supplies and Prosthesis	191,218	209,151	10,708	13,520	212,926	222,671
Pathology Supplies	26,379	22,549	0	0	26,379	22,549
Special Services	0	0	1,713	40	1,713	40
Food Supplies	264,268	244,734	66,822	46,097	331,090	290,831
Total Supplies & Consumables	547,978	538,698	79,243	59,657	627,221	598,355
Other Expenses from Continuing Operations						
Domestic Services & Supplies	112,954	107,102	8,113	11,581	121,067	118,683
Fuel, Light, Power and Water	171,114	140,714	4,373	10,686	175,487	151,400
Insurance costs funded by DHS	325,425	247,801	0	0	325,425	247,801
Motor Vehicle Expenses	59,270	53,735	0	0	59,270	53,735
Repairs & Maintenance	127,474	100,354	8,476	4,353	135,950	104,707
Maintenance Contracts	33,157	27,423	0	0	33,157	27,423
Patient Transport	63,836	61,846	0	0	63,836	61,846
Bad & Doubtful Debts	0	3,625	0	0	0	3,625
Administrative Expenses	349,262	466,965	45,975	16,995	395,237	483,960
Loddon Mallee Rural Health Alliance	176,479	0	0	0	176,479	0
Audit Fees	15,140	14,610	0	0	15,140	14,610
- VAGO - Audit of Financial Statements	14,320	3,900	0	0	14,320	3,900
Total Other Expenses from Continuing Operations	1,448,431	1,228,075	66,937	43,615	1,515,368	1,271,690
Expenditure using Capital Purpose Income						
Salaries & Wages	0	0	5,254	45,848	5,254	45,848
WorkCover Premium	0	0	0	312	0	312
Long Service Leave	0	0	175	1,081	175	1,081
Superannuation (refer note 1(u))	0	0	0	952	0	952
Total Employee Expense Expenses	0	0	5,429	48,193	5,429	48,193
Other Expenses from Capital Operations						
Domestic Services & Supplies	0	0	0	3,410	0	3,410
Fuel, Light, Power and Water	0	0	0	54	0	54
Loddon Mallee Rural Health Alliance	23,727	0	0	0	23,727	0
Repairs and Maintenance	0	0	46,617	59,253	46,617	59,253
Administrative Expenses	0	0	123,201	120,853	123,201	120,853
Total Other Expenses	23,727	0	169,818	183,570	193,545	183,570
Sub-Total Expenditure using Capital Purpose Income	23,727	0	175,247	231,763	198,974	231,763
Depreciation	1,529,077	1,057,877	0	0	1,529,077	1,057,877
Finance Costs	9,965	9,603	6,299	4,174	16,263	13,777
Total Other Expenses	1,539,042	1,067,480	6,299	4,174	1,545,340	1,071,654
TOTAL EXPENSES	11,314,264	9,797,305	733,999	733,496	12,048,263	10,530,801

Note 3a: Analysis of Expenses by Source

Services Supported by Health Services Agreement

	Admitted Patients 2011	Residential Aged Care 2011	Primary Health 2011	Other 2011	Total 2011
Employee Benefits	2,590,525	3,383,759	453,461	0	7,368,181
Non Salary Labour Costs	267,272	48,232	67,624	0	386,906
Supplies & Consumables	304,368	206,962	16,986	0	547,978
Other Expenses from Continuing Operations	510,327	656,860	63,221	176,479	1,448,430
Depreciation (refer Note 4)	0	0	0	1,529,077	1,529,077
Finance Costs (refer Note 5)	3,927	2,735	748	0	9,965

Sub-Total Expenses from Services Supported by Health Services Agreement

3,676,419	4,298,548	1,026,976	583,038	1,705,556	11,290,537
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Services Supported by Hospital and Community Initiatives

Employee Benefits	0	0	0	0	398,807	398,807
Non Salary Labour Costs	0	0	0	0	12,895	12,895
Supplies & Consumables	0	0	0	0	79,243	79,243
Other Expenses from Continuing Operations	0	0	0	0	124,317	124,317
Finance Costs (refer Note 5)	0	0	0	0	6,299	6,299

Sub-Total Expense from Services Supported by Hospital and Community Initiatives

0	0	0	0	621,561	621,561
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Expenditure using Capital Sources

Other Expenses	0	0	0	0	136,165	136,165
Sub-Total Expenses from Services Supported by Capital Resources	0	0	0	0	136,165	136,165
Total Expenses	3,676,419	4,298,548	1,026,976	583,038	2,463,282	12,048,263

Services Supported by Health Services Agreement

Expenses Incurred by Health Services Agreement						
	Admitted Patients 2010	Residential Aged Care 2010	Primary Health 2010	Other 2010	Total 2010	
Employee Benefits	2,041,433	3,919,546	431,786	252,358	0	6,645,123
Non Salary Labour Costs	219,855	30,281	2,357	65,436	0	317,929
Supplies & Consumables	181,052	331,994	17,937	7,715	0	538,698
Other Expenses from Continuing Operations	543,931	528,373	73,215	82,556	0	1,228,075
Depreciation (refer Note 4)	0	0	0	0	1,057,877	1,057,877
Finance Costs (refer Note 5)	2,835	2,956	2,116	1,696	0	9,603

Sub-Total Expenses from Services Supported by Health Services Agreement

2,989,106	4,813,150	527,411	409,761	1,057,877	9,797,305
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Services Supported by Hospital and Community Initiatives

Employee Benefits	0	0	0	0	435,391	435,391
Non Salary Labour Costs	0	0	0	8	7,089	7,089
Supplies & Consumables	0	0	0	0	59,658	59,658
Other Expenses from Continuing Operations	0	0	0	0	128,196	128,196
Finance Costs (refer Note 5)	0	0	0	0	4,174	4,174

Sub-Total Expense from Services Supported by Hospital and Community Initiatives

0	0	0	0	8	634,508	634,508
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Expenditure using Capital Sources

Other Expenses	0	0	0	0	98,988	98,988
Sub-Total Expenses from Services Supported by Capital Resources	0	0	0	0	98,988	98,988
Total Expenses	2,989,106	4,813,150	527,411	508,749	1,692,385	10,530,801

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

	2011	2010
	\$	\$
Radiology	59,712	43,523
Meals on Wheels	168,390	178,154
Redevelopment Expenditure	0	138,055
Primary Care Partnership	245,911	237,564
TOTAL	474,013	597,296

Note 4: Depreciation

	2011	2010
	\$	\$
Buildings	954,509	589,574
Land Improvements	16,000	16,000
Plant and Equipment		
- Plant	395,136	328,869
- Motor Vehicles	87,232	66,735
Furniture and Fittings	69,860	54,305
Loddon Mallee Rural Health Alliance	6,340	2,394
TOTAL DEPRECIATION	1,529,077	1,057,877

Note 5: Finance Costs

	2011	2010
	\$	\$
Finance charges on Hire		
Purchase Liabilities	16,263	13,777
TOTAL FINANCE COSTS	16,263	13,777

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.

	2011	2010
	\$	\$
Cash on Hand	650	650
Cash at Bank	2,836,064	2,119,759
Deposits at Call	7,753	7,672
TOTAL	2,844,467	2,128,081

Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)	2,639,019	1,937,946
Cash for Monies Held in Trust		
- Deposits at Call	78,841	64,764
Cash Held for Loddon Mallee Rural Health Alliance	126,607	125,371
TOTAL CASH AND CASH EQUIVALENTS	2,844,467	2,128,081

Note 7: Receivables

	2011	2010
	\$	\$
CURRENT		
Contractual		
Trade Debtors	50,519	113,929
Patient Fees	253,570	191,844
Accrued Investment Income	107,540	43,351
Accrued Revenue - Other	67,618	16,203
Loddon Mallee Rural Health Alliance Receivables	30,707	20,894
LESS Provision for Doubtful Debts Patient Fees	(14,000)	(14,000)
	495,954	372,221
Statutory		
GST Receivable	106,220	152,620
Loddon Mallee Rural Health Alliance GST Receivable	2,627	4,579
	108,847	157,199
TOTAL CURRENT RECEIVABLES	604,801	529,420
NON CURRENT		
Contractual		
Bond Debtors	2,124	2,124
	2,124	2,124
Statutory		
Long Service Leave - DoH	227,255	202,823
	227,255	202,823
TOTAL NON-CURRENT RECEIVABLES	229,379	204,947
TOTAL RECEIVABLES	834,179	734,367

	2011	2010
	\$	\$
(a) Movement in the Allowance for doubtful debts		
Balance at the beginning of the year	(14,000)	(14,000)
Balance at end of year	(14,000)	(14,000)

(b) Ageing analysis of receivables

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

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 8: Other Financial Assets

	Capital		Total	
	2011	2010	2011	2010
	\$	\$	\$	\$
CURRENT				
Term Deposit				
Aust. Dollar Term Deposits	2,769,967	2,664,097	2,769,967	2,664,097
TOTAL CURRENT OTHER FINANCIAL ASSETS	2,769,967	2,664,097	2,769,967	2,664,097
Represented by:				
Health Services Investments	799,967	664,097	799,967	664,097
Accommodation Bonds (Refundable Entrance Fees)	1,970,000	2,000,000	1,970,000	2,000,000
TOTAL	2,769,967	2,664,097	2,769,967	2,664,097

(a) Ageing analysis of other financial assets

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

Note 9: Inventories

	2011	2010
	\$	\$
CURRENT		
Pharmaceuticals - at cost	12,091	12,638
Catering Supplies - at cost	7,671	0
Housekeeping - at cost	1,049	1,471
Medical and Surgical Lines - at cost	11,882	11,161
Administration Stores - at cost	4,316	3,153
TOTAL INVENTORIES	37,009	28,423

Note 10: Non Financial assets classified as held for sale

	2011	2010
	\$	\$
Plant	18,000	18,000
TOTAL NON FINANCIAL ASSETS	18,000	18,000

Note 11: Other Current Assets

	2011	2010
	\$	\$
Prepayments	38,689	14,733
Loddon Mallee Rural Health Alliance	5,549	4,711
OTHER ASSETS	44,238	19,444

Note 12: Property, Plant and Equipment

	2011	2010
	\$	\$
Land		
- Land at Fair Value	439,000	439,000
- Land Improvements at Valuation	320,000	320,000
Less Accumulated Depreciation	(32,000)	(16,000)
Total Land	727,000	743,000
Buildings		
- Buildings at Fair Value	13,747,299	13,465,790
Less Accumulated Depreciation	(440,986)	(38,026)
- Buildings at Valuation	11,818,000	11,818,000
Less Accumulated Depreciation	(1,103,097)	(551,548)
Total Buildings	24,021,216	24,694,216
Plant and Equipment		
- Plant and Equipment at Fair Value	3,145,720	2,957,710
Less Accumulated Depreciation	(1,487,469)	(1,092,334)
- Loddon Mallee Rural Health Alliance Equipment at Fair Value	19,902	16,666
Less Accumulated Depreciation	(9,568)	(3,043)
Total Plant and Equipment	1,668,585	1,878,999
Furniture and Fittings		
- Furniture and Fittings at Fair Value	853,785	813,539
Less Accumulated Depreciation	(494,609)	(424,749)
Total Furniture and Fittings	359,176	388,790
Motor Vehicles		
- Motor Vehicles at Fair Value	441,220	463,314
Less Accumulated Depreciation	(107,814)	(109,236)
Total Motor Vehicles	333,406	354,078
TOTAL PROPERTY, PLANT AND EQUIPMENT	27,109,383	28,059,083

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

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.

	Land	Buildings & Land Improv.	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	759,000	21,406,696	1,274,658	260,174	394,592	24,095,120
Additions	0	3,877,094	921,497	182,920	112,268	5,093,779
Loddon Mallee Rural Health Alliance	0	0	14,106	0	0	14,106
Disposals	0	0	0	0	(86,045)	(86,045)
Depreciation (see Note 4)	(16,000)	(589,574)	(331,263)	(54,305)	(66,735)	(1,057,877)
Balance at 1 July 2010	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)
Balance at 30 June 2011	727,000	24,021,216	1,668,585	359,176	333,406	27,109,383

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.

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 13: Payables

	2011 \$	2010 \$
CURRENT		
Contractual		
Trade Creditors	159,743	359,414
Accrued Expenses	184,131	80,355
Accrued Audit Fees	11,220	11,700
Other Payable	7,084	-
Loddon Mallee Rural Health Alliance Payables	21,259	9,077
	383,437	460,546
Statutory		
GST Payable	33,608	-
PAYG Payable	73,294	68,126
	106,902	68,126
TOTAL PAYABLES	490,339	528,672

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

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

Note 14: Interest Bearing Liabilities

	2011 \$	2010 \$
CURRENT		
Australian Dollar Borrowings		
– Hire Purchase Liability (refer Note 20)	129,812	134,746
Total Current Australian Dollars Borrowings	129,812	134,746
NON CURRENT		
Australian Dollar Borrowings		
– Hire Purchase Liability (refer Note 20)	85,570	69,291
Total Non-Current Australian Dollars Borrowings	85,570	69,291
TOTAL INTEREST BEARING LIABILITIES	215,382	204,037

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 9.5%.

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)	16,263	13,777
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(a) Maturity analysis of interest bearing liabilities

Please refer to not 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 loans.

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 15: Provisions

	2011 \$	2010 \$
CURRENT PROVISIONS		
Employee Benefits		
- unconditional and expected to be settled within 12 months (nominal Value)	998,134	780,323
- unconditional and expected to be settled after 12 months (present value)	527,463	569,106
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (nominal value)	122,005	96,116
- unconditional and expected to be settled after 12 months (present value)	74,671	52,246
TOTAL CURRENT PROVISIONS	1,722,273	1,497,791
NON-CURRENT PROVISIONS		
Employee Benefits	253,528	254,049
Provisions related to employee benefits on-costs	23,451	25,405
TOTAL NON-CURRENT PROVISIONS	276,979	279,454
TOTAL PROVISIONS	1,999,252	1,777,245
CURRENT EMPLOYEE BENEFITS		
Unconditional Long Service Leave Entitlements	740,888	662,464
Annual Leave Entitlements	690,816	621,858
Accrued Wages and Salaries	78,784	55,011
Accrued Days Off	15,110	10,096
NON-CURRENT EMPLOYEE BENEFITS		
Conditional Long Service Leave Entitlements (present value)	253,528	254,049
TOTAL EMPLOYEE BENEFITS	1,779,125	1,603,478
ON-COSTS		
Current On-Costs	196,676	148,362
Non-Current On-Costs	23,451	25,405
TOTAL ON-COSTS	220,127	173,767
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	1,999,252	1,777,245
Movement in Long Service Leave:		
Balance at start of year	916,513	769,982
Provision made during the year	149,750	190,949
Settlement made during the year	(71,851)	(44,418)
Balance at end of year	994,412	916,513

Note 16: Other Liabilities

	2011 \$	2010 \$
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust	47,460	32,466
- Accommodation Bonds (Refundable Entrance Fees)	2,630,005	2,685,922
- Rochester Community House	25,000	0
TOTAL CURRENT	2,702,465	2,718,388
* Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets (refer to Note 6)	53,841	64,764
Receivables (refer to Note 7)	2,124	2,124
Other Financial Assets (refer to Note 8)	1,970,000	2,000,000
Land and Buildings	651,500	651,500
Rochester Community House	25,000	0
TOTAL	2,702,465	2,718,388

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 17: Equity

(a) Reserves

Property, Plant and Equipment Revaluation Reserve

Balance at the beginning of the reporting period

	2011 \$	2010 \$
- 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
	<u>4,092,074</u>	<u>4,092,074</u>

Restricted Specific Purpose Reserve

Balance at the beginning of the reporting period

181,933	181,933
---------	---------

Balance at the end of the reporting period

181,933	181,933
----------------	----------------

TOTAL RESERVES

4,274,007	4,274,007
------------------	------------------

(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

16,779,307	13,059,699
------------	------------

Net Result for the year

(173,347)	3,719,608
-----------	-----------

Balance at the end of the reporting period

16,605,960	16,779,307
-------------------	-------------------

(d) Total Equity at the end of financial year

28,249,806	28,423,153
-------------------	-------------------

Note 18: Reconciliation of the net result for the year to net cash flows from operating activities

NET RESULT FOR THE YEAR

	2011 \$	2010 \$
Depreciation	(173,347)	3,719,608
Impairment of Non Current Assets	1,529,077	1,057,877
Share of Net Result from Ventures	0	0
Net (Gain)/Loss from Sale of Motor Vehicles	(4,472)	18,770
Assets Received Free of Charge	8,800	1,045
Change in Operating Assets & Liabilities	(25,260)	0
(Increase)/Decrease in Receivables	(99,817)	27,275
(Increase)/Decrease in Prepayments	(24,790)	260,009
(Increase)/Decrease in Stores	(8,586)	13,398
Increase/(Decrease) in Payables	(38,333)	(82,750)
Increase/(Decrease) in Employee Benefits	222,007	(51,421)

NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

1,385,279	4,963,811
------------------	------------------

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.

	Carrying Amount 2011 \$	Carrying Amount 2010 \$
Financial Assets		
Cash and Cash Equivalents	2,797,007	2,128,081
Receivables	3,265,921	3,036,318
Total Financial Assets (i)	6,062,928	5,164,399
Financial Liabilities		
At amortised cost	3,301,284	3,382,971
Total Financial Liabilities (ii)	3,301,284	3,382,971

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

(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

	Carrying Amount 2011 \$	Carrying Amount 2010 \$
Financial Assets		
Receivables (i)	194,528	85,244
Total Financial Assets	194,528	85,244

(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.

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 19: Financial Instruments (continued)

(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 2011

	Total Carrying Amount \$	Not Past Due and Not Impaired \$	Past Due But Not Impaired				Impaired Financial Assets \$
			Less than 1 Month \$	1 to 3 Months \$	3 months to 1 Year \$	1 to 5 Years \$	
2011							
Financial Assets							
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
Total Financial Assets	6,062,928	5,976,254	41,178	8,510	36,986	0	0
2010							
Financial Assets							
Cash & Cash Equivalents	2,128,081	2,128,081	0	0	0	0	0
Receivables							
- Trade Debtors	305,773	25,006	87,976	70,778	122,013	0	0
- Other Receivables	66,448	66,448	0	0	0	0	0
Other Financial Assets			0	0	0	0	0
- Term Deposit	2,664,097	2,664,097	0	0	0	0	0
Total Financial Assets	5,164,399	4,883,632	87,976	70,778	122,013	0	0

(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 2011

	Total Amount \$	Contractual Cash Flows \$	Maturity Dates			
			Less than 1 Month \$	1 to 3 Months \$	3 months 1 Year \$	1 to 5 Years \$
2011						
Payables						
Payables	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
Total Financial Liabilities	3,301,284	3,301,284	389,966	44,587	2,781,161	85,570
2010						
Payables						
Trade Creditors & Accruals	460,546	460,546	460,546	0	0	0
Interest Bearing Liabilities	204,037	204,037	4,675	14,209	98,805	86,348
Other Financial Liabilities						
- Monies Held in Trust	2,718,388	2,718,388	0	0	2,718,388	0
Total Financial Liabilities	3,382,971	3,382,971	465,221	14,209	2,817,193	86,348

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 19: Financial Instruments (continued)

(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

	*Weighted Average Effective Interest Rates (%)	Carrying Amount \$	Interest Rate Exposure Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2011					
Financial Assets					
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
Total Financial Assets		3,292,961	0	2,797,007	495,954
Financial Liabilities					
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
Total Financial Liabilities		3,228,824	215,382	0	3,013,442
2010					
Financial Assets					
Cash & Cash Equivalents	4.50	2,128,081	0	2,128,081	0
Receivables					
- Trade Debtors	0.00	305,773	0	0	305,773
- Other Receivables	0.00	66,448	0	0	66,448
Other Financial Assets					
- Term Deposits	6.10	2,664,097	2,664,097	0	0
Total Financial Assets		5,164,399	2,664,097	2,128,081	372,221
Financial Liabilities					
Payables	0.00	460,546	0	0	460,546
Interest Bearing Liabilities	8.00	204,037	204,037	0	0
Other Financial Liabilities					
- Monies Held in Trust	0.00	2,685,922	0	0	2,685,922
Total Financial Liabilities		3,350,505	204,037	0	3,146,468

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

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%.

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 19: Financial Instruments (continued)

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2011									
Financial Assets									
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
Financial Liabilities									
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									
- Term Deposits	2,630,005	0	0	0	0	0	0	0	0
		(53,516)	(53,516)	53,516	53,516	0	0	0	0

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		1%		-1%		1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2010									
Financial Assets									
Cash & Cash Equivalents	2,128,081	(21,281)	(21,281)	21,281	21,281	0	0	0	0
Receivables									
- Trade Debtors	305,773	0	0	0	0	0	0	0	0
- Other Receivables	66,448	0	0	0	0	0	0	0	0
Other Financial Assets									
-Term Deposits	2,664,097	(26,641)	(26,641)	26,641	26,641	0	0	0	0
Financial Liabilities									
Payables	460,546	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	204,037	2,040	2,040	(2,040)	(2,040)	0	0	0	0
Other Financial Liabilities									
-Monies Held in Trus	2,685,922	0	0	0	0	0	0	0	0
		(45,882)	(45,882)	45,882	45,882	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 2011	Fair value 2011	Consol'd Carrying Amount 2010	Fair value 2010
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	2,797,007	2,797,007	2,128,081	2,128,081
Receivables				
- Trade Debtors	304,089	304,089	305,773	305,773
- Other Receivables	191,865	191,865	66,448	66,448
Other Financial Assets				
- Term Deposit	2,769,967	2,769,967	2,664,097	2,664,097
Total Financial Assets	6,062,928	6,062,928	5,164,399	5,164,399
Financial Liabilities				
Payables	383,437	383,437	460,546	460,546
Interest Bearing Liabilities	215,382	215,382	204,037	204,037
Other Financial Liabilities				
- Monies Held in Trust	2,630,005	2,630,005	2,685,922	2,685,922
Total Financial Liabilities	3,228,824	3,228,824	3,350,505	3,350,505

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 20: Commitments for Expenditure

	2011 \$	2010 \$
Hire Purchases		
Commitments in relation to Hire Purchases are payable as follows:		
Not later than one year	129,812	134,746
Later than 1 year and not later than 5 years	85,570	69,291
Minimum Hire Purchase Payments	215,382	204,037
Less Future Finance Charges	14,016	13,777
Total Hire Purchase Commitments	201,366	190,260
Representing Hire Purchase Liabilities:		
Current (refer Note 14)	117,610	122,347
Non-Current (refer Note 14)	83,756	67,913
TOTAL	201,366	190,260

The weighted average interest rate implicit in leases is 7.75% (2010 8.00%)

Note 21: Contingent Assets & Contingent Liabilities

Details and estimates of maximum amounts of contingent assets or contingent liabilities are as follows:

	2011 \$	2010 \$
Contingent Assets		
Rochester and Elmore District Health Service does not have any known contingent assets at 30th June, 2011	0	0
TOTAL	0	0
Contingent Liabilities		
Recallable grant	62,626	96,248
TOTAL	62,626	96,248

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.

Note 22: Segment Reporting

	Health Services		RACS		Other Services		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE								
External Segment Revenue	6,989,531	9,983,440	4,582,964	4,048,495	0	0	11,572,495	14,031,935
Total Revenue	6,989,531	9,983,440	4,582,964	4,048,495	0	0	11,572,495	14,031,935
EXPENSES								
External Segment Expenses	(7,742,488)	(5,711,004)	(4,295,812)	(4,810,194)	0	0	(12,038,300)	(10,521,198)
Total Expenses	(7,742,488)	(5,711,004)	(4,295,812)	(4,810,194)	0	0	(12,038,300)	(10,521,198)
Net Result from ordinary activities	(752,957)	4,272,436	287,152	(761,699)	0	0	(465,805)	3,510,737
Interest Expense	(7,230)	(6,647)	(2,735)	(2,956)	0	0	(9,965)	(9,603)
Interest Income	194,528	85,244	107,895	133,230	0	0	302,423	218,474
Net Result for Year	(565,659)	4,351,033	392,312	(631,425)	0	0	(173,347)	3,719,608
OTHER INFORMATION								
Segment Assets	5,060,382	6,221,772	12,161,097	12,297,486	0	0	17,221,479	18,519,258
Unallocated Assets	0	0	0	0	16,388,301	15,132,237	16,388,301	15,132,237
Total Assets	5,060,382	6,221,772	12,161,097	12,297,486	16,388,301	15,132,237	33,609,780	33,651,495
Segment Liabilities	1,243,711	1,229,926	3,514,835	3,432,506	0	0	4,758,545	4,662,432
Unallocated Liabilities	0	0	0	0	0	565,910	648,893	565,910
Total Liabilities	1,243,711	1,229,926	3,514,835	3,432,506	0	565,910	5,407,438	5,228,342
Acquisition of property, plant and equipment and intangible assets	191,384	956,380	16,943	13,273	520,178	4,124,127	728,505	5,093,780
Depreciation expense	(1,403,284)	(932,084)	(122,602)	(122,602)	(3,191)	(3,191)	(1,529,077)	(1,057,877)
Non cash expenses other than depreciation	0	247,801	0	0	0	0	0	247,801

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
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.

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

Note 23: Jointly Controlled Operations and Assets

Name of entity	Principal Activity	Ownership 2011 %	Interest 2010 %
Loddon Mallee Rural Health Alliance	Information Technology	3.54	3.34

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 and consolidated financial statements under their respective asset categories:

	2011 \$	2010 \$
CURRENT ASSETS		
Cash and Cash Equivalents	126,607	125,371
Receivables	33,334	25,473
Prepayments	5,545	4,711
TOTAL CURRENT ASSETS	165,486	155,555
NON CURRENT ASSETS		
Property, Plant and Equipment	10,334	13,623
TOTAL NON-CURRENT ASSETS	10,334	13,623
TOTAL ASSETS	175,820	169,178
CURRENT LIABILITIES		
Payables	20,969	3,563
Accrued Expenses	290	5,514
TOTAL CURRENT LIABILITIES	21,259	9,077
TOTAL LIABILITIES	21,259	9,077
NET ASSETS	154,561	160,101

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

	2011 \$	2010 \$
REVENUES		
Operating Activities	118,381	49,383
Capital Purpose Income	4,794	19,078
Total Revenue	123,175	68,461
EXPENSES		
Other Expenses from Continuing Operations	182,819	100,620
Expenditure using Capital Purpose Income	23,727	98,988
TOTAL EXPENSES	206,546	199,608
PROFIT	(83,371)	(131,147)

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The joint venture does not have any known contingent assets or contingent liabilities as at 30 June 2011

Commitments for Expenditure

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
Payable:				
Information Communication Technology	33,871	28,755	0	62,626
Total Capital Commitments	33,871	28,755	0	62,626

LMRHA has entered into the following contract commitments for expenditure as at 30 June 2010:

	Not later than 1 year \$'000	Later than 1 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Payable:				
Information Communication Technology	76,219	2,505	0	78,724
Total Capital Commitments	76,219	2,505	0	78,724

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2011

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 Daniel Andrews, MLA, Minister for Health
The Honourable David Davis, MP, Minister for Health and Ageing
The Honourable Mary Woodridge, MLA, Minister for Mental Health

Period
1/7/2010 - 2/12/2010
2/12/2010 - 30/6/2011
2/12/2010 - 30/6/2011

Governing Boards

Ms M. Magennis
Assoc Prof M. Boelen
Mr K. Oberin
Mr G. Clark
Mr S. McDonald
Mr T. Fulton

01/07/2010-30/6/2011
01/07/2010-30/6/2011
01/07/2010-30/6/2011
01/07/2010-30/6/2011
01/07/2010-30/6/2011
01/07/2010-30/6/2011

No remuneration was paid to any Governing Board Members for the Financial Year ended 30 June 2011.

Accountable Officers

Mrs Glenis Beaumont
Mr Matthew Sharp

1/7/2010 - 6/2/2011
7/2/2011 - 30/6/2011

Remuneration of Responsible Persons

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

Income Band

\$140,000 - \$159,999
\$180,000 - \$189,999

2011 No.	2010 No.
1	0
0	1
1	1
\$147,105	\$180,900

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

TOTAL
TOTAL REMUNERATION

2011 No.	2010 No.
2	0
2	0
\$98,957	\$0

Note 25: Events occurring after the Balance Sheet Date

No events occurred after Balance Sheet Date.



redhs

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