

# MALDON HOSPITAL ANNUAL REPORT 2010

## APPENDIX 1 - FINANCIALS IN BRIEF

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Maldon Hospital's Financial Statements have been prepared in accordance with the provisions of the Financial Management Act 1994. These requirements incorporate relevant accounting standards issued by the Institute of Chartered Accountants and CPA Australia and other mandatory professional reporting requirements.

Our Comprehensive Operating Statement shows a surplus net result before capital and specific items for the year of \$221,381. This result is up from the \$186,312 surplus reported in the previous financial year due mainly to:-

- Increased acuity in residential care

Maldon Hospital this year again reported a strong cash position. This shows a positive working capital and cash movement for the year well above the Department of Health benchmark.

To the credit of the Board, robust governance has put Maldon Hospital in line with best practice and the State Government's Financial Management Compliance Framework.

### Summary of the financial results for the year:

|                              | 2010       | 2009      | 2008      | 2007      | 2006      |
|------------------------------|------------|-----------|-----------|-----------|-----------|
|                              | \$         | \$        | \$        | \$        | \$        |
| Total Revenue                | 3,512,035  | 3,355,585 | 3,105,972 | 2,931,198 | 2,662,765 |
| Total Expenses               | 3,290,654  | 3,169,273 | 2,904,031 | 2,693,871 | 2,470,120 |
| Operating Surplus/ (deficit) | 221,381    | 186,312   | 201,941   | 237,327   | 192,645   |
| Total Assets                 | 10,252,715 | 10,185,48 | 6,883,020 | 6,670,407 | 6,502,103 |
| Total Liabilities            | 1,519,727  | 1,267,446 | 1,451,737 | 1,388,448 | 1,382,599 |
| Total Equity                 | 8,732,988  | 8,918,037 | 5,431,283 | 5,281,959 | 5,119,504 |

A revaluation of land and buildings was conducted by the Valuer-General in 2009. The increase to assets and equity reflects the increased value of the Hospital's land and buildings.

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## MALDON HOSPITAL

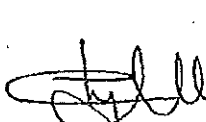
### **Board member's, accountable officer's and chief finance & accounting officer's declaration**

We certify that the attached financial statements for Maldon Hospital 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 2010 and the financial position at that date of Maldon Hospital at 30 June 2010.

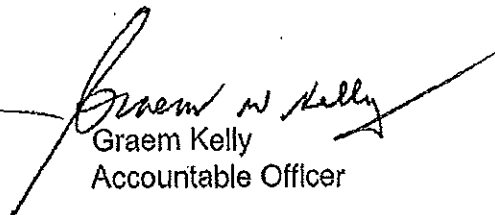
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



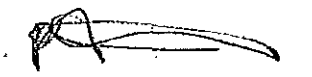
Cheryl Axell  
President

Maldon  
31 August 2010



Graem Kelly  
Accountable Officer

Maldon  
31 August 2010



Peter Stemp  
Acting Chief Finance &  
Accounting Officer

Maldon  
31 August 2010

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Maldon Hospital

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2010 of the Maldon Hospital which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance & accounting officer's declaration, has been audited.

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

The board members of the Maldon Hospital 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*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

#### *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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

## Independent Auditor's Report (continued)

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

This auditor's report relates to the financial report published in both the annual report and on the website of the Maldon Hospital for the year ended 30 June 2010. The board members of the hospital are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the hospital's web site.

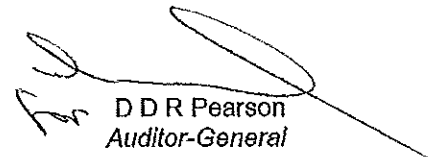
### *Independence*

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.

### *Auditor's Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Maldon Hospital as at 30 June 2010 and its financial performance and 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*.

MELBOURNE  
31 August 2010



D D R Pearson  
Auditor-General

Maldon Hospital Annual Report 2009/2010

**Maldon Hospital  
Comprehensive Operating Statement  
For the Year Ended 30 June 2010**

|   | Note | 2010<br>\$       | 2009<br>\$       |
|---|------|------------------|------------------|
| Revenue from Operating Activities                     | 2    | 3,398,773        | 3,205,760        |
| Revenue from Non-Operating Activities                 | 2    | 113,262          | 149,825          |
| Employee Benefits                                     | 3    | (2,397,217)      | (2,329,638)      |
| Non Salary Labour Costs                               | 3    | (90,785)         | (92,582)         |
| Supplies and Consumables                              | 3    | (258,748)        | (223,824)        |
| Other Expenses From Continuing Operations             | 3    | (543,904)        | (523,229)        |
| <b>Net Result Before Capital &amp; Specific Items</b> |      | <u>221,381</u>   | <u>186,312</u>   |
| Capital Purpose Income                                | 2    | 135,370          | 162,936          |
| Depreciation  | 4    | (504,845)        | (184,484)        |
| Specific Expense                                      | 3b   | (3,115)          | (2,088)          |
| Expenditure using Capital Purpose Income              |      | <u>(33,840)</u>  | <u>-</u>         |
| <b>NET RESULT FOR THE YEAR</b>                        |      | <u>(185,049)</u> | <u>162,676</u>   |
| <b>Other Comprehensive Income</b>                     |      |                  |                  |
| Net fair value revaluation on Non Financial Assets    |      | -                | <u>3,324,078</u> |
| <b>COMPREHENSIVE RESULT FOR THE YEAR</b>              |      | <u>(185,049)</u> | <u>3,486,754</u> |

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

Maldon Hospital Annual Report 2009/2010

**Maldon Hospital  
Balance Sheet  
As at 30 June 2010**

|   | Note | 2010<br>\$        | 2009<br>\$        |
|---|------|-------------------|-------------------|
| <b>ASSETS</b>                                     |      |                   |                   |
| <b>Current Assets</b>                             |      |                   |                   |
| Cash and Cash Equivalents                         | 5    | 276,867           | 184,468           |
| Receivables                                       | 6    | 139,369           | 142,431           |
| Other Financial Assets                            | 7    | 2,466,387         | 2,317,147         |
| Prepayments                                       |      | 5,678             | 6,044             |
| <b>Total Current Assets</b>                       |      | <b>2,888,301</b>  | <b>2,650,090</b>  |
| <b>Non Current Assets</b>                         |      |                   |                   |
| Receivables                                       | 6    | 94,625            | 45,604            |
| Property, Plant & Equipment                       | 8    | 7,269,789         | 7,489,789         |
| <b>Total Non Current Assets</b>                   |      | <b>7,364,414</b>  | <b>7,535,393</b>  |
| <b>TOTAL ASSETS</b>                               |      | <b>10,252,715</b> | <b>10,185,483</b> |
| <b>LIABILITIES</b>                                |      |                   |                   |
| <b>Current Liabilities</b>                        |      |                   |                   |
| Payables  | 9    | 302,541           | 217,552           |
| Employee Benefits and Related On-Costs Provisions | 10   | 451,275           | 455,137           |
| Other Liabilities                                 | 11   | 700,947           | 522,765           |
| <b>Total Current Liabilities</b>                  |      | <b>1,454,763</b>  | <b>1,195,454</b>  |
| <b>Non Current Liabilities</b>                    |      |                   |                   |
| Employee Benefits and Related On-Costs Provisions | 10   | 64,964            | 71,992            |
| <b>Total Non Current Liabilities</b>              |      | <b>64,964</b>     | <b>71,992</b>     |
| <b>TOTAL LIABILITIES</b>                          |      | <b>1,519,727</b>  | <b>1,267,446</b>  |
| <b>NET ASSETS</b>                                 |      | <b>8,732,988</b>  | <b>8,918,037</b>  |
| <b>EQUITY</b>                                     |      |                   |                   |
| Property, Plant and Equipment Revaluation Surplus | 12a  | 3,868,527         | 3,868,527         |
| Restricted Specific Purpose Reserve               | 12a  | 99,687            | 99,687            |
| Contributed Capital                               | 12b  | 3,890,579         | 3,890,579         |
| Accumulated Surpluses/(Deficits)                  | 12c  | 874,195           | 1,059,244         |
| <b>TOTAL EQUITY</b>                               | 12d  | <b>8,732,988</b>  | <b>8,918,037</b>  |
| Commitments for expenditure                       | 15   |                   |                   |
| Contingent liabilities and contingent assets      | 16   |                   |                   |

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

**Maldon Hospital**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2010**

|  | Note | Equity at<br>1 July 2009 | Comprehensive<br>Result | Equity at<br>30 June 2010 |
|--|------|--------------------------|-------------------------|---------------------------|
|  |      | \$                       | \$                      | \$                        |
| Accumulated Surplus/(Deficit)                        |      | 1,059,244                | (185,049)               | 874,195                   |
|  |      | <u>1,059,244</u>         | <u>(185,049)</u>        | <u>874,195</u>            |
| Contribution by Owners                               |      | 3,890,579                | -                       | 3,890,579                 |
|  |      | <u>3,890,579</u>         | <u>-</u>                | <u>3,890,579</u>          |
| <b>Reserves</b>                                      |      |                          |                         |                           |
| Property, Plant and Equipment Revaluation Surplus    |      | 3,868,527                | -                       | 3,868,527                 |
| Restricted Specific Purpose Reserve                  |      | 99,687                   | -                       | 99,687                    |
|  |      | <u>3,968,214</u>         | <u>-</u>                | <u>3,968,214</u>          |
| <b>Total Equity at the end of the financial year</b> |      | <u><u>8,918,037</u></u>  | <u><u>(185,049)</u></u> | <u><u>8,732,988</u></u>   |

|  | Note | Equity at<br>1 July 2008 | Comprehensive<br>Result | Equity at<br>30 June 2009 |
|--|------|--------------------------|-------------------------|---------------------------|
|  |      | \$                       | \$                      | \$                        |
| Accumulated Surplus/(Deficit)                        |      | 896,568                  | 162,676                 | 1,059,244                 |
|  |      | <u>896,568</u>           | <u>162,676</u>          | <u>1,059,244</u>          |
| Contribution by Owners                               |      | 3,890,579                | -                       | 3,890,579                 |
|  |      | <u>3,890,579</u>         | <u>-</u>                | <u>3,890,579</u>          |
| <b>Reserves</b>                                      |      |                          |                         |                           |
| Property, Plant and Equipment Revaluation Surplus    |      | 544,449                  | 3,324,078               | 3,868,527                 |
| Restricted Specific Purpose Reserve                  |      | 99,687                   | -                       | 99,687                    |
|  |      | <u>644,136</u>           | <u>3,324,078</u>        | <u>3,968,214</u>          |
| <b>Total Equity at the end of the financial year</b> |      | <u><u>5,431,283</u></u>  | <u><u>3,486,754</u></u> | <u><u>8,918,037</u></u>   |

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

**Maldon Hospital**  
**Cash Flow Statement**  
**For the Year Ended 30 June 2010**

|  | Note | 2010<br>\$<br>Inflows /<br>(Outflows) | 2009<br>\$<br>Inflows /<br>(Outflows) |
|--|------|---------------------------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                                       |                                       |
| Operating Grants from Government                             |      | 1,598,838                             | 1,540,346                             |
| Patient and Resident Fees Received                           |      | 1,603,840                             | 1,462,230                             |
| Donations and Bequests Received                              |      | -                                     | -                                     |
| GST Received from/(paid to) ATO                              |      | 143,074                               | 127,626                               |
| Other Receipts   |      | 117,091                               | 148,227                               |
| Employee Benefits Paid                                       |      | (2,038,491)                           | (1,788,257)                           |
| Fee for Service Medical Officers                             |      | (69,131)                              | (69,681)                              |
| Payments for Supplies & Consumables                          |      | (254,548)                             | (270,462)                             |
| GST Paid to ATO  |      | (3,911)                               | (5,630)                               |
| Other Payments   |      | (799,588)                             | (942,577)                             |
| <b>Cash Generated from Operations</b>                        |      | <b>297,174</b>                        | <b>201,822</b>                        |
| Capital Grants from Government                               |      | 114,840                               | 44,662                                |
| Capital Donations and Bequests Received                      |      | 16,225                                | 8,323                                 |
| Accommodation Bond Receipts                                  |      | 192,080                               | (201,796)                             |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>   | 13   | <b>620,319</b>                        | <b>53,011</b>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                                       |                                       |
| Purchase of Property, Plant & Equipment                      |      | (280,011)                             | (196,708)                             |
| Purchase of Investments                                      |      | (227,775)                             | 13,233                                |
| Proceeds from Sale of Property, Plant and Equipment          |      | -                                     | -                                     |
| <b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b> |      | <b>(507,786)</b>                      | <b>(183,475)</b>                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                                       |                                       |
| Contributed Capital from Government                          |      | -                                     | -                                     |
| <b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b> |      | <b>-</b>                              | <b>-</b>                              |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                  |      | <b>112,533</b>                        | <b>(130,464)</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      |      | <b>121,594</b>                        | <b>252,058</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | 5    | <b>234,127</b>                        | <b>121,594</b>                        |

This Statement should be read in conjunction with the accompanying notes



## Note 1: Statement of Significant Accounting Policies

### (a) Statement of compliance

The 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 complies 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 AAS's.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009.

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 are reported.

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, the 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 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 and loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is recognised.

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

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 judgments, 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 judgments. Actual results may differ from these estimates.

## Note 1: Statement of Significant Accounting Policies

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

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 Maldon Hospital.

Its principal address is:

Chapel Street

Maldon

Victoria 3463

### (d) Rounding Of Amounts

All amounts shown in the financial statements are expressed to the nearest dollar unless otherwise stated.

Figures in the financial statements may not equal due to rounding.

### (e) Functional and Presentation Currency

The presentation currency of the Maldon Hospital 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 borrowings 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 where 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.

Cost for all other inventory is measured on the basis of weighted average cost.

## Note 1: Statement of Significant Accounting Policies

### (h) Inventories (continued)

#### 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 Maldon Hospital 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.

Maldon Hospital 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 and loss are subject to annual review for impairment.

#### 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.

#### 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 profit or loss for the period. Fair value is determined in the manner described in Note 14.

### (j) Property, Plant and Equipment

*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 depreciated replacement cost because of the short lives of the assets concerned.

## Note 1: Statement of Significant Accounting Policies

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

Non-current physical assets measured at fair value are revalued 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 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 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 derecognition of the relevant asset.

In accordance with FRD 103D, Maldon Hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### (l) Depreciation and Amortisation

Assets with a cost in excess of \$1,000 (2008-09 and 2009-10) 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.

|                   | 2010           | 2009           |
|-------------------|----------------|----------------|
| Buildings         | Up to 50 Years | Up to 50 Years |
| Plant & Equipment | Up to 15 Years | Up to 15 Years |
| Leased Assets     | Up to 15 Years | Up to 15 Years |
| Motor Vehicles    | Up to 8 Years  | Up to 8 Years  |

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

## Note 1: Statement of Significant Accounting Policies

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

- Net gain/(loss) on non-financial includes realised and unrealised gains and losses from revaluations, impairments and disposal 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;
- 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 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.

### (n) 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 disposal 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 Australian Accounting Standards. 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.

## Note 1: Statement of Significant Accounting Policies

### (o) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, 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 Net 30 days.

### (p) 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.

### (q) 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 operating cash flow.

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

### (r) 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 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, classified as current liabilities and measured at nominal values.

Those liabilities that the Health Service are not expected to be settled within 12 months are recognised in the provision for employee benefits as 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.

## Note 1: Statement of Significant Accounting Policies

### (r) Employee Benefits (continued)

#### 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 Maldon Hospital 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 Maldon Hospital does not expect to settle within 12 months; and
- nominal value – component that the Maldon Hospital 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 expenses 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 Maldon Hospital are entitled to receive superannuation benefits and the Maldon Hospital contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

## Note 1: Statement of Significant Accounting Policies

### (r) Employee Benefits (continued)

#### Superannuation (continued)

The name and details of the major employee superannuation funds and contributions made by the Maldon Hospital are as follows:

| Fund                               | Contributions Paid or Payable for the year |                |
|------------------------------------|--|----------------|
|                                    | 2010                                       | 2009           |
|                                    | \$   | \$             |
| <b>Defined benefit plans:</b>      |  |                |
| Health Super Pty Ltd               | 9,595                                      | 15,728         |
| <b>Defined contribution plans:</b> |  |                |
| Health Super Pty Ltd               | 137,891                                    | 135,975        |
| Hesta Super Fund                   | 9,307                                      | 6,929          |
| Other                              | 6,221                                      | 10,272         |
| <b>Total</b>                       | <b>163,014</b>                             | <b>168,904</b> |

The Maldon Hospital 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 nominal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

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



## Note 1: Statement of Significant Accounting Policies

### (s) 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*.

### (t) Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of the Maldon Hospital 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.

### (u) Joint Ventures

Interests in jointly controlled assets are accounted for by recognising in the Maldon Hospital's financial statements, its share of assets, liabilities and any revenue and expenses of such joint ventures. Details of the joint venture are set out in Note 18.

### (v) Intersegment Transactions

Transactions between segments within the Maldon Hospital have been eliminated to reflect the extent of the Maldon Hospital's operations as a group.

### (w) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. 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

Grants are recognised as income when the Health Service gains control of the underlying assets in accordance with AASB 1004 *Contributions*. For reciprocal grants, Maldon Hospital is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, Maldon Hospital 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.

## Note 1: Statement of Significant Accounting Policies

### (w) Income Recognition (continued)

#### 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.

### (x) Fund Accounting

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

### (y) 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 (Non HSA)* are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

### (z) Property, Plant & Equipment Revaluation Surplus

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

### (aa) 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.

### (ab) 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.

### (ac) Commitments

Commitments are not recognised on the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

## Note 1: Statement of Significant Accounting Policies

### (ad) 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.

### (ae) Net Result Before Capital & Specific Items

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 Maldon Hospital. 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 revenues and expenses. The exclusion of these items are 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 Maldon Hospital, 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. 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) & (n)
- ❖ Depreciation and amortisation, as described in note 1 (l)
- ❖ Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (l)), 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

## Note 1: Statement of Significant Accounting Policies (continued)

### (af) Category Groups

The Maldon Hospital 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.

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

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

### (ag) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2010. Maldon Hospital has not and does not intend to adopt these standards early.

| Standard / Interpretation   | Summary   | Applicable for Annual Reporting periods beginning on | Impact on Health Services Financial Statements   |
|---|---|--|--|
| AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139] | Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes. | Beginning 1 Jan 2010                                 | Terminology and editorial changes. Impact minor. |

## Note 1: Statement of Significant Accounting Policies (continued)

### (ag) New Accounting Standards and Interpretations (continued)

| Standard / Interpretation  | Summary   | Applicable for Annual Reporting periods beginning on | Impact on Health Services Financial Statements  |
|--|---|--|---|
| AASB 2009-9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]   | Applies to Health Services adopting Australian Accounting Standards for the first time, to ensure Health Services will not face undue cost or effort in the transition process in particular situations.  | Beginning 1 Jan 2010                                 | No Impact. Relates only to first time adopters of Australian Accounting Standards.  |
| AASB 124 Related party disclosures (Dec 2009)  | Government related Health Services have been granted partial exemption with certain disclosure requirements.  | Beginning 1 Jan 2011                                 | Preliminary assessment suggests that impact is insignificant. However, the Health Service is still assessing the detailed impact and whether to early adopt.  |
| AASB 2009-12 Amendments to Australian Accounting Standards [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 Health Services 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                                 | AASB 8 does not apply to Health Services therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant. |
| AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]   | Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a minimum funding requirement</i>   | Beginning 1 Jan 2011                                 | Expected to have no significant impact  |
| AASB 9 Financial Instruments   | 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 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12] | This gives effect to consequential changes arising from the issuance of AASB 9.   | Beginning 1 Jan 2013                                 | Detail of impact is still being assessed.   |

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Note 2: Revenue

|   | HSA<br>2010<br>\$ | HSA<br>2009<br>\$ | Non HSA<br>2010<br>\$ | Non HSA<br>2009<br>\$ | Total<br>2010<br>\$ | Total<br>2009<br>\$ |
|---|-------------------|-------------------|-----------------------|-----------------------|---------------------|---------------------|
| <b>Revenue from Operating Activities</b>                    |                   |                   |                       |                       |                     |                     |
| Government Grants   |                   |                   |                       |                       |                     |                     |
| - Department of Health                                      | 1,558,838         | 1,457,526         | -                     | -                     | 1,558,838           | 1,457,526           |
| - Commonwealth Government                                   |                   |                   |                       |                       |                     |                     |
| - Residential Aged Care Subsidy                             | 1,238,167         | 1,140,410         | -                     | -                     | 1,238,167           | 1,140,410           |
| <b>Total Government Grants</b>                              | <b>2,797,005</b>  | <b>2,597,936</b>  | <b>-</b>              | <b>-</b>              | <b>2,797,005</b>    | <b>2,597,936</b>    |
| <b>Indirect Contributions by Department of Health</b>       |                   |                   |                       |                       |                     |                     |
| - Insurance   | 65,416            | 55,052            | -                     | -                     | 65,416              | 55,052              |
| - Long Service Leave  | 49,021            | 34,682            | -                     | -                     | 49,021              | 34,682              |
| <b>Total Indirect Contributions by Department of Health</b> | <b>104,437</b>    | <b>89,734</b>     | <b>-</b>              | <b>-</b>              | <b>104,437</b>      | <b>89,734</b>       |
| <b>Patient and Resident Fees</b>                            |                   |                   |                       |                       |                     |                     |
| - Patient and Resident Fees (refer note 2b)                 | 89,942            | 109,381           | -                     | -                     | 89,942              | 109,381             |
| - Residential Aged Care (refer note 2b)                     | 387,264           | 380,629           | -                     | -                     | 387,264             | 380,629             |
| <b>Total Patient &amp; Resident Fees</b>                    | <b>477,206</b>    | <b>490,010</b>    | <b>-</b>              | <b>-</b>              | <b>477,206</b>      | <b>490,010</b>      |
| <b>Other Revenue from Operating Activities</b>              | <b>20,125</b>     | <b>28,080</b>     | <b>-</b>              | <b>-</b>              | <b>20,125</b>       | <b>28,080</b>       |
| <b>Sub-Total Revenue from Operating Activities</b>          | <b>3,398,773</b>  | <b>3,205,760</b>  | <b>-</b>              | <b>-</b>              | <b>3,398,773</b>    | <b>3,205,760</b>    |
| <b>Revenue from Non-Operating Activities</b>                |                   |                   |                       |                       |                     |                     |
| Interest  | -                 | -                 | 99,327                | 129,795               | 99,327              | 129,795             |
| Other Revenue from Non-Operating Activities                 | -                 | -                 | 13,935                | 20,030                | 13,935              | 20,030              |
| <b>Sub-Total Revenue from Non-Operating Activities</b>      | <b>-</b>          | <b>-</b>          | <b>113,262</b>        | <b>149,825</b>        | <b>113,262</b>      | <b>149,825</b>      |
| <b>Revenue from Capital Purpose Income</b>                  |                   |                   |                       |                       |                     |                     |
| State Government Capital Grants                             |                   |                   |                       |                       |                     |                     |
| - Targeted Capital Works and Equipment                      | 86,016            | 109,951           | -                     | -                     | 86,016              | 109,951             |
| Donations and Bequests                                      | -                 | -                 | 16,225                | 8,323                 | 16,225              | 8,323               |
| Residential Accommodation Payments (refer note 2b)          | -                 | -                 | 33,129                | 44,662                | 33,129              | 44,662              |
| <b>Sub-Total Revenue from Capital Purpose Income</b>        | <b>86,016</b>     | <b>109,951</b>    | <b>49,354</b>         | <b>52,985</b>         | <b>135,370</b>      | <b>162,936</b>      |
| <b>Total Revenue (refer to note 2a)</b>                     | <b>3,484,789</b>  | <b>3,315,711</b>  | <b>162,616</b>        | <b>202,810</b>        | <b>3,647,405</b>    | <b>3,518,521</b>    |

**Indirect contributions by Department of Health**

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

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Note 2a: Analysis of Revenue by Source

|  | Admitted Patients<br>2010<br>\$ | RAC<br>2010<br>\$ | Aged Care<br>2010<br>\$ | Other<br>2010<br>\$ | Total<br>2010<br>\$ |
|--|---------------------------------|-------------------|-------------------------|---------------------|---------------------|
| <b>Revenue from Services Supported by Health Services Agreement</b>                    |                                 |                   |                         |                     |                     |
| Government Grants  | 954,133                         | 1,661,626         | 181,246                 | -                   | 2,797,005           |
| Indirect contributions by Department of Health   | 104,437                         | -                 | -                       | -                   | 104,437             |
| Patient and Resident Fees (refer note 2b)  | 35,698                          | 387,264           | 54,244                  | -                   | 477,206             |
| Other Revenue from Operating Sources   | 20,125                          | -                 | -                       | -                   | 20,125              |
| <b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>          | <b>1,114,393</b>                | <b>2,048,890</b>  | <b>235,490</b>          | <b>-</b>            | <b>3,398,773</b>    |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>           |                                 |                   |                         |                     |                     |
| Accommodation Charges (refer note 2b)  | -                               | 33,129            | -                       | -                   | 33,129              |
| Bank & Investment Income   | -                               | -                 | -                       | 99,327              | 99,327              |
| Capital Purpose Income (refer note 2)  | 86,016                          | -                 | -                       | 16,225              | 102,241             |
| Other  | -                               | -                 | -                       | 13,935              | 13,935              |
| <b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>86,016</b>                   | <b>33,129</b>     | <b>-</b>                | <b>129,487</b>      | <b>248,632</b>      |
| <b>Total Revenue</b>   | <b>1,200,409</b>                | <b>2,082,019</b>  | <b>235,490</b>          | <b>129,487</b>      | <b>3,647,405</b>    |

|  | Admitted Patients<br>2009<br>\$ | RAC<br>2009<br>\$ | Aged Care<br>2009<br>\$ | Other<br>2009<br>\$ | Total<br>2009<br>\$ |
|--|---------------------------------|-------------------|-------------------------|---------------------|---------------------|
| <b>Revenue from Services Supported by Health Services Agreement</b>                    |                                 |                   |                         |                     |                     |
| Government Grants  | 872,592                         | 1,553,080         | 172,164                 | 100                 | 2,597,936           |
| Indirect contributions by Department of Health   | 89,734                          | -                 | -                       | -                   | 89,734              |
| Patient and Resident Fees (refer note 2b)  | 57,335                          | 380,629           | 52,046                  | -                   | 490,010             |
| Other Revenue from Operating Sources   | 28,080                          | -                 | -                       | -                   | 28,080              |
| <b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>          | <b>1,047,741</b>                | <b>1,933,709</b>  | <b>224,210</b>          | <b>100</b>          | <b>3,205,760</b>    |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>           |                                 |                   |                         |                     |                     |
| Accommodation Charges (refer note 2b)  | -                               | 44,662            | -                       | -                   | 44,662              |
| Bank & Investment Income   | -                               | -                 | -                       | 129,795             | 129,795             |
| Capital Purpose Income (refer note 2)  | 109,951                         | -                 | -                       | 8,323               | 118,274             |
| Other  | -                               | -                 | -                       | 20,030              | 20,030              |
| <b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>109,951</b>                  | <b>44,662</b>     | <b>-</b>                | <b>158,148</b>      | <b>312,761</b>      |
| <b>Total Revenue</b>   | <b>1,157,692</b>                | <b>1,978,371</b>  | <b>224,210</b>          | <b>158,248</b>      | <b>3,518,521</b>    |

**Note 2b: Patient and Resident Fees**

|   | 2010           | 2009           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Patient and Resident Fees Raised</b> |                |                |
| <b>Recurrent:</b>                       |                |                |
| Acute                                   |                |                |
| - Inpatients                            | 36,698         | 57,335         |
| Residential Aged Care                   |                |                |
| - Fees & Charges                        | 387,264        | 380,629        |
| Other                                   |                |                |
| - District Nursing                      | 54,244         | 52,046         |
| <b>Total Recurrent</b>                  | <u>477,206</u> | <u>490,010</u> |
| <b>Capital Purpose:</b>                 |                |                |
| Residential Accommodation Payments (*)  | <u>33,129</u>  | <u>44,662</u>  |
| <b>Total Capital</b>                    | <u>33,129</u>  | <u>44,662</u>  |

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



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Note 3: Expenses

|  | HSA<br>2010<br>\$ | HSA<br>2009<br>\$ | Non HSA<br>2010<br>\$ | Non HSA<br>2009<br>\$ | Total<br>2010<br>\$ | Total<br>2009<br>\$ |
|--|-------------------|-------------------|-----------------------|-----------------------|---------------------|---------------------|
| <b>Employee Benefits</b>                               |                   |                   |                       |                       |                     |                     |
| Salaries & Wages                                       | 2,149,470         | 2,067,225         | 30,844                | 29,832                | 2,186,314           | 2,097,057           |
| WorkCover Premium                                      | 43,830            | 45,520            | 713                   | 717                   | 44,543              | 46,237              |
| Long Service Leave                                     | 3,292             | 17,170            | 54                    | 270                   | 3,346               | 17,440              |
| Superannuation   | 162,656           | 166,277           | 358                   | 2,627                 | 163,014             | 168,904             |
| <b>Total Employee Benefits</b>                         | <b>2,359,248</b>  | <b>2,296,192</b>  | <b>37,969</b>         | <b>33,446</b>         | <b>2,397,217</b>    | <b>2,329,638</b>    |
| <b>Non Salary Labour Costs</b>                         |                   |                   |                       |                       |                     |                     |
| Fees for Visiting Medical Officers                     | 90,785            | 92,582            | -                     | -                     | 90,785              | 92,582              |
| <b>Total Non Salary Labour Costs</b>                   | <b>90,785</b>     | <b>92,582</b>     | <b>-</b>              | <b>-</b>              | <b>90,785</b>       | <b>92,582</b>       |
| <b>Supplies and Consumables</b>                        |                   |                   |                       |                       |                     |                     |
| Drug Supplies  | 14,639            | 10,290            | -                     | -                     | 14,639              | 10,290              |
| Medical, Surgical Supplies and Prosthesis              | 47,540            | 25,862            | -                     | -                     | 47,540              | 25,862              |
| Food Supplies  | 191,350           | 182,159           | 5,219                 | 5,513                 | 196,569             | 187,672             |
| <b>Total Supplies and Consumables</b>                  | <b>253,529</b>    | <b>218,311</b>    | <b>5,219</b>          | <b>5,513</b>          | <b>258,748</b>      | <b>223,824</b>      |
| <b>Other Expenses from Continuing Operations</b>       |                   |                   |                       |                       |                     |                     |
| Domestic Services & Supplies                           | 61,550            | 49,500            | -                     | -                     | 61,550              | 49,500              |
| Fuel, Light, Power and Water                           | 67,665            | 63,393            | 9,227                 | 8,644                 | 76,892              | 72,037              |
| Insurance costs funded by DH                           | 48,768            | 48,446            | 6,650                 | 6,606                 | 55,418              | 55,052              |
| Motor Vehicle Expenses                                 | 9,850             | 8,518             | -                     | -                     | 9,850               | 8,518               |
| Repairs & Maintenance                                  | 138,769           | 121,192           | -                     | -                     | 138,769             | 121,192             |
| Patient Transport                                      | 2,453             | 1,494             | -                     | -                     | 2,453               | 1,494               |
| Bad & Doubtful Debts                                   | -                 | 11,896            | -                     | -                     | -                   | 11,896              |
| Other Administrative Expenses                          | 159,318           | 155,803           | 21,982                | 21,553                | 181,300             | 177,356             |
| Other  | 2,974             | 4,584             | -                     | -                     | 2,974               | 4,584               |
| <b>Audit Fees</b>                                      |                   |                   |                       |                       |                     |                     |
| Auditor-General's (refer note 20)                      | -                 | -                 | 9,500                 | 8,800                 | 9,500               | 8,800               |
| Other  | -                 | -                 | 5,200                 | 13,000                | 5,200               | 13,000              |
| <b>Total Other Expenses from Continuing Operations</b> | <b>491,345</b>    | <b>464,626</b>    | <b>52,559</b>         | <b>58,603</b>         | <b>543,904</b>      | <b>523,229</b>      |
| <b>Expenditure using Capital Purpose Income</b>        |                   |                   |                       |                       |                     |                     |
| Salaries & Wages                                       | -                 | -                 | 33,840                | -                     | 33,840              | -                   |
| <b>Total Expenditure using Capital Purpose Income</b>  | <b>-</b>          | <b>-</b>          | <b>33,840</b>         | <b>-</b>              | <b>33,840</b>       | <b>-</b>            |
| Depreciation and Amortisation (refer note 4)           | -                 | -                 | 504,845               | 184,484               | 504,845             | 184,484             |
| Specific Expenses (refer note 3b)                      | -                 | -                 | 3,115                 | 2,088                 | 3,115               | 2,088               |
| <b>Total</b>   | <b>-</b>          | <b>-</b>          | <b>507,960</b>        | <b>186,572</b>        | <b>507,960</b>      | <b>186,572</b>      |
| <b>Total Expenses</b>                                  | <b>3,194,907</b>  | <b>3,071,711</b>  | <b>637,547</b>        | <b>284,134</b>        | <b>3,832,454</b>    | <b>3,355,845</b>    |

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Note 3a: Analysis of Expenses by Source

|   | Admitted<br>Patients<br>2010<br>\$ | RAC<br>2010<br>\$ | Aged<br>Care<br>2010<br>\$ | Other<br>2010<br>\$ | Total<br>2010<br>\$ |
|---|------------------------------------|-------------------|----------------------------|---------------------|---------------------|
| <b>Services Supported by Health Services Agreement</b>  |                                    |                   |                            |                     |                     |
| Employee Benefits   | 376,021                            | 1,811,699         | 171,528                    | -                   | 2,359,248           |
| Non Salary Labour Costs   | 90,785                             | -                 | -                          | -                   | 90,785              |
| Supplies & Consumables  | 62,507                             | 181,423           | 9,599                      | -                   | 253,529             |
| Other Expenses from Continuing Operations   | 55,866                             | 418,911           | 16,569                     | -                   | 491,345             |
| <b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>  | <b>585,178</b>                     | <b>2,412,033</b>  | <b>197,696</b>             | <b>-</b>            | <b>3,194,907</b>    |
| <b>Services Supported by Hospital and Community Initiatives</b>   |                                    |                   |                            |                     |                     |
| Employee Benefits   | -                                  | -                 | -                          | 37,969              | 37,969              |
| Supplies & Consumables  | -                                  | -                 | -                          | 5,219               | 5,219               |
| Other Expenses from Continuing Operations   | -                                  | -                 | -                          | 37,859              | 37,859              |
| <b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>                                      | <b>-</b>                           | <b>-</b>          | <b>-</b>                   | <b>81,047</b>       | <b>81,047</b>       |
| <b>Expenditure using Capital Purpose Income</b>   |                                    |                   |                            |                     |                     |
| Employee Benefits   | -                                  | -                 | -                          | 33,840              | 33,840              |
| <b>Sub-Total Expenditure using Capital Purpose Income</b>   | <b>-</b>                           | <b>-</b>          | <b>-</b>                   | <b>33,840</b>       | <b>33,840</b>       |
| Depreciation and Amortisation (refer note 4)  | -                                  | -                 | -                          | 504,845             | 504,845             |
| Audit Fees  |                                    |                   |                            |                     |                     |
| Auditor-General's (refer note 20)   | -                                  | -                 | -                          | 9,500               | 9,500               |
| Other   | -                                  | -                 | -                          | 5,200               | 5,200               |
| Specific Expenses (refer note 3b)   | -                                  | -                 | -                          | 3,115               | 3,115               |
| <b>Sub-Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives</b> | <b>-</b>                           | <b>-</b>          | <b>-</b>                   | <b>522,660</b>      | <b>522,660</b>      |
| <b>Total Expenses from Continuing Operations</b>  | <b>585,178</b>                     | <b>2,412,033</b>  | <b>197,696</b>             | <b>637,547</b>      | <b>3,832,454</b>    |

## Note 3a: Analysis of Expenses by Source (Continued)

|   | Admitted<br>Patients'<br>2009<br>\$ | RAC<br>2009<br>\$ | Aged<br>Care<br>2009<br>\$ | Other<br>2009<br>\$ | Total<br>2009<br>\$ |
|---|-------------------------------------|-------------------|----------------------------|---------------------|---------------------|
| <b>Services Supported by Health Services Agreement</b>  |                                     |                   |                            |                     |                     |
| Employee Benefits   | 260,897                             | 1,925,525         | 109,770                    | -                   | 2,296,192           |
| Non Salary Labour Costs   | 92,582                              | -                 | -                          | -                   | 92,582              |
| Supplies & Consumables  | 55,241                              | 154,318           | 8,752                      | -                   | 218,311             |
| Other Expenses from Continuing Operations   | 50,424                              | 397,045           | 17,157                     | -                   | 464,626             |
| <b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>  | <b>459,144</b>                      | <b>2,476,888</b>  | <b>135,679</b>             | <b>-</b>            | <b>3,071,711</b>    |
| <b>Services Supported by Hospital and Community Initiatives</b>   |                                     |                   |                            |                     |                     |
| Employee Benefits   | -                                   | -                 | -                          | 33,446              | 33,446              |
| Supplies & Consumables  | -                                   | -                 | -                          | 5,513               | 5,513               |
| Other Expenses from Continuing Operations   | -                                   | -                 | -                          | 36,803              | 36,803              |
| <b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>                                      | <b>-</b>                            | <b>-</b>          | <b>-</b>                   | <b>75,762</b>       | <b>75,762</b>       |
| <b>Expenditure using Capital Purpose Income</b>   |                                     |                   |                            |                     |                     |
| Employee Benefits   | -                                   | -                 | -                          | -                   | -                   |
| <b>Sub-Total Expenditure using Capital Purpose Income</b>   | <b>-</b>                            | <b>-</b>          | <b>-</b>                   | <b>-</b>            | <b>-</b>            |
| Depreciation and Amortisation (refer note 4)  | -                                   | -                 | -                          | 184,484             | 184,484             |
| Audit Fees  | -                                   | -                 | -                          | 8,800               | 8,800               |
| Auditor-General's (refer note 20)   | -                                   | -                 | -                          | 13,000              | 13,000              |
| Other   | -                                   | -                 | -                          | 2,088               | 2,088               |
| Specific Expenses (refer note 3b)   | -                                   | -                 | -                          | 2,088               | 2,088               |
| <b>Sub-Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives</b> | <b>-</b>                            | <b>-</b>          | <b>-</b>                   | <b>200,372</b>      | <b>200,372</b>      |
| <b>Total Expenses from Continuing Operations</b>  | <b>459,144</b>                      | <b>2,476,888</b>  | <b>135,679</b>             | <b>284,134</b>      | <b>3,355,845</b>    |

## Note 3b: Specific Expenses

|                          | 2010<br>\$   | 2009<br>\$   |
|--------------------------|--------------|--------------|
| <b>Specific Expenses</b> |              |              |
| FBT Expenses             | 3,115        | 2,088        |
| <b>TOTAL</b>             | <b>3,115</b> | <b>2,088</b> |

**Note 4: Depreciation**

|                   | 2010           | 2009           |
|-------------------|----------------|----------------|
|                   | \$             | \$             |
| Buildings         | 428,661        | 119,461        |
| Plant & Equipment | 52,262         | 41,299         |
| Motor Vehicles    | 24,022         | 23,724         |
| <b>TOTAL</b>      | <b>504,845</b> | <b>184,484</b> |

**Note 5: Cash and Cash Equivalents**

|              | 2010           | 2009           |
|--------------|----------------|----------------|
|              | \$             | \$             |
| Cash on Hand | 200            | 200            |
| Cash at Bank | 276,667        | 184,268        |
| <b>TOTAL</b> | <b>276,867</b> | <b>184,468</b> |

**Represented by:**

|   |                |                |
|---|----------------|----------------|
| Cash for Hospital Operations (as per Cash Flow Statement) | 234,127        | 121,594        |
| Share of Net Result of Joint Ventures (refer note 18)     | 42,740         | 62,874         |
| <b>TOTAL</b>  | <b>276,867</b> | <b>184,468</b> |

**Note 6: Receivables**

|                                      | 2010           | 2009           |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| <b>CURRENT</b>                       |                |                |
| <b>Contractual</b>                   |                |                |
| Inter Hospital Debtors               | -              | 304            |
| Trade Debtors                        | 40,059         | 107,066        |
| Patient Fees                         | 73,873         | 49,900         |
| Less Allowance for Doubtful Debts    |                |                |
| Patient Fees                         | (14,838)       | (14,838)       |
|                                      | 99,094         | 142,431        |
| <b>Statutory</b>                     |                |                |
| GST Receivable                       | 40,276         | -              |
|                                      | 40,276         | -              |
| <b>TOTAL CURRENT RECEIVABLES</b>     | <b>139,369</b> | <b>142,431</b> |
| <b>NON CURRENT</b>                   |                |                |
| <b>Statutory</b>                     |                |                |
| Long Service Leave - DH              | 94,265         | 45,604         |
| <b>TOTAL NON CURRENT RECEIVABLES</b> | <b>94,265</b>  | <b>45,604</b>  |
| <b>TOTAL RECEIVABLES</b>             | <b>233,634</b> | <b>188,035</b> |

**(b) Ageing analysis of receivables**

Please refer to note 14(b) for the ageing analysis of receivables.

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

Please refer to note 14(b) for the nature and extent of risks arising from receivables.

**Note 7: Other Financial Assets**

|  | Capital<br>Fund<br>2010<br>\$ | Capital<br>Fund<br>2009<br>\$ | Total<br>2010<br>\$ | Total<br>2009<br>\$ |
|--|-------------------------------|-------------------------------|---------------------|---------------------|
| <b>CURRENT</b>                                   |                               |                               |                     |                     |
| Available-for-Sale Financial Assets              |                               |                               |                     |                     |
| - Cash at Bank                                   | 481,080                       | 59,712                        | 481,080             | 59,712              |
| - Deposits at Call                               | 2,005,307                     | 2,257,435                     | 2,005,307           | 2,257,435           |
| <b>TOTAL CURRENT</b>                             | <u>2,466,387</u>              | <u>2,317,147</u>              | <u>2,466,387</u>    | <u>2,317,147</u>    |
| Represented by:                                  |                               |                               |                     |                     |
| Hospital Investments                             |                               |                               | 1,775,941           | 1,802,627           |
| Monies Held In Trust                             |                               |                               |                     |                     |
| - Accommodation Bonds (Refundable Entrance Fees) |                               |                               | <u>690,446</u>      | <u>514,520</u>      |
| <b>TOTAL</b>                                     |                               |                               | <u>2,466,387</u>    | <u>2,317,147</u>    |

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

Please refer to note 14(c) for the ageing analysis of other financial assets.

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

Please refer to note 14(c) for the nature and extent of risks arising from other financial assets.

**Note 8: Property, Plant & Equipment**

|                                     | 2010<br>\$       | 2009<br>\$       |
|-------------------------------------|------------------|------------------|
| <b>Land</b>                         |                  |                  |
| - Land at Fair Value                | 200,000          | 200,000          |
| <b>Total Land</b>                   | <u>200,000</u>   | <u>200,000</u>   |
| <b>Buildings</b>                    |                  |                  |
| - Buildings at Cost                 | 168,521          | -                |
| Less Accumulated Depreciation       | (2,450)          | -                |
|                                     | <u>166,071</u>   | -                |
| - Buildings at Valuation            | 11,171,528       | 11,171,528       |
| Less Accumulated Depreciation       | (4,582,636)      | (4,166,626)      |
|                                     | <u>6,588,892</u> | <u>7,015,002</u> |
| <b>Total Buildings</b>              | <u>6,754,963</u> | <u>7,015,002</u> |
| <b>Plant and Equipment</b>          |                  |                  |
| - Plant and Equipment at Cost       | 5,688            | 835              |
| Less Accumulated Depreciation       | (1,040)          | (202)            |
| - Plant and Equipment at Fair Value | 290,826          | 179,336          |
| Less Accumulated Depreciation       | (51,425)         | -                |
| <b>Total Plant and Equipment</b>    | <u>244,049</u>   | <u>179,969</u>   |
| <b>Motor Vehicles</b>               |                  |                  |
| - Motor Vehicles at Fair Value      | 94,818           | 94,818           |
| Less Accumulated Depreciation       | (24,022)         | -                |
| <b>Total Motor Vehicles</b>         | <u>70,796</u>    | <u>94,818</u>    |
| <b>TOTAL</b>                        | <u>7,269,808</u> | <u>7,489,789</u> |

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 on the next page.

**Note 8: Property, Plant & Equipment (continued)**

|   | Land<br>\$ | Buildings<br>\$ | Plant &<br>Equipment<br>\$ | Motor<br>Vehicles<br>\$ | Total<br>\$ |
|---|------------|-----------------|----------------------------|-------------------------|-------------|
| Balance at 1 July 2008                                | 90,000     | 3,860,269       | 114,947                    | 87,436                  | 4,152,652   |
| Additions   | -          | 60,116          | 105,486                    | 31,106                  | 196,708     |
| Revaluation   | 110,000    | 3,214,078       | -                          | -                       | 3,324,078   |
| Disposals   | -          | -               | -                          | -                       | -           |
| Share of Net Result of Joint Ventures (refer note 18) | -          | -               | 835                        | -                       | 835         |
| Depreciation (note 4)                                 | -          | (119,461)       | (41,299)                   | (23,724)                | (184,484)   |
| Balance at 1 July 2009                                | 200,000    | 7,015,002       | 179,969                    | 94,818                  | 7,489,789   |
| Additions   | -          | 168,521         | 111,490                    | -                       | 280,011     |
| Revaluation   | -          | -               | -                          | -                       | -           |
| Disposals   | -          | -               | -                          | -                       | -           |
| Share of Net Result of Joint Ventures (refer note 18) | -          | -               | 4,853                      | -                       | 4,853       |
| Depreciation (note 4)                                 | -          | (428,561)       | (52,262)                   | (24,022)                | (504,845)   |
| Balance at 30 June 2010                               | 200,000    | 6,754,962       | 244,050                    | 70,796                  | 7,269,808   |

**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 land and buildings. The valuation, is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

**Plant and Equipment at Fair Value**

A valuation of Maldon Hospital's plant and equipment was undertaken by management to determine the fair value of the plant and equipment. The effective date of the valuation is 30 June 2010.

**Note 9: Payables**

|                        | 2010<br>\$     | 2009<br>\$     |
|------------------------|----------------|----------------|
| <b>CURRENT</b>         |                |                |
| <b>Contractual</b>     |                |                |
| Trade Creditors        | 101,171        | 43,168         |
| Accrued Audit Fees     | 9,500          | 5,800          |
| Accrued Grant Recall   | 26,912         | 25,787         |
| Other Accrued Expenses | 163,501        | 142,779        |
|                        | 301,084        | 217,534        |
| <b>Statutory</b>       |                |                |
| GST Payable            | 1,457          | 18             |
| <b>TOTAL</b>           | <b>302,541</b> | <b>217,552</b> |

**(a) Maturity analysis of payables**

Please refer to note 14(c) for the ageing analysis of payables.

**(b) Nature and extent of risk arising from payables**

Please refer to note 14(c) for the nature and extent of risks arising from payables.

**Note 10: Employee Benefits and Related On-Costs Provisions**

|   | 2010<br>\$     | 2009<br>\$     |
|---|----------------|----------------|
| <b>Current Provision</b>  |                |                |
| <b>Employee Benefits</b>  |                |                |
| - Unconditional and expected to be settled within 12 months                 | 191,894        | 195,698        |
| - Unconditional and expected to be settled after 12 months                  | 209,082        | 208,410        |
|   | <u>400,976</u> | <u>404,108</u> |
| <b>Provision related to Employee Benefits On-costs</b>                      |                |                |
| - Unconditional and expected to be settled within 12 months (nominal value) | 20,773         | 21,534         |
| - Unconditional and expected to be settled within 12 months (present value) | 29,526         | 29,495         |
|   | <u>50,299</u>  | <u>51,029</u>  |
| <b>Total Current Provision</b>  | <u>451,275</u> | <u>455,137</u> |
| <b>Non-Current Provision</b>  |                |                |
| <b>Employee Benefits</b>  | 58,003         | 64,278         |
| <b>Provision related to Employee Benefits On-Costs</b>                      | 6,961          | 7,714          |
|   | <u>64,964</u>  | <u>71,992</u>  |
| <b>Total Non-Current Provision</b>  |                |                |
| <b>Current Employee Benefits</b>  |                |                |
| Unconditional long service leave entitlements                               | 168,499        | 166,380        |
| Annual leave entitlements   | 185,274        | 190,098        |
| Accrued wages & salaries  | 44,553         | 43,587         |
| Accrued days off  | 2,650          | 4,043          |
| <b>Non-Current Employee Benefits</b>  |                |                |
| Conditional long service leave entitlements (present value)                 | 58,003         | 64,278         |
| <b>Total Employee Benefits</b>  | <u>468,979</u> | <u>468,386</u> |
| <b>On-Costs</b>   |                |                |
| Current On-Costs  | 50,299         | 51,029         |
| Non-Current On-Costs  | 6,961          | 7,714          |
| <b>Total On-Costs</b>   | <u>57,260</u>  | <u>58,743</u>  |
| <b>Total Employee Benefits and Related On-Costs</b>                         | <u>516,239</u> | <u>527,129</u> |
| <b><u>Movement in Long Service Leave:</u></b>                               |                |                |
| Balance at start of year  | 258,338        | 240,898        |
| Provision made during the year  | 34,960         | 61,822         |
| Settlement made during the year   | (39,616)       | (44,382)       |
| <b>Balance at end of year</b>   | <u>253,683</u> | <u>258,338</u> |

**Note 11: Other Liabilities**

|                              | 2010<br>\$     | 2009<br>\$     |
|------------------------------|----------------|----------------|
| <b>CURRENT</b>               |                |                |
| Patient Monies Held In Trust | 10,501         | 8,245          |
| Accommodation Bonds          | 690,446        | 514,520        |
| <b>TOTAL</b>                 | <u>700,947</u> | <u>522,765</u> |



**Note 12: Equity & Reserves**

|   | 2010<br>\$       | 2009<br>\$       |
|---|------------------|------------------|
| <b>(a) Reserves</b>   |                  |                  |
| <b>Property, Plant and Equipment Revaluation Reserve</b>                        |                  |                  |
| Balance at the beginning of the reporting period                                | 3,868,527        | 544,449          |
| Increase/Decrease during the year   |                  |                  |
| - Land  | -                | 110,000          |
| - Buildings   | -                | 3,214,078        |
| Balance at the end of the reporting period                                      | <u>3,868,527</u> | <u>3,868,527</u> |
| Represented by:   |                  |                  |
| - Land  | 140,000          | 140,000          |
| - Buildings   | <u>3,728,527</u> | <u>3,728,527</u> |
|   | <u>3,868,527</u> | <u>3,868,527</u> |
| <b>Restricted Specific Purpose Reserve</b>                                      |                  |                  |
| <i>- Endowment Fund</i>   |                  |                  |
| Balance at the beginning of the reporting period                                | <u>840</u>       | <u>840</u>       |
| Balance at the end of the reporting period                                      | <u>840</u>       | <u>840</u>       |
| The balance of funds held in perpetuity is represented by investments of \$840. |                  |                  |
| <i>- Commonwealth Aged Care Capital Funding</i>                                 |                  |                  |
| Balance at the beginning of the reporting period                                | <u>98,847</u>    | <u>98,847</u>    |
| Balance at the end of the reporting period                                      | <u>98,847</u>    | <u>98,847</u>    |
| <b>Total Restricted Specific Purpose Reserve</b>                                | <u>99,687</u>    | <u>99,687</u>    |
| <b>Total Reserves</b>   | <u>3,968,214</u> | <u>3,968,214</u> |
| <b>(b) Contributed Capital</b>  |                  |                  |
| Balance at the beginning of the reporting period                                | 3,890,579        | 3,890,579        |
| Capital contribution received from Victorian Government                         | -                | -                |
| Balance at the end of the reporting period                                      | <u>3,890,579</u> | <u>3,890,579</u> |
| <b>(c) Accumulated Surpluses/(Deficits)</b>                                     |                  |                  |
| Balance at the beginning of the reporting period                                | 1,059,244        | 896,568          |
| Net Result for the Year   | <u>(185,049)</u> | <u>162,676</u>   |
| Balance at the end of the reporting period                                      | <u>874,195</u>   | <u>1,059,244</u> |
| <b>(d) Equity</b>   |                  |                  |
| Total Equity at the beginning of the reporting period                           | 8,918,037        | 5,431,283        |
| Total Changes in Equity recognised in the Statement of Changes in Equity        | <u>(185,049)</u> | <u>3,486,754</u> |
| Total Equity at the reporting date  | <u>8,732,988</u> | <u>8,918,037</u> |

**Note 13: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities**

|  | 2010           | 2009          |
|--|----------------|---------------|
|  | \$             | \$            |
| Net Result for the Year                                    | (185,049)      | 162,676       |
| Depreciation & Amortisation                                | 504,845        | 184,484       |
| Share of Net Result of Joint Ventures (refer note 18)      | 44,814         | (32,846)      |
| Change in Operating Assets & Liabilities                   |                |               |
| (Decrease) / Increase in Employee Benefits                 | (10,890)       | 35,727        |
| (Decrease) / Increase in Payables                          | 84,989         | 11,574        |
| Decrease / (Increase) in Prepayments                       | 366            | 3,976         |
| (Decrease) / Increase in Other Liabilities                 | 178,182        | (231,592)     |
| Decrease / (Increase) in Receivables                       | 3,062          | (80,988)      |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b> | <b>620,319</b> | <b>53,011</b> |

**Note 14: Financial Instruments**

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

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 of 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 Maldon Hospital's financial risks within the government policy parameters.

**Categorisation of financial Instruments**

|                                    |             |  | Carrying<br>Amount<br>2010 | Carrying<br>Amount<br>2009 |
|------------------------------------|-------------|--|----------------------------|----------------------------|
|                                    |             |  | \$                         | \$                         |
| <b>Financial Assets</b>            | <b>Note</b> | <b>Category</b>                                  |                            |                            |
| Cash and Cash Equivalents          | 5           | Cash   | 276,867                    | 184,468                    |
| Receivables                        | 6           | Loans & Receivables                              | 139,369                    | 142,431                    |
| Other Financial Assets             | 7           | Available for Sale                               | 2,466,387                  | 2,317,147                  |
| <b>Total Financial Assets</b>      |             |  | <b>2,882,623</b>           | <b>2,644,046</b>           |
| <b>Financial Liabilities</b>       |             |  |                            |                            |
| Payables                           | 9           | Financial Liabilities measured at amortised cost | 302,541                    | 217,552                    |
| Accommodation Bonds                | 11          | Financial Liabilities measured at amortised cost | 690,446                    | 514,520                    |
| Other Liabilities                  | 11          | Financial Liabilities measured at amortised cost | 10,501                     | 8,245                      |
| <b>Total Financial Liabilities</b> |             |  | <b>1,003,488</b>           | <b>740,317</b>             |

**Note 14: Financial Instruments (continued)****Net holding gain/(loss) on financial instruments by category**

|                               |               |                |
|-------------------------------|---------------|----------------|
| <b>Financial Assets</b>       |               |                |
| Cash and Cash Equivalents (i) | 9,231         | 10,449         |
| Receivables (i)               | -             | -              |
| Other Financial Assets (i)    | 90,096        | 110,346        |
|                               | <u>99,327</u> | <u>129,795</u> |
| <b>Financial Liabilities</b>  |               |                |
| Payables                      | -             | -              |
| Accommodation Bonds           | -             | -              |
| Other Liabilities             | -             | -              |
|                               | <u>-</u>      | <u>-</u>       |

(i) for cash and cash equivalents, loans or 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 impairments recognised in the net result.

**(b) Credit Risk Exposure**

Credit risk represents the loss that would be recognised if counterparties fail to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the entity have been recognised on the Balance Sheet, as the carrying amount, net of any provisions for doubtful debts.

Maldon Hospital's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes in the financial statements.

**Ageing analysis of Financial Asset as at 30 June**

|                               | Carrying Amount<br>\$ | Not Past Due and Not Impaired<br>\$ | Past Due but Not Impaired |                    |                         |                   | Impaired Financial Assets<br>\$ |
|-------------------------------|-----------------------|-------------------------------------|---------------------------|--------------------|-------------------------|-------------------|---------------------------------|
|                               |                       |                                     | Less than 1 Month<br>\$   | 1 - 3 Months<br>\$ | 3 Months - 1 Year<br>\$ | 1 - 5 Years<br>\$ |                                 |
| <b>2010</b>                   |                       |                                     |                           |                    |                         |                   |                                 |
| <b>Financial Assets</b>       |                       |                                     |                           |                    |                         |                   |                                 |
| Cash and Cash Equivalents     | 276,867               | 276,867                             | -                         | -                  | -                       | -                 | -                               |
| Receivables                   | 139,369               | 125,596                             | 9,338                     | 2,467              | 1,968                   | -                 | -                               |
| Other Financial Assets        | 2,466,387             | 2,466,387                           | -                         | -                  | -                       | -                 | -                               |
| <b>Total Financial Assets</b> | <b>2,882,623</b>      | <b>2,868,850</b>                    | <b>9,338</b>              | <b>2,467</b>       | <b>1,968</b>            | -                 | -                               |
| <b>2009</b>                   |                       |                                     |                           |                    |                         |                   |                                 |
| <b>Financial Assets</b>       |                       |                                     |                           |                    |                         |                   |                                 |
| Cash and Cash Equivalents     | 184,468               | 184,468                             | -                         | -                  | -                       | -                 | -                               |
| Receivables                   | 142,431               | 127,284                             | -                         | 15,147             | -                       | -                 | -                               |
| Other financial assets        | 2,317,147             | 2,317,147                           | -                         | -                  | -                       | -                 | -                               |
| <b>Total Financial Assets</b> | <b>2,644,046</b>      | <b>2,628,899</b>                    | -                         | <b>15,147</b>      | -                       | -                 | -                               |

**(c) Liquidity Risk**

Liquidity risk is the risk of being unable to meet financial liabilities as they fall due. Maldon Hospital manages liquidity risk by monitoring cashflows and ensuring that maximum funds are available for investment and payment of financial liabilities. There has been no significant change in the Hospital's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from previous reporting period.

**Note 14: Financial Instruments (continued)**

The following table discloses the contractual maturity analysis for Maldon Hospital's 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**

|                                    | Carrying Amount<br>\$ | Contractual Cash Flows<br>\$ | Maturity Dates          |                  |                          |                   |
|------------------------------------|-----------------------|------------------------------|-------------------------|------------------|--------------------------|-------------------|
|                                    |                       |                              | Less than 1 Month<br>\$ | 1-3 Months<br>\$ | 3 Months to 1 Year<br>\$ | 1 - 5 Years<br>\$ |
| <b>2010</b>                        |                       |                              |                         |                  |                          |                   |
| <b>Financial Liabilities</b>       |                       |                              |                         |                  |                          |                   |
| Payables                           | 302,541               | 302,541                      | 275,629                 | 11,214           | 15,698                   | -                 |
| Accommodation Bonds                | 690,446               | 690,446                      | -                       | 291,600          | -                        | 398,846           |
| Other Financial Liabilities        | 10,501                | 10,501                       | -                       | -                | 10,501                   | -                 |
| <b>Total Financial Liabilities</b> | <b>1,003,488</b>      | <b>1,003,488</b>             | <b>275,629</b>          | <b>302,814</b>   | <b>26,199</b>            | <b>398,846</b>    |
| <b>2009</b>                        |                       |                              |                         |                  |                          |                   |
| <b>Financial Liabilities</b>       |                       |                              |                         |                  |                          |                   |
| Payables                           | 217,552               | 217,552                      | 204,660                 | 10,314           | 2,578                    | -                 |
| Accommodation Bonds                | 514,520               | 514,520                      | -                       | -                | -                        | 514,520           |
| Other Financial Liabilities        | 8,245                 | 8,245                        | -                       | -                | 8,245                    | -                 |
| <b>Total Financial Liabilities</b> | <b>740,317</b>        | <b>740,317</b>               | <b>204,660</b>          | <b>10,314</b>    | <b>10,823</b>            | <b>514,520</b>    |

**(d) Market Risk**

The Maldon Hospital'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 each of these risks are disclosed in the paragraph below.

**Currency Risk**

Maldon Hospital 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 commitment and settlement.

**Price Risk**

Maldon Hospital is exposed to price risk in respect of fee for service and contract services which are open to market competition. There has been no significant change in the Hospital's exposure, or its objectives, policies and processes for managing risk or the methods used to measure the risk from the previous reporting period.

## Note 14: Financial Instruments (continued)

## Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

|                              | Weighted<br>Average<br>Effective<br>Interest<br>Rate (%) | Carrying<br>Amount | Interest Rate Exposure          |                                    |                                   |
|------------------------------|--|--------------------|---------------------------------|------------------------------------|-----------------------------------|
|                              |  |                    | Fixed<br>Interest<br>Rate<br>\$ | Variable<br>Interest<br>Rate<br>\$ | Non-<br>Interest<br>Bearing<br>\$ |
| <b>2010</b>                  |  |                    |                                 |                                    |                                   |
| <b>Financial Assets</b>      |  |                    |                                 |                                    |                                   |
| Cash and Cash Equivalents    | 2.10   | 276,867            | -                               | 276,667                            | 200                               |
| Receivables                  | -  | 139,369            | -                               | -                                  | 139,369                           |
| Other Financial Assets       | 5.17   | 2,466,387          | 2,005,307                       | 461,080                            | -                                 |
|                              |  | <b>2,892,623</b>   | <b>2,005,307</b>                | <b>737,747</b>                     | <b>139,569</b>                    |
| <b>Financial Liabilities</b> |  |                    |                                 |                                    |                                   |
| Payables                     | -  | 302,541            | -                               | -                                  | 302,541                           |
| Accommodation Bonds          | -  | 690,446            | -                               | 690,446                            | -                                 |
| Other Financial Liabilities  | -  | 10,501             | -                               | -                                  | 10,501                            |
|                              |  | <b>1,003,488</b>   | <b>-</b>                        | <b>690,446</b>                     | <b>313,042</b>                    |
| <b>2009</b>                  |  |                    |                                 |                                    |                                   |
| <b>Financial Assets</b>      |  |                    |                                 |                                    |                                   |
| Cash and Cash Equivalents    | 2.04   | 184,488            | -                               | 184,268                            | 200                               |
| Receivables                  | -  | 142,431            | -                               | -                                  | 142,431                           |
| Other Financial Assets       | 5.23   | 2,317,147          | 2,257,435                       | 59,712                             | -                                 |
|                              |  | <b>2,644,046</b>   | <b>2,257,435</b>                | <b>243,980</b>                     | <b>142,631</b>                    |
| <b>Financial Liabilities</b> |  |                    |                                 |                                    |                                   |
| Payables                     | -  | 217,552            | -                               | -                                  | 217,552                           |
| Accommodation Bonds          | -  | 514,520            | -                               | 514,520                            | -                                 |
| Other Financial Liabilities  | -  | 8,245              | -                               | -                                  | 8,245                             |
|                              |  | <b>740,317</b>     | <b>-</b>                        | <b>514,520</b>                     | <b>225,797</b>                    |

## Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Maldon Hospital believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the National Australia Bank and the Bendigo and Adelaide Bank Limited)

- A shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;

**Note 14: Financial Instruments (continued)**

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

|                              | Carrying Amount | Interest Rate Risk |               |               |               |
|------------------------------|-----------------|--------------------|---------------|---------------|---------------|
|                              |                 | -1% Profit \$      | -1% Equity \$ | +1% Profit \$ | +1% Equity \$ |
| <b>2010</b>                  |                 |                    |               |               |               |
| <b>Financial Assets</b>      |                 |                    |               |               |               |
| Cash and Cash Equivalents    | 276,867         | (2,769)            | (2,769)       | 2,769         | 2,769         |
| Receivables                  | 139,369         | -                  | -             | -             | -             |
| Other Financial Assets       | 2,466,387       | (24,664)           | (24,664)      | 24,664        | 24,664        |
| <b>Financial Liabilities</b> |                 |                    |               |               |               |
| Payables                     | 302,541         | -                  | -             | -             | -             |
| Accommodation Bonds          | 690,446         | -                  | -             | -             | -             |
| Other Liabilities            | 10,501          | -                  | -             | -             | -             |
|                              |                 | (27,433)           | (27,433)      | 27,433        | 27,433        |
| <b>2009</b>                  |                 |                    |               |               |               |
| <b>Financial Assets</b>      |                 |                    |               |               |               |
| Cash and Cash Equivalents    | 184,468         | (1,845)            | (1,845)       | 1,845         | 1,845         |
| Receivables                  | 142,431         | -                  | -             | -             | -             |
| Other Financial Assets       | 2,317,147       | (23,171)           | (23,171)      | 23,171        | 23,171        |
| <b>Financial Liabilities</b> |                 |                    |               |               |               |
| Payables                     | 218,390         | -                  | -             | -             | -             |
| Accommodation Bonds          | 514,520         | -                  | -             | -             | -             |
| Other Liabilities            | 8,245           | -                  | -             | -             | -             |
|                              |                 | (25,016)           | (25,016)      | 25,016        | 25,016        |

**(e) Fair Value**

The fair values and net fair values of financial instruments 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 Health Services considers that the carrying amount of financial instrument assets and liabilities recorded in the 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.

**Note 14: Financial Instruments (continued)**

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

|                                    | Carrying<br>Amount<br>2010<br>\$ | Fair<br>Value<br>2010<br>\$ | Carrying<br>Amount<br>2009<br>\$ | Fair<br>Value<br>2009<br>\$ |
|------------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Financial Assets</b>            |                                  |                             |                                  |                             |
| Cash and Cash Equivalent           | 276,867                          | 276,867                     | 184,468                          | 184,468                     |
| Receivables                        |                                  |                             |                                  |                             |
| - Trade Debtors                    | 40,059                           | 40,059                      | 107,065                          | 107,065                     |
| - Other Receivables                | 59,035                           | 59,035                      | 35,366                           | 35,366                      |
| Other Financial Assets             |                                  |                             |                                  |                             |
| - Term Deposits                    | 2,005,307                        | 2,005,307                   | 2,257,435                        | 2,257,435                   |
| - Other Financial Assets           | 461,080                          | 461,080                     | 59,712                           | 59,712                      |
| <b>Total Financial Assets</b>      | <b>2,842,348</b>                 | <b>2,842,348</b>            | <b>2,644,046</b>                 | <b>2,644,046</b>            |
| <b>Financial Liabilities</b>       |                                  |                             |                                  |                             |
| Payables                           | 302,541                          | 302,541                     | 217,552                          | 217,552                     |
| Other Financial Liabilities        |                                  |                             |                                  |                             |
| - Accommodation Bonds              | 690,446                          | 690,446                     | 514,520                          | 514,520                     |
| - Other Liabilities                | 10,501                           | 10,501                      | 8,245                            | 8,245                       |
| <b>Total Financial Liabilities</b> | <b>1,003,488</b>                 | <b>1,003,488</b>            | <b>740,317</b>                   | <b>740,317</b>              |

**Note 15: Commitments**

There are no capital commitments for the Maldon Hospital as at 30 June 2010.

**Note 16: Contingent Assets & Contingent Liabilities**

There are no known contingent liabilities and contingent assets for the Maldon Hospital as at the date of this report.

**Note 17: Segment Reporting**

|  | RAC              |                  | Acute            |                  | Other            |                  | Total             |                   |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|  | 2010             | 2009             | 2010             | 2009             | 2010             | 2009             | 2010              | 2009              |
|  | \$               | \$               | \$               | \$               | \$               | \$               | \$                | \$                |
| <b>REVENUE</b>   |                  |                  |                  |                  |                  |                  |                   |                   |
| External Segment Revenue   | 2,082,019        | 1,978,371        | 1,200,409        | 1,157,692        | -                | -                | 3,282,428         | 3,136,063         |
| Intersegment Revenue   | -                | -                | -                | -                | 265,650          | 252,663          | 265,650           | 252,663           |
| Unallocated Revenues   | -                | -                | -                | -                | 265,650          | 252,663          | 3,548,078         | 3,388,726         |
| <b>Total Revenue</b>   | <b>2,082,019</b> | <b>1,978,371</b> | <b>1,200,409</b> | <b>1,157,692</b> | <b>265,650</b>   | <b>252,663</b>   | <b>3,548,078</b>  | <b>3,388,726</b>  |
| <b>EXPENSES</b>  |                  |                  |                  |                  |                  |                  |                   |                   |
| External Segment Expenses  | (2,412,033)      | (2,476,888)      | (585,178)        | (459,144)        | -                | -                | (2,997,211)       | (2,936,032)       |
| Intersegment Expenses  | -                | -                | -                | -                | (835,243)        | (419,813)        | (835,243)         | (419,813)         |
| Unallocated Expense  | (2,412,033)      | (2,476,888)      | (585,178)        | (459,144)        | (835,243)        | (419,813)        | (3,832,454)       | (3,355,845)       |
| <b>Total Expenses</b>  | <b>(330,014)</b> | <b>(498,517)</b> | <b>615,231</b>   | <b>698,548</b>   | <b>(569,593)</b> | <b>(167,150)</b> | <b>(284,376)</b>  | <b>32,881</b>     |
| <b>Net Result from ordinary activities</b>                         |                  |                  |                  |                  |                  |                  |                   |                   |
| Interest Expense   | -                | -                | -                | -                | -                | -                | -                 | -                 |
| Interest Income  | -                | -                | -                | -                | 99,327           | 129,795          | 99,327            | 129,795           |
| <b>Net Result for Year</b>   | <b>(330,014)</b> | <b>(498,517)</b> | <b>615,231</b>   | <b>698,548</b>   | <b>(470,266)</b> | <b>(37,355)</b>  | <b>(185,049)</b>  | <b>162,676</b>    |
| <b>OTHER INFORMATION</b>   |                  |                  |                  |                  |                  |                  |                   |                   |
| Segment Assets   | 4,818,776        | 4,787,570        | -                | -                | -                | -                | 4,818,776         | 4,787,570         |
| Unallocated Assets   | -                | -                | -                | -                | 5,433,939        | 5,397,913        | 5,433,939         | 5,397,913         |
| <b>Total Assets</b>  | <b>4,818,776</b> | <b>4,787,570</b> | <b>-</b>         | <b>-</b>         | <b>5,433,939</b> | <b>5,397,913</b> | <b>10,252,715</b> | <b>10,185,483</b> |
| Segment Liabilities  | 806,063          | 672,190          | -                | -                | -                | -                | 806,063           | 672,190           |
| Unallocated Liabilities  | -                | -                | -                | -                | 713,664          | 595,256          | 713,664           | 595,256           |
| <b>Total Liabilities</b>   | <b>806,063</b>   | <b>672,190</b>   | <b>-</b>         | <b>-</b>         | <b>713,664</b>   | <b>595,256</b>   | <b>1,519,727</b>  | <b>1,267,446</b>  |
| Acquisition of property, plant and equipment and intangible assets | -                | -                | -                | -                | 284,864          | 197,543          | 284,864           | 197,543           |
| Depreciation & amortisation expense                                | -                | -                | -                | -                | 504,845          | 184,484          | 504,845           | 184,484           |



**Note 17: Segment Reporting (continued)**

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

|                                       |  |
|---------------------------------------|--|
| <b>Business Segments</b>              | <b>Services</b>                        |
| Residential Aged Care Services (RACS) | Provider of residential aged care beds |

**Geographical Segment**

Maldon Hospital operates predominantly in Maldon, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Maldon, Victoria.

**Note 18: Jointly Controlled Operations and Assets**

| Name of Entity                      | Principal Activity  | Ownership Interest |           |
|-------------------------------------|---------------------|--------------------|-----------|
|                                     |                     | 2010<br>%          | 2009<br>% |
| Loddon Mallee Rural Health Alliance | Information Systems | 1.14               | 1.04      |

Maldon Hospital 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:

|                                  | 2010<br>\$    | 2009<br>\$    |
|----------------------------------|---------------|---------------|
| <b>Current Assets</b>            |               |               |
| Cash and Cash Equivalents        | 42,740        | 62,874        |
| Receivables                      | 8,694         | 2,563         |
| Other Current Assets             | 1,608         | 812           |
| <b>Total Current Assets</b>      | <b>53,042</b> | <b>66,249</b> |
| <b>Non Current Assets</b>        |               |               |
| Property, Plant and Equipment    | 4,649         | 633           |
| <b>Total Non Current Assets</b>  | <b>4,649</b>  | <b>633</b>    |
| <b>Total Assets</b>              | <b>57,691</b> | <b>66,882</b> |
| <b>Current Liabilities</b>       |               |               |
| Payables                         | 3,098         | 6,805         |
| <b>Total Current Liabilities</b> | <b>3,098</b>  | <b>6,805</b>  |
| <b>Total Liabilities</b>         | <b>3,098</b>  | <b>6,805</b>  |
| <b>NET ASSETS</b>                | <b>54,593</b> | <b>60,077</b> |

**Note 18: Jointly Controlled Operations and Assets**

Maldon Hospital interest in revenue and expenses resulting from jointly controlled operations and assets is detailed below:

|  | 2010<br>\$      | 2009<br>\$    |
|--|-----------------|---------------|
| <b>Revenue</b>   |                 |               |
| Revenue from Operating Activities                          | 16,855          | 28,080        |
| Expenditure  | (33,526)        | (24,983)      |
| <b>Surplus/(Deficit) before Capital &amp; Depreciation</b> | <u>(16,671)</u> | <u>3,097</u>  |
| <b>Non Operating Income/(Expense)</b>                      |                 |               |
| Depreciation   | (817)           | (202)         |
| Capital Purpose Income                                     | 6,614           | 29,951        |
| Expenditure using Capital Purpose Income                   | (33,840)        | -             |
| <b>Total</b>   | <u>(28,143)</u> | <u>29,749</u> |
| <b>CURRENT YEAR SURPLUS</b>                                | <u>(44,814)</u> | <u>32,846</u> |

**Contingent Liabilities and Capital Commitments**

There were Nil contingent liabilities and capital commitments arising from the interest in joint ventures.

**Note 19: 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.

|  | Period                 |
|--|------------------------|
| <b>Responsible Ministers:</b>                                    |                        |
| The Honourable Daniel Andrews, MLA, Minister for Health          | 1/07/2009 - 30/06/2010 |
| <b>Board of Management Members throughout the year included:</b> |                        |
| Stephen Wright   | 1/07/2009 - 30/06/2010 |
| John Filton  | 1/07/2009 - 30/06/2010 |
| Michael Grimes   | 1/07/2009 - 30/06/2010 |
| Cheryl Axell   | 1/07/2009 - 30/06/2010 |
| Gordon Carter  | 1/07/2009 - 30/06/2010 |
| Sarah Ferguson   | 1/07/2009 - 30/06/2010 |
| Barbara Ford   | 1/07/2009 - 30/06/2010 |
| Helen McBurney   | 1/07/2009 - 30/06/2010 |
| Clive McCann   | 1/07/2009 - 30/06/2010 |
| Alana Shepherd   | 1/07/2009 - 15/04/2010 |
| Rhett Walker   | 1/07/2009 - 30/06/2010 |
| <b>Accountable Officer</b>                                       |                        |
| Mr G. Kelly  | 1/07/2009 - 30/06/2010 |

**Note 19: Responsible Persons Disclosures (continued)**

**Remuneration of Responsible Persons**

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

| Income Band  | 2010             | 2009        |
|--|------------------|-------------|
|  | No.              | No.         |
| \$10,000-\$19,999  | 1                | -           |
| <b>Total Numbers</b>   | <b>1</b>         | <b>-</b>    |
| <b>Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:</b> | <b>\$ 10,717</b> | <b>\$ -</b> |

**Retirement Benefits of Responsible Persons**

There are no retirement benefits paid by the reporting entity in connection with the retirement of Responsible Persons and their related parties.

**Other Transactions of Responsible Persons and their Related Entities**

There are no other transactions between the Hospital and responsible persons and their related parties to be reported.

**Executive Officer Remuneration**

There are no executive officers whose total remuneration exceeds \$100,000.

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

**Note 20: Remuneration of Auditors**

|   | 2010         | 2009         |
|---|--------------|--------------|
|   | \$           | \$           |
| Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Hospital's financial report | 9,500        | 8,800        |
| <b>Total Paid and Payable</b>   | <b>9,500</b> | <b>8,800</b> |

**Note 21: Events Occurring after the Balance Sheet Date**

There have been no events after balance date that would materially affect the financial statements.