

## MALDON HOSPITAL

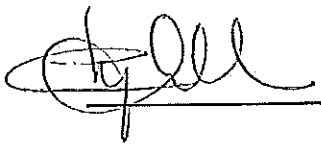
### **Board member's, accountable officer's and chief finance & accounting officer's declaration**

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 2011 and financial position at that date of Maldon Hospital at 30 June 2011.

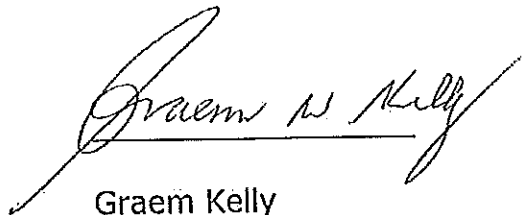
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



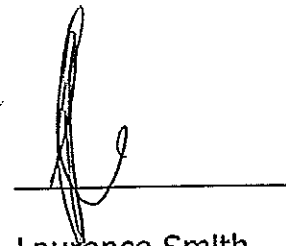
Cheryl Axell  
President

Maldon  
30 August 2011



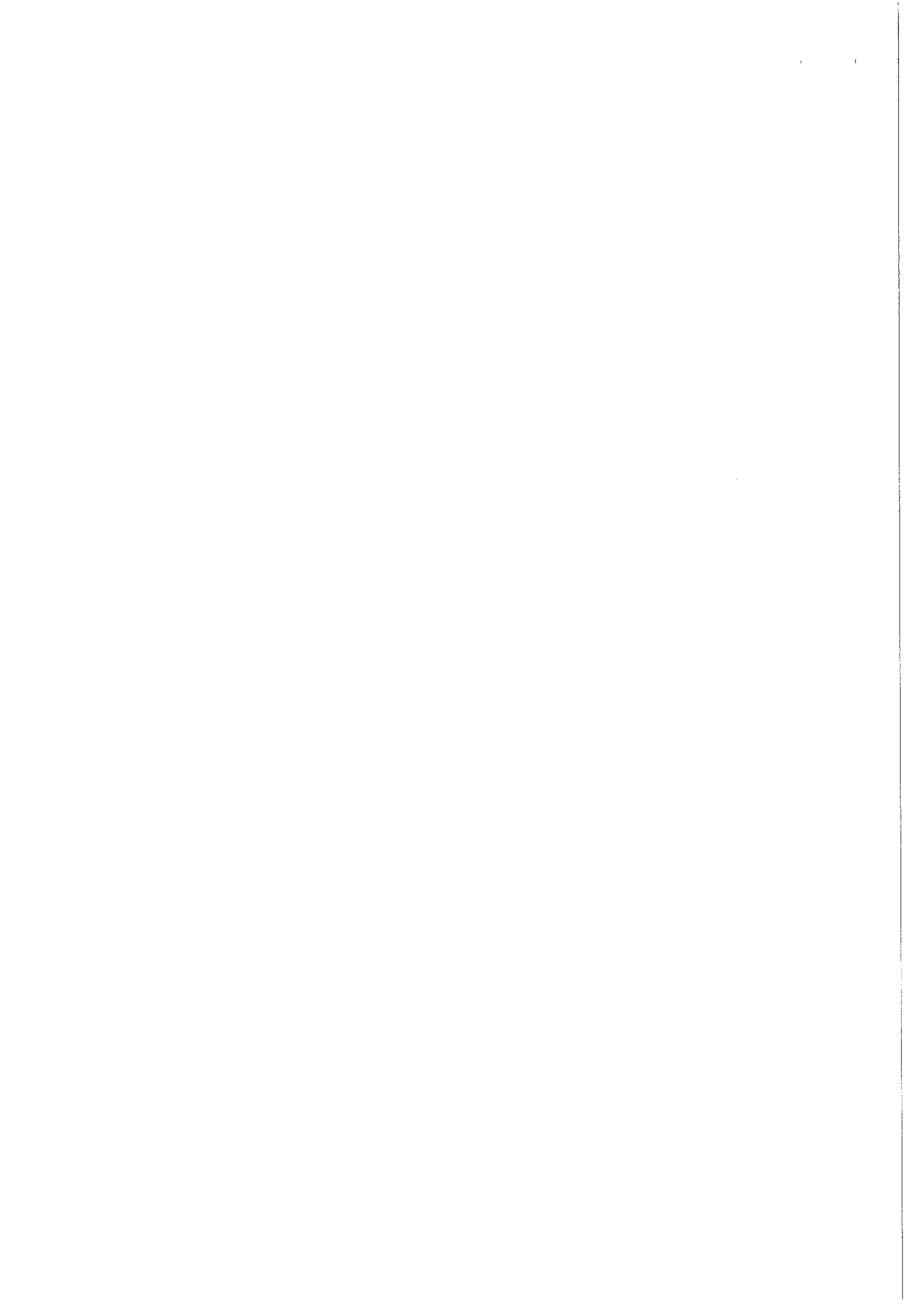
Graem Kelly  
Accountable Officer

Maldon  
30 August 2011



Laurence Smith  
Chief Finance &  
Accounting Officer

Maldon  
30 August 2011



**Maldon Hospital Annual Report 2010/2011**

**Comprehensive Operating Statement  
For the Year Ended 30 June 2011**

	Note	2011 \$	2010 \$
Revenue from Operating Activities	2	3,557,122	3,398,773
Revenue from Non-Operating Activities	2	112,895	113,262
Employee Benefits	3	(2,024,163)	(2,397,217)
Non Salary Labour Costs	3	(85,300)	(90,785)
Supplies and Consumables	3	(264,257)	(258,748)
Other Expenses From Continuing Operations	3	(859,871)	(543,904)
<b>Net Result Before Capital &amp; Specific Items</b>		<u>436,426</u>	<u>221,381</u>
Capital Purpose Income	2	60,079	135,370
Depreciation	4	(533,872)	(504,845)
Specific Expense	3b	-	(3,115)
Expenditure using Capital Purpose Income	3	(8,231)	(33,840)
<b>NET RESULT FOR THE YEAR</b>		<u>(45,598)</u>	<u>(185,049)</u>
<b>Other Comprehensive Income</b>		-	-
Net fair value revaluation on Non Financial Assets		-	-
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<u>(45,598)</u>	<u>(185,049)</u>

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

# Maldon Hospital Annual Report 2010/2011

## Balance Sheet As at 30 June 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	589,885	276,867
Receivables	6	339,966	139,369
Other Financial Assets	7	2,219,577	2,466,387
Prepayments		4,317	5,678
<b>Total Current Assets</b>		<b>3,153,745</b>	<b>2,888,301</b>
<b>Non Current Assets</b>			
Receivables	6	96,198	94,625
Property, Plant & Equipment	8	6,836,196	7,269,789
<b>Total Non Current Assets</b>		<b>6,932,394</b>	<b>7,364,414</b>
<b>TOTAL ASSETS</b>		<b>10,086,139</b>	<b>10,252,715</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	296,873	302,541
Employee Benefits and Related On-Costs Provisions	10	507,170	451,275
Other Liabilities	11	553,879	700,947
<b>Total Current Liabilities</b>		<b>1,357,922</b>	<b>1,454,763</b>
<b>Non Current Liabilities</b>			
Employee Benefits and Related On-Costs Provisions	10	40,827	64,964
<b>Total Non Current Liabilities</b>		<b>40,827</b>	<b>64,964</b>
<b>TOTAL LIABILITIES</b>		<b>1,398,749</b>	<b>1,519,727</b>
<b>NET ASSETS</b>		<b>8,687,390</b>	<b>8,732,988</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Reserve	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	828,597	874,195
<b>TOTAL EQUITY</b>	12d	<b>8,687,390</b>	<b>8,732,988</b>
Commitments for expenditure	15		
Contingent liabilities and contingent assets	16		

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

Maldon Hospital Annual Report 2010/2011

**Statement of Changes in Equity  
For the Year Ended 30 June 2011**

	Note	Equity at 1 July 2010 \$	Comprehensive Result \$	Equity at 30 June 2011 \$
<b>Accumulated Surplus/(Deficit)</b>	12	874,195	(45,598)	828,597
		<u>874,195</u>	<u>(45,598)</u>	<u>828,597</u>
<b>Contributed Capital</b>	12	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 Reserve	12	3,868,527	-	3,868,527
Restricted Specific Purpose Reserve	12	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>8,732,988</u>	<u>(45,598)</u>	<u>8,687,390</u>

	Note	Equity at 1 July 2009 \$	Comprehensive Result \$	Equity at 30 June 2010 \$
<b>Accumulated Surplus/(Deficit)</b>	12	1,059,244	(185,049)	874,195
		<u>1,059,244</u>	<u>(185,049)</u>	<u>874,195</u>
<b>Contribution by Owners</b>	12	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	12	3,868,527	-	3,868,527
Restricted Specific Purpose Reserve	12	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>8,918,037</u>	<u>(185,049)</u>	<u>8,732,988</u>

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

Maldon Hospital Annual Report 2010/2011

**Cash Flow Statement  
For the Year Ended 30 June 2011**

	Note	2011 \$ Inflows / (Outflows)	2010 \$ Inflows / (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		1,688,784	1,598,838
Patient and Resident Fees Received		1,502,570	1,603,840
Donations and Bequests Received			-
GST Received from/(paid to) ATO		(238,256)	143,074
Other Receipts		622,612	117,091
Employee Benefits Paid		(2,077,705)	(2,038,491)
Fee for Service Medical Officers		(74,416)	(69,131)
Payments for Supplies & Consumables		(295,420)	(254,548)
GST Paid to ATO		-	(3,911)
Other Payments		(880,496)	(799,588)
<b>Cash Generated from Operations</b>		<b>247,673</b>	<b>297,174</b>
Capital Grants from Government		44,000	114,840
Capital Donations and Bequests Received		13,181	16,225
Accommodation Bond Receipts		-	192,080
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	13	<b>304,854</b>	<b>620,319</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment		(118,851)	(280,011)
Purchase of Investments		96,567	(227,775)
Proceeds from Sale of Property, Plant and Equipment		27,273	-
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>4,989</b>	<b>(507,786)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributed Capital from Government		-	-
Resident Trust Funds Received		3,175	-
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>3,175</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>313,018</b>	<b>112,533</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>276,867</b>	<b>164,334</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	5	<b>589,885</b>	<b>276,867</b>

This Statement should be read in conjunction with the accompanying notes

## Notes to the Financial Statements

### Note 1: Summary 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 comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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 derecognised.
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

In the application of AASs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and

## Maldon Hospital Annual Report 2010 / 11

associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

### (c) Reporting Entity

The financial statements includes all the controlled activities of the Maldon Hospital.

Its principle address is:

Chapel Street  
Maldon  
Victoria 3463

### (d) Principles of consolidation

#### 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.

#### 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.

### (e) Scope and presentation of financial statements

#### 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.

#### 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.

#### Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of the Maldon Hospital and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the two



## Maldon Hospital Annual Report 2010 / 11

operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2a to the financial statements.

### 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 is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result Before Capital & Specific Items' is used by the management of 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

### (f) 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.

## Maldon Hospital Annual Report 2010 / 11

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.

### **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.

## **(g) Expense recognition**

### **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.

## Maldon Hospital Annual Report 2010 / 11

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	
	2011	2010
	\$	\$
<b>Defined benefit plans:</b>		
Health Super Pty Ltd	9,157	9,595
<b>Defined contribution plans:</b>		
Health Super Pty Ltd	131,598	137,891
Hesta Super Fund	15,440	9,307
Other	6,668	6,221
<b>Total</b>	<b>162,863</b>	<b>163,014</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, and superannuation are recognised separately from provisions for employee benefits.

### **Depreciation**

Assets with a cost in excess of \$1,000 (2009-10 and 2010-11) 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.

## Maldon Hospital Annual Report 2010 / 11

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

	2011	2010
Buildings	Up to 50 Years	Up to 50 Years
Plant & Equipment	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.

### 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*.

### (h) Other economic flows included in the net result

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

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

## Maldon Hospital Annual Report 2010 / 11

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.

### **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.

## **(i) Financial assets**

### **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.

### **Receivables**

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which includes of mainly debtors in relation to goods and services; loans to third parties, accrued investment income, and finance lease receivables..

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

### 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) Non-financial Assets

### 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.

### 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.

## Maldon Hospital Annual Report 2010 / 11

*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.

### 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.

## (k) Liabilities

### 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 Nett 30 days.

### 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.

## Maldon Hospital Annual Report 2010 / 11

### 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.

#### **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.

## (I) Equity

### **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.

### **Property, Plant & Equipment Revaluation Surplus**

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

### **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.



## **Maldon Hospital Annual Report 2010 / 11**

### **(m) Commitments**

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

### **(n) 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.

### **(o) 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.

### **(p) 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.

### **(q) 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.

## Maldon Hospital Annual Report 2010 / 11

### (r) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2011. 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 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 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the health service is still assessing the detailed impact and whether to early adopt.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 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.
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 is expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.

## Maldon Hospital Annual Report 2010 / 11

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
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 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.

**Maldon Hospital Annual Report 2010 / 11**

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

## Maldon Hospital Annual Report 2010 / 11

### (s) 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 Department of Health 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.

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 2: Revenue

	HSA 2011 \$	HSA 2010 \$	Non HSA 2011 \$	Non HSA 2010 \$	Total 2011 \$	Total 2010 \$
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	1,688,784	1,558,838	-	-	1,688,784	1,558,838
- Commonwealth Government						
- Residential Aged Care Subsidy	1,108,779	1,238,167	-	-	1,108,779	1,238,167
<b>Total Government Grants</b>	<b>2,797,563</b>	<b>2,797,005</b>	<b>-</b>	<b>-</b>	<b>2,797,563</b>	<b>2,797,005</b>
<b>Indirect Contributions by Department of Health</b>						
- Insurance	80,022	55,416	-	-	80,022	55,416
- Long Service Leave	1,573	49,021	-	-	1,573	49,021
<b>Total Indirect Contributions by Department of Health</b>	<b>81,595</b>	<b>104,437</b>	<b>-</b>	<b>-</b>	<b>81,595</b>	<b>104,437</b>
<b>Patient and Resident Fees</b>						
- Patient and Resident Fees (refer note 2b)	81,326	89,942	-	-	81,326	89,942
- Residential Aged Care (refer note 2b)	545,436	387,264	-	-	545,436	387,264
<b>Total Patient &amp; Resident Fees</b>	<b>626,762</b>	<b>477,206</b>	<b>-</b>	<b>-</b>	<b>626,762</b>	<b>477,206</b>
Other Revenue from Operating Activities	51,202	20,125	-	-	51,202	20,125
<b>Sub-Total Revenue from Operating Activities</b>	<b>3,557,122</b>	<b>3,398,773</b>	<b>-</b>	<b>-</b>	<b>3,557,122</b>	<b>3,398,773</b>
<b>Revenue from Non-Operating Activities</b>						
Interest	-	-	107,056	99,327	107,056	99,327
Other Revenue from Non-Operating Activities	-	-	5,839	13,935	5,839	13,935
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>112,895</b>	<b>113,262</b>	<b>112,895</b>	<b>113,262</b>
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	44,000	86,016	-	-	44,000	86,016
Donations and Bequests	-	-	13,181	16,225	13,181	16,225
Residential Accommodation Payments (refer note 2b)	-	-	-	33,129	-	33,129
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	-	-	2,898	-	2,898	-
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>44,000</b>	<b>86,016</b>	<b>16,079</b>	<b>49,354</b>	<b>60,079</b>	<b>135,370</b>
<b>Total Revenue (refer to note 2a)</b>	<b>3,601,122</b>	<b>3,484,789</b>	<b>128,974</b>	<b>162,616</b>	<b>3,730,096</b>	<b>3,647,405</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.

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 2a: Analysis of Revenue by Source

	Admitted Patients 2011 \$	RAC 2011 \$	Aged Care 2011 \$	Other 2011 \$	Total 2011 \$
<b>Revenue from Services Supported by Health Services Agreement</b>					
Government Grants	1,037,032	1,583,655	176,876	-	2,797,563
Indirect contributions by Department of Health	81,595	-	-	-	81,595
Patient and Resident Fees (refer note 2b)	27,505	545,436	53,821	-	626,762
Other Revenue from Operating Sources	51,202	-	-	-	51,202
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>1,197,334</b>	<b>2,129,091</b>	<b>230,697</b>	<b>-</b>	<b>3,557,122</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>					
Bank & Investment Income	-	-	-	107,056	107,056
Capital Purpose Income (refer note 2)	44,000	-	-	16,079	60,079
Other	-	-	-	5,839	5,839
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>44,000</b>	<b>-</b>	<b>-</b>	<b>128,974</b>	<b>172,974</b>
<b>Total Revenue</b>	<b>1,241,334</b>	<b>2,129,091</b>	<b>230,697</b>	<b>128,974</b>	<b>3,730,096</b>

	Admitted Patients 2010 \$	RAC 2010 \$	Aged Care 2010 \$	Other 2010 \$	Total 2010 \$
<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>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 2b: Patient and Resident Fees

	2011 \$	2010 \$
<b>Patient and Resident Fees Raised</b>		
<b>Recurrent:</b>		
Acute		
- Inpatients	27,505	35,698
Residential Aged Care		
- Fees & Charges	545,436	387,264
Other		
- District Nursing	53,821	54,244
<b>Total Recurrent</b>	<u>626,762</u>	<u>477,206</u>
<b>Capital Purpose:</b>		
Residential Accommodation Payments (*)	-	33,129
<b>Total Capital</b>	<u>-</u>	<u>33,129</u>

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

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

	2011 \$	2010 \$
<b>Proceeds from Disposals of Non-Financial Assets</b>		
Motor Vehicles	27,273	-
<b>Total Proceeds from Disposal of Non-Financial Assets</b>	<u>27,273</u>	<u>-</u>
<b>Less: Written Down Value of Non-Financial Assets Sold</b>		
Motor Vehicles	24,375	-
<b>Total Written Down Value of Non-Financial Assets Sold</b>	<u>24,375</u>	<u>-</u>
<b>Net gains/(losses) on Disposal of Non-Financial Assets</b>	<u>2,898</u>	<u>-</u>



Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 3: Expenses

	HSA 2011 \$	HSA 2010 \$	Non HSA 2011 \$	Non HSA 2010 \$	Total 2011 \$	Total 2010 \$
<b>Employee Benefits</b>						
Salaries & Wages	1,719,101	2,149,470	43,885	36,844	1,762,986	1,837,372
WorkCover Premium	54,683	43,830	-	713	54,683	44,543
Long Service Leave	43,631	3,292	-	54	43,631	3,346
Superannuation	162,863	162,656	-	358	162,863	163,014
<b>Total Employee Benefits</b>	<b>1,980,278</b>	<b>2,359,248</b>	<b>43,885</b>	<b>37,969</b>	<b>2,024,163</b>	<b>2,048,275</b>
<b>Non Salary Labour Costs</b>						
Fees for Visiting Medical Officers	85,300	90,785	-	-	85,300	90,785
<b>Total Non Salary Labour Costs</b>	<b>85,300</b>	<b>90,785</b>	<b>-</b>	<b>-</b>	<b>85,300</b>	<b>90,785</b>
<b>Supplies and Consumables</b>						
Drug Supplies	17,542	14,639	-	-	17,542	14,639
Medical, Surgical Supplies and Prosthesis	46,962	47,540	-	-	46,962	47,540
Food Supplies	199,753	191,350	-	5,219	199,753	196,569
<b>Total Supplies and Consumables</b>	<b>264,257</b>	<b>253,529</b>	<b>-</b>	<b>5,219</b>	<b>264,257</b>	<b>258,748</b>
<b>Other Expenses from Continuing Operations</b>						
Domestic Services & Supplies	422,630	61,550	-	-	422,630	410,492
Fuel, Light, Power and Water	69,960	67,665	-	9,227	69,960	76,892
Insurance costs funded by DH	80,022	48,766	-	6,650	80,022	55,416
Motor Vehicle Expenses	6,751	9,850	-	-	6,751	9,850
Repairs & Maintenance	76,297	138,769	-	-	76,297	138,769
Patient Transport	1,144	2,453	-	-	1,144	2,453
Bad & Doubtful Debts	13,216	-	-	-	13,216	-
Other Administrative Expenses	167,561	159,318	-	21,982	167,561	181,300
Other	-	2,974	-	-	-	2,974
Audit Fees						
Auditor-General's (refer note 20)	-	-	9,540	9,500	9,540	9,500
Other	-	-	12,750	5,200	12,750	5,200
<b>Total Other Expenses from Continuing Operations</b>	<b>837,581</b>	<b>491,345</b>	<b>22,290</b>	<b>52,559</b>	<b>859,871</b>	<b>892,846</b>
<b>Expenditure using Capital Purpose Income</b>						
Salaries & Wages	-	-	8,231	33,840	8,231	33,840
<b>Total Expenditure using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>8,231</b>	<b>33,840</b>	<b>8,231</b>	<b>33,840</b>
Depreciation and Amortisation (refer note 4)	-	-	533,872	504,845	533,872	504,845
Specific Expenses (refer note 3b)	-	-	-	3,115	-	3,115
<b>Total</b>	<b>-</b>	<b>-</b>	<b>533,872</b>	<b>507,960</b>	<b>533,872</b>	<b>507,960</b>
<b>Total Expenses</b>	<b>3,167,416</b>	<b>3,194,907</b>	<b>608,278</b>	<b>637,547</b>	<b>3,775,694</b>	<b>3,832,454</b>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 3a: Analysis of Expenses by Source

	Admitted Patients 2011 \$	RAC 2011 \$	Aged Care 2011 \$	Other 2011 \$	Total 2011 \$
<b>Services Supported by Health Services Agreement</b>					
Employee Benefits	325,080	1,522,377	132,821	-	1,980,278
Non Salary Labour Costs	85,300	-	-	-	85,300
Supplies & Consumables	65,152	189,100	10,005	-	264,257
Other Expenses from Continuing Operations	96,100	712,979	28,502	-	837,581
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>571,632</b>	<b>2,424,456</b>	<b>171,328</b>	<b>-</b>	<b>3,167,416</b>
<b>Services Supported by Hospital and Community Initiatives</b>					
Employee Benefits	-	-	-	43,885	43,885
Supplies & Consumables	-	-	-	-	-
Other Expenses from Continuing Operations	-	-	-	-	-
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,885</b>	<b>43,885</b>
<b>Expenditure using Capital Purpose Income</b>					
Employee Benefits	-	-	-	8,231	8,231
<b>Sub-Total Expenditure using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,231</b>	<b>8,231</b>
Depreciation and Amortisation (refer note 4)	-	-	-	533,872	533,872
Audit Fees					
Auditor-General's (refer note 20)	-	-	-	9,540	9,540
Other	-	-	-	12,750	12,750
Specific Expenses (refer note 3b)	-	-	-	-	-
<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>556,162</b>	<b>556,162</b>
<b>Total Expenses from Continuing Operations</b>	<b>571,632</b>	<b>2,424,456</b>	<b>171,328</b>	<b>608,278</b>	<b>3,775,694</b>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 3a: Analysis of Expenses by Source (continued)

	Admitted Patients 2010 \$	RAC 2010 \$	Aged Care 2010 \$	Other 2010 \$	Total 2010 \$
<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	55,865	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>
<b>Depreciation and Amortisation (refer note 4)</b>					
Audit Fees	-	-	-	504,845	504,845
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 3b: Specific Expenses

	2011 \$	2010 \$
<b>Specific Expenses</b>		
FBT Expenses	-	3,115
<b>TOTAL</b>	<b>-</b>	<b>3,115</b>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 4: Depreciation

	2011	2010
	\$	\$
Buildings	430,577	428,561
Plant & Equipment	77,473	52,262
Motor Vehicles	25,822	24,022
<b>TOTAL</b>	<b>533,872</b>	<b>504,845</b>

Note 5: Cash and Cash Equivalents

	2011	2010
	\$	\$
Cash on Hand	200	200
Cash at Bank	589,685	276,667
<b>TOTAL</b>	<b>589,885</b>	<b>276,867</b>
<b>Represented by:</b>		
Cash for Hospital Operations	545,876	234,127
Share of Net Result of Joint Ventures (refer note 18)	44,009	42,740
<b>TOTAL (as per Cash Flow Statement)</b>	<b>589,885</b>	<b>276,867</b>

Note 6: Receivables

	2011	2010
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	58,528	40,059
Patient Fees	32,618	73,873
Accrued Income	229,198	-
Accrued Investment Income	9,759	-
Less Allowance for Doubtful Debts		
Trade Debtors	(28,055)	(14,838)
	302,048	99,094
<b>Statutory</b>		
GST Receivable	37,918	40,275
	37,918	40,275
<b>TOTAL CURRENT RECEIVABLES</b>	<b>339,966</b>	<b>139,369</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - DH	96,198	94,625
<b>TOTAL NON CURRENT RECEIVABLES</b>	<b>96,198</b>	<b>94,625</b>
<b>TOTAL RECEIVABLES</b>	<b>436,164</b>	<b>233,994</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.

Notes to the Financial Statements (continued)

Note 7: Other Financial Assets

	Capital Fund 2011 \$	Capital Fund 2010 \$	Total 2011 \$	Total 2010 \$
<b>CURRENT</b>				
<b>Available-for-Sale Financial Assets</b>				
- Cash at Bank	-	461,080	-	461,080
- Deposits at Call	2,219,577	2,005,307	2,219,577	2,005,307
<b>TOTAL CURRENT</b>	<u>2,219,577</u>	<u>2,466,387</u>	<u>2,219,577</u>	<u>2,466,387</u>
<b>Represented by:</b>				
Hospital Investments			1,679,374	1,775,941
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)			<u>540,203</u>	<u>690,446</u>
<b>TOTAL</b>			<u>2,219,577</u>	<u>2,466,387</u>

(a) Ageing analysis of other financial assets

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

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

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

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 8: Property, Plant & Equipment

	2011 \$	2010 \$
<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	180,323	168,521
Less Accumulated Depreciation	(6,917)	(2,450)
	<u>173,406</u>	<u>166,071</u>
- Buildings at Valuation	11,171,528	11,171,528
Less Accumulated Depreciation	(5,008,747)	(4,582,636)
	<u>6,162,781</u>	<u>6,588,892</u>
<b>Total Buildings</b>	<u><u>6,336,187</u></u>	<u><u>6,754,963</u></u>
<b>Plant and Equipment</b>		
- Plant and Equipment at Cost	6,904	5,669
Less Accumulated Depreciation	(3,319)	(1,040)
- Plant and Equipment at Fair Value	332,773	290,826
Less Accumulated Depreciation	(122,050)	(51,425)
<b>Total Plant and Equipment</b>	<u>214,308</u>	<u>244,030</u>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	120,124	94,818
Less Accumulated Depreciation	(34,423)	(24,022)
<b>Total Motor Vehicles</b>	<u>85,701</u>	<u>70,796</u>
<b>TOTAL</b>	<u><u>6,836,196</u></u>	<u><u>7,269,789</u></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 below.

	Land \$	Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
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)	-	-	4,834	-	4,834
Depreciation (note 4)	-	(428,561)	(52,262)	(24,022)	(504,845)
Balance at 1 July 2010	<u>200,000</u>	<u>6,754,962</u>	<u>244,031</u>	<u>70,796</u>	<u>7,269,789</u>
Additions	-	11,802	41,947	65,102	118,851
Revaluation	-	-	-	-	-
Disposals	-	-	-	(24,375)	(24,375)
Share of Net Result of Joint Ventures (refer note 18)	-	-	5,803	-	5,803
Depreciation (note 4)	-	(430,577)	(77,473)	(25,822)	(533,872)
Balance at 30 June 2011	<u>200,000</u>	<u>6,336,187</u>	<u>214,308</u>	<u>85,701</u>	<u>6,836,196</u>

**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. The effective date of the valuation is 30 June 2009.

## Maldon Hospital Annual Report 2010/2011

### Notes to the Financial Statements (continued)

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

##### 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 2009.

#### Note 9: Payables

	2011	2010
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	20,425	101,171
Accrued Audit Fees	-	9,500
Accrued Grant Recall	3,350	26,912
Other Accrued Expenses	273,098	163,501
	<u>296,873</u>	<u>301,084</u>
<b>Statutory</b>		
GST Payable	-	1,457
	<u>-</u>	<u>1,457</u>
<b>TOTAL</b>	<u><u>296,873</u></u>	<u><u>302,541</u></u>

##### (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.

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 10: Employee Benefits and Related On-Costs Provisions

	2011 \$	2010 \$
<b>Current Provision</b>		
Employee Benefits (i)		
- Unconditional and expected to be settled within 12 months (ii)	269,719	191,894
- Unconditional and expected to be settled after 12 months (iii)	190,911	209,082
	<u>460,630</u>	<u>400,976</u>
Provision related to Employee Benefits On-costs		
- Unconditional and expected to be settled within 12 months (ii)	23,631	20,773
- Unconditional and expected to be settled after 12 months (iii)	22,909	29,526
	<u>46,540</u>	<u>50,299</u>
<b>Total Current Provision</b>	<u>507,170</u>	<u>451,275</u>
<b>Non-Current Provision</b>		
Employee Benefits (i)(iii)	36,453	58,003
Provision related to Employee Benefits On-Costs	4,374	6,961
	<u>40,827</u>	<u>64,964</u>
<b>Total Non-Current Provision</b>	<u>40,827</u>	<u>64,964</u>
<b>Total Provisions</b>	<u>547,997</u>	<u>516,239</u>
<b>Employee Benefits and Associated On Costs</b>		
<b>Current Employee Benefits</b>		
Unconditional long service leave entitlements	190,911	168,499
Annual leave entitlements	194,985	185,274
Accrued wages & salaries	72,795	44,553
Accrued days off	1,939	2,650
<b>Non-Current Employee Benefits</b>		
Conditional long service leave entitlements (iii)	36,453	58,003
<b>Total Employee Benefits</b>	<u>497,083</u>	<u>458,979</u>
<b>On-Costs</b>		
Current On-Costs	46,540	50,299
Non-Current On-Costs	4,374	6,961
<b>Total On-Costs</b>	<u>50,914</u>	<u>57,260</u>
<b>Total Employee Benefits and Related On-Costs</b>	<u>547,997</u>	<u>516,239</u>
<b><u>Movement in Long Service Leave:</u></b>		
Balance at start of year	226,502	231,157
Provision made during the year	16,027	34,960
Settlement made during the year	<u>(15,165)</u>	<u>(39,615)</u>
Balance at end of year	<u>227,364</u>	<u>226,502</u>

Notes:

(i) Provisions for employee benefits consists of amounts of annual leave and long service leave accrued by employees, not including on costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.



Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 11: Other Liabilities

	2011	2010
	\$	\$
<b>CURRENT</b>		
Patient Monies Held in Trust	13,676	10,501
Accommodation Bonds	540,203	690,446
<b>TOTAL</b>	<u>553,879</u>	<u>700,947</u>
 Represented by:		
Cash	13,676	276,867
Other Financial Assets	540,203	424,080
	<u>553,879</u>	<u>700,947</u>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 12: Equity & Reserves

	2011 \$	2010 \$
<b>(a) Reserves</b>		
<b>Property, Plant and Equipment Revaluation Reserve</b>		
Balance at the beginning of the reporting period	3,868,527	3,868,527
Increase/Decrease during the year		
- Land	-	-
- Buildings	-	-
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	874,195	1,059,244
Net Result for the Year	<u>(45,598)</u>	<u>(185,049)</u>
Balance at the end of the reporting period	<u>828,597</u>	<u>874,195</u>
<b>(d) Equity</b>		
Total Equity at the beginning of the reporting period	8,732,988	8,732,988
Total Changes in Equity recognised in the Statement of Changes in Equity	<u>(45,598)</u>	<u>-</u>
Total Equity at the reporting date	<u>8,687,390</u>	<u>8,732,988</u>

## Maldon Hospital Annual Report 2010/2011

### Notes to the Financial Statements (continued)

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

	2011 \$	2010 \$
Net Result for the Year	(45,598)	(185,049)
Depreciation & Amortisation	533,872	504,845
Net (Gain) Loss from Sale of Plant and Equipment	(2,898)	-
Share of Net Result of Joint Ventures (refer note 18)	(5,803)	44,814
Change in Operating Assets & Liabilities		
(Decrease) / Increase in Employee Benefits	31,758	(10,890)
(Decrease) / Increase in Payables	(5,668)	84,989
Decrease / (Increase) in Prepayments	1,361	366
(Decrease) / Increase in Other Liabilities	-	178,182
Decrease / (Increase) in Receivables	(202,170)	3,062
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>304,854</b>	<b>620,319</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 Amount 2011 \$	Carrying Amount 2010 \$
<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>		
Cash and Cash Equivalents	5	Cash	589,885	276,867
Receivables	6	Loans & Receivables	339,966	139,369
Other Financial Assets	7	Available for Sale	2,219,577	2,466,387
<b>Total Financial Assets</b>			<b>3,149,428</b>	<b>2,882,623</b>
<b>Financial Liabilities</b>				
Payables	9	Financial Liabilities measured at amortised cost	296,873	302,541
Accommodation Bonds	11	Financial Liabilities measured at amortised cost	540,203	690,446
Other Liabilities	11	Financial Liabilities measured at amortised cost	13,676	10,501
<b>Total Financial Liabilities</b>			<b>850,752</b>	<b>1,003,488</b>

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 14: Financial Instruments (continued)

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

	Net holding gain (loss) 2011	Net holding gain (loss) 2010
<b>Financial Assets</b>		
Cash and Cash Equivalents (i)	9,949	9,231
Receivables (i)	-	-
Other Financial Assets (i)	97,107	90,096
	<u>107,056</u>	<u>99,327</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 the the financial statements.

Ageing analysis of Financial Asset as at 30 June

	Carrying Amount \$	Not Past Due and Not Impaired \$	Past Due but Not Impaired				Impaired Financial Assets \$
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	
<b>2011</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	589,885	589,885	-	-	-	-	-
Receivables	339,966	323,619	-	-	16,347	-	-
Other Financial Assets	2,219,577	2,219,577	-	-	-	-	-
<b>Total Financial Assets</b>	<b>3,149,428</b>	<b>3,133,081</b>	<b>-</b>	<b>-</b>	<b>16,347</b>	<b>-</b>	<b>-</b>
<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>-</b>	<b>-</b>

# Maldon Hospital Annual Report 2010/2011

## Notes to the Financial Statements (continued)

### Note 14: Financial Instruments (continued)

#### (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.

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 \$	Contractual Cash Flows \$	Maturity Dates			
			Less than 1 Month \$	1-3 Months \$	3 Months to 1 Year \$	1 - 5 Years \$
<b>2011</b>						
<b>Financial Liabilities</b>						
Payables	296,873	296,873	293,523	-	3,350	-
Accommodation Bonds	540,203	540,203	-	-	-	540,203
Other Financial Liabilities	13,676	13,676	-	-	-	13,676
<b>Total Financial Liabilities</b>	<b>850,752</b>	<b>850,752</b>	<b>293,523</b>	<b>-</b>	<b>3,350</b>	<b>553,879</b>
<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>

#### (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.

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 14: Financial Instruments (continued)

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$	Variable Interest Rate \$	Non- Interest Bearing \$
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2.35	589,885	-	589,685	200
Receivables		339,966	-	-	372,341
Other Financial Assets	6.13	2,219,577	-	2,219,577	-
		<b>3,149,428</b>	<b>-</b>	<b>2,809,262</b>	<b>372,541</b>
<b>Financial Liabilities</b>					
Payables	-	296,873	-	-	296,873
Accommodation Bonds	-	540,203	-	540,203	-
Other Financial Liabilities	-	13,676	-	-	13,676
		<b>850,752</b>	<b>-</b>	<b>540,203</b>	<b>310,549</b>
<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>2,882,623</b>	<b>2,005,307</b>	<b>737,747</b>	<b>139,569</b>
<b>Financial Liabilities</b>					
Payables	-	302,541	-	-	302,541
Accommodations 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>

## Maldon Hospital Annual Report 2010/2011

### Notes to the Financial Statements (continued)

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

##### Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, 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%;

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>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	589,885	(5,899)	(5,899)	5,899	5,899
Receivables	339,966	-	-	-	-
Other Financial Assets	2,219,577	(22,196)	(22,196)	22,196	22,196
<b>Financial Liabilities</b>					
Payables	296,873	-	-	-	-
Accommodation Bonds	540,203	-	-	-	-
Other Liabilities	13,676	-	-	-	-
		(28,095)	(28,095)	28,095	28,095
<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

##### (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.

## Maldon Hospital Annual Report 2010/2011

### Notes to the Financial Statements (continued)

#### 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,

Comparison between carrying amount and fair value:

	Carrying Amount 2011 \$	Fair Value 2011 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
<b>Financial Assets</b>				
Cash and Cash Equivalent	589,885	517,194	276,867	276,867
Receivables				
- Trade Debtors	339,966	372,341	40,059	40,059
- Other Receivables	-	-	59,035	59,035
Other Financial Assets				
- Term Deposits	2,219,577	2,219,577	2,005,307	2,005,307
- Other Financial Assets	-	-	461,080	461,080
<b>Total Financial Assets</b>	<b>3,149,428</b>	<b>3,109,112</b>	<b>2,842,348</b>	<b>2,842,348</b>
<b>Financial Liabilities</b>				
Payables	296,873	292,596	302,541	302,541
Other Financial Liabilities				
- Accomodation Bonds	540,203	540,203	690,446	690,446
- Other Liabilities	13,676	13,676	10,501	10,501
<b>Total Financial Liabilities</b>	<b>850,752</b>	<b>846,475</b>	<b>1,003,488</b>	<b>1,003,488</b>

#### Note 15: Commitments

There are no capital commitments for the Maldon Hospital as at 30 June 2011.

#### Note 16: Contingent Assets & Contingent Liabilities

During the 2008-09 year the Department of Human Services provided a \$3,750,000 recallable capital grant to the Loddon Mallee Rural Health Alliance for Health-SMART implementation activities. The unpaid balance of the grant at 30th June 2011 was \$2,000,000. Maldon Hospital's remaining unpaid share of the grant may be recalled.



Notes to the Financial Statements (continued)

Note 17: Segment Reporting

	RAC		Acute		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
External Segment Revenue	2,129,091	2,082,019	1,241,334	1,200,409	-	-	3,370,425	3,282,428
Intersegment Revenue	-	-	-	-	-	-	-	-
Unallocated Revenues	-	-	-	-	252,615	265,650	252,615	265,650
<b>Total Revenue</b>	<b>2,129,091</b>	<b>2,082,019</b>	<b>1,241,334</b>	<b>1,200,409</b>	<b>252,615</b>	<b>265,650</b>	<b>3,623,040</b>	<b>3,548,078</b>
<b>EXPENSES</b>								
External Segment Expenses	(2,424,456)	(2,412,033)	(571,632)	(585,178)	-	-	(2,996,088)	(2,997,211)
Intersegment Expenses	-	-	-	-	-	-	-	-
Unallocated Expense	-	-	-	-	(779,606)	(835,243)	(779,606)	(835,243)
<b>Total Expenses</b>	<b>(2,424,456)</b>	<b>(2,412,033)</b>	<b>(571,632)</b>	<b>(585,178)</b>	<b>(779,606)</b>	<b>(835,243)</b>	<b>(3,775,694)</b>	<b>(3,832,454)</b>
<b>Net Result from ordinary activities</b>	<b>(295,365)</b>	<b>(330,014)</b>	<b>669,702</b>	<b>615,231</b>	<b>(526,991)</b>	<b>(569,593)</b>	<b>(152,654)</b>	<b>(284,376)</b>
Interest Expense	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	107,056	99,327	107,056	99,327
<b>Net Result for Year</b>	<b>(295,365)</b>	<b>(330,014)</b>	<b>669,702</b>	<b>615,231</b>	<b>(419,935)</b>	<b>(470,266)</b>	<b>(45,598)</b>	<b>(185,049)</b>
<b>OTHER INFORMATION</b>								
Segment Assets	4,101,835	4,818,776	-	-	-	-	4,101,835	4,818,776
Unallocated Assets	-	-	-	-	5,984,304	5,433,939	5,984,304	5,433,939
<b>Total Assets</b>	<b>4,101,835</b>	<b>4,818,776</b>	<b>-</b>	<b>-</b>	<b>5,984,304</b>	<b>5,433,939</b>	<b>10,086,139</b>	<b>10,252,715</b>
Segment Liabilities	553,879	806,063	-	-	-	-	553,879	806,063
Unallocated Liabilities	-	-	-	-	844,870	713,664	844,870	713,664
<b>Total Liabilities</b>	<b>553,879</b>	<b>806,063</b>	<b>-</b>	<b>-</b>	<b>844,870</b>	<b>713,664</b>	<b>1,398,749</b>	<b>1,519,727</b>
Acquisition of property, plant and equipment and intangible assets	-	-	-	-	118,851	280,011	118,851	280,011
Depreciation & amortisation expense	-	-	-	-	533,872	504,845	533,872	504,845

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

**Business Segments**

Residential Aged Care Services (RACS)  
Acute Services

**Services**

Provider of residential aged care beds  
Provider of acute 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.

Maldon Hospital Annual Report 2010/2011

Notes to the Financial Statements (continued)

Note 18: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2011 %	2010 %
Loddon Mallee Rural Health Alliance	Information Systems	1.23	1.14

Maldon Hospital's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2011 \$	2010 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	44,009	42,740
Receivables	11,564	8,694
Other Current Assets	1,923	1,608
<b>Total Current Assets</b>	<b>57,496</b>	<b>53,042</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	3,585	4,649
<b>Total Non Current Assets</b>	<b>3,585</b>	<b>4,649</b>
<b>Total Assets</b>	<b>61,081</b>	<b>57,691</b>
<b>Current Liabilities</b>		
Payables	7,375	3,098
<b>Total Current Liabilities</b>	<b>7,375</b>	<b>3,098</b>
<b>Total Liabilities</b>	<b>7,375</b>	<b>3,098</b>
<b>NET ASSETS</b>	<b>53,706</b>	<b>54,593</b>

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

	2011 \$	2010 \$
<b>Revenue</b>		
Revenue from Operating Activities	41,066	16,855
Expenditure	(61,221)	(33,526)
<b>Surplus/(Deficit) before Capital &amp; Depreciation</b>	<b>(20,155)</b>	<b>(16,671)</b>
<b>Non Operating Income/(Expense)</b>		
Depreciation	(2,199)	(817)
Capital Purpose Income	1,663	6,514
Expenditure using Capital Purpose Income	(8,231)	(33,840)
<b>Total</b>	<b>(8,767)</b>	<b>(28,143)</b>
<b>CURRENT YEAR SURPLUS / (DEFICIT)</b>	<b>(28,922)</b>	<b>(44,814)</b>

**Contingent Liabilities and Capital Commitments**

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

# Maldon Hospital Annual Report 2010/2011

## Notes to the Financial Statements (continued)

### 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.

	<u>Period</u>
<b>Responsible Ministers:</b>	
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/2010 - 2/12/2010
The Honourable David Davis, MP, Minister for Health	2/12/2010 - 30/06/2011
<b>Board of Management Members throughout the year included:</b>	
Cheryl Axell	1/07/2010 - 30/06/2011
Clive McCann	1/07/2010 - 30/06/2011
Gordon Carter	1/07/2010 - 30/06/2011
John Fitton	1/07/2010 - 30/06/2011
Barbara Ford	1/07/2010 - 30/06/2011
Helen McBurney	1/07/2010 - 30/06/2011
Stephen Wright	1/07/2010 - 30/06/2011
Michael Grimes	1/07/2010 - 31/12/2010
Sarah Ferguson	1/07/2010 - 31/12/2010
Alan Shepherd	1/07/2010 - 31/12/2010
Rhett Walker	1/07/2010 - 31/12/2010
<b>Accountable Officer</b>	
Mr G. Kelly	1/07/2010 - 30/06/2011

### Remuneration of Responsible Persons

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

Income Band	No. 2011	No. 2010
\$10,000-\$19,999	1	1
<b>Total Numbers</b>	<u>1</u>	<u>1</u>
<b>Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:</b>	<u>\$ 10,717</u>	<u>\$ 10,717</u>

### 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

	2011 \$	2010 \$
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Hospital's financial report	9,540	9,500
<b>Total Paid and Payable</b>	<u>9,540</u>	<u>9,500</u>

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

Since the reporting date, world financial markets have shown volatility that has not affected the carrying value of the Health Service's investment portfolio.

21  
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24