

# DJERRIARRH HEALTH SERVICES

Financial Report  
2010 - 2011



**djerriwarrh health services**  
**health hospital community**  
bacchus marsh - melton - caroline springs

## **Djerriwarrh Health Services**

### **Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's declaration**

We certify that the attached financial statements for *Djerriwarrh Health Services* has 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 of *Djerriwarrh Health Services* at 30 June 2011.

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

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



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M. Tudball  
**PRESIDENT**  
(On behalf of the Board)



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B. Marshall OAM  
**CHIEF EXECUTIVE OFFICER**



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J. Rubeli  
**DIRECTOR OF FINANCE**

*Signed at Djerriwarrh Health Services*  
*Date: 29 / 08 /2011*

*Signed at Djerriwarrh Health Services*  
*Date: 29 / 08 /2011*

*Signed at Djerriwarrh Health Services*  
*Date: 29 / 08 /2011*

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Djerriwarrh Health Services

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of Djerriwarrh Health Services which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a statement of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Djerriwarrh Health Services as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

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

This auditor's report relates to the financial report of Djerriwarrh Health Services for the year ended 30 June 2011 included both in Djerriwarrh Health Services' annual report and on the website. The Board Members of Djerriwarrh Health Services are responsible for the integrity of Djerriwarrh Health Services' website. I have not been engaged to report on the integrity of Djerriwarrh Health Services' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
29 August 2011



D D R Pearson  
Auditor-General

**Djerriwarrh Health Services**  
**Comprehensive Operating Statement**  
**For the Year Ended 30 June 2011**

	Note	2011 \$'000	2010 \$'000
Revenue from Operating Activities	2	38,512	36,390
Revenue from Non-operating Activities	2	403	320
Employee Expenses	3	(26,612)	(25,059)
Non Salary Labour Costs	3	(3,593)	(3,029)
Supplies & Consumables	3	(4,422)	(4,328)
Administration Expenses	3	(2,627)	(2,605)
Other Expenses From Continuing Operations	3	(1,836)	(1,673)
<b>Net Result Before Capital &amp; Specific Items</b>		<b>(175)</b>	<b>16</b>
Capital Purpose Income	2	3,971	2,397
Depreciation and Amortisation	4	(2,386)	(2,675)
Expenditure Using Capital Purpose Income	3	-	(136)
<b>NET RESULT FOR THE YEAR</b>		<b>1,410</b>	<b>(398)</b>
<b>Other Comprehensive Income</b>			
Net fair value revaluation on Non Financial Assets		735	-
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>2,145</b>	<b>(398)</b>

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

**Djerriwarrh Health Services**  
**Balance Sheet**  
**As at 30 June 2011**

	Note	2011 \$'000	2010 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,087	950
Receivables	6	1,323	1,466
Investments and other Financial Assets	7	3,166	1,940
Inventories	8	218	211
Other Current Assets	9	205	210
<b>Total Current Assets</b>		<b>5,999</b>	<b>4,777</b>
<b>Non-Current Assets</b>			
Receivables	6	790	713
Property, Plant & Equipment	10	33,566	30,882
Intangible Assets	11	654	190
<b>Total Non-Current Assets</b>		<b>35,010</b>	<b>31,785</b>
<b>TOTAL ASSETS</b>		<b>41,009</b>	<b>36,562</b>
<b>Current Liabilities</b>			
Payables	12	3,157	1,480
Provisions	13	6,243	5,468
Other Liabilities	14	227	388
<b>Total Current Liabilities</b>		<b>9,627</b>	<b>7,336</b>
<b>Non-Current Liabilities</b>			
Provisions	13	954	943
<b>Total Non-Current Liabilities</b>		<b>954</b>	<b>943</b>
<b>TOTAL LIABILITIES</b>		<b>10,581</b>	<b>8,279</b>
<b>NET ASSETS</b>		<b>30,428</b>	<b>28,283</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Surplus	15a	12,310	11,575
Restricted Specific Purpose Surplus	15a	606	551
Contributed Capital	15b	7,193	7,193
Accumulated Surpluses	15c	10,319	8,964
<b>TOTAL EQUITY</b>	15d	<b>30,428</b>	<b>28,283</b>
Contingent Liabilities and Contingent Assets	19		
Commitments for Expenditure	18		

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

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

		Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>		<b>11,575</b>	<b>551</b>	<b>7,193</b>	<b>9,362</b>	<b>28,681</b>
Net result for the year					(398)	(398)
<b>Balance at 30 June 2010</b>		<b>11,575</b>	<b>551</b>	<b>7,193</b>	<b>8,964</b>	<b>28,283</b>
Net result for the year					1,410	1,410
Transfer to Restricted Specific Purpose Surplus	15a		55		(55)	-
Other comprehensive income for the year	15a	735				735
<b>Balance at 30 June 2011</b>		<b>12,310</b>	<b>606</b>	<b>7,193</b>	<b>10,319</b>	<b>30,428</b>

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

**Djerriwarrh Health Services**  
**Cash Flow Statement**  
**For the Year Ended 30 June 2011**

	Note	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		34,916	32,560
Patient and Resident Fees Received		1,245	1,096
GST Received from/(paid to) ATO		1,321	1,156
Interest Received		112	55
Other Receipts		2,797	1,692
Employee Expenses Paid		(25,905)	(24,472)
Non Salary Labour Costs		(2,902)	(2,927)
Payments for Supplies & Consumables		(4,284)	(4,260)
Administration Expenses		(3,621)	(3,765)
Other Payments		(922)	(2,099)
<b>Cash Generated from Operations</b>		<b>2,757</b>	<b>(964)</b>
Capital Grants from Government		3,552	1,935
Capital Donations and Bequests Received		203	303
Other Capital Receipts		119	126
Expenditure Using Capital Purpose Income		-	(136)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	16	<b>6,631</b>	<b>1,264</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Non-Financial Assets		(5,454)	(2,380)
Proceeds from sale of Non-Financial Assets		185	183
Purchase of Investments		(8,707)	(9,900)
Proceeds from Sale of Investments		7,482	9,868
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(6,494)</b>	<b>(2,229)</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>137</b>	<b>(965)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		950	1,915
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	5	<b>1,087</b>	<b>950</b>

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

**Notes to the Financial Statements**  
**30 June 2011**  
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## **Note 1: Statement of Significant Accounting Policies**

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

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

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

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

The annual financial statements were authorised for issue by the Board of Djerriwarrh Health Services on 29 August 2011.

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

The going concern basis was used to prepare the financial statements. Refer to Note 24.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit 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 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. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with

a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

**(c) Reporting Entity**

The financial statements include all the controlled activities of Djerriwarrh Health Services.

Its principle address is:  
Grant Street,  
Bacchus Marsh,  
Victoria 3340.

A description of the nature of Djerriwarrh Health Services operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

**(d) Intersegment Transactions**

Transactions between segments within Djerriwarrh Health Services have been eliminated to reflect the extent of Djerriwarrh Health Services operations as a group.

**Jointly controlled assets**

Interests in jointly controlled assets are accounted for by recognising in Djerriwarrh Health Services financial statements, its proportionate share of assets, liabilities and any expenses of such assets.

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

**Fund Accounting**

The Djerriwarrh Health Services operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Djerriwarrh Health Services 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 (H&CI)* are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

**Residential Aged Care Service**

The Grant Lodge Residential Aged Care Service operations are an integral part of Djerriwarrh Health Services 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 20 to the financial statements.

The Grant Lodge Residential Aged Care Service is managed by the Health Service's Board of Management and is substantially funded from Commonwealth bed-day subsidies.

**Comprehensive operating statement**

The Comprehensive Operating Statement includes the subtotal entitled 'Net result Before Capital & Specific Items' to enhance the understanding of the financial performance of Djerriwarrh Health Services. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result Before Capital & Specific Items' is used by the management of Djerriwarrh Health Services, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

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

- ❖ Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (f)). 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:
  - Non-current asset revaluation increments/decrements
  - Diminution/impairment of investments
- ❖ 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 (h) and (i)
- ❖ Depreciation and amortisation, as described in Note 1 (g)
- ❖ Assets provided or received free of charge (refer to Note 1 (f) and (g))
- ❖ Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

### **Balance Sheet**

Assets and liabilities are categorised either as current or non-current.

### **Statement of changes in equity**

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

### **Cash flow statement**

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

### **(f) Income Recognition**

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

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

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

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

Contributions are deferred as income in advance when the health service has a present obligation to repay them and the present obligation can be reliably measured.

### **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.

### **Revenue from commercial activities**

Revenue from commercial activities such as commercial laboratory medicine is recognised 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.

**Resources Provided and Received Free of Charge or for Nominal Consideration**

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

**(g) Expense Recognition**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

**Cost of Goods Sold**

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

**Employee Expenses**

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

***Defined contribution plans***

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expenses is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

***Defined benefit plans***

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of Djerriwarrh Health Services are entitled to receive superannuation benefits and Djerriwarrh Health Services 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.

The name and details of the major employee superannuation funds and contributions made by Djerriwarrh Health Services are as follows:

Fund	Contributions Paid or Payable for the year	
	2011	2010
	\$'000	\$'000
<b>Defined benefit plans:</b>		
Health Super	165	175
<b>Defined contribution plans:</b>		
Health Super	1,626	1,544
Hesta	286	208
Other	113	100
<b>Total</b>	<b>2,190</b>	<b>2,027</b>

**Depreciation**

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land. 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.

	2011	2010
Buildings		
- Structure Shell Building Fabric	Up to 50 Years	Up to 50 Years
- Site Engineering Services and Central Plant	Up to 50 Years	Up to 50 Years
Central Plant		
- Fit Out	Up to 50 years	Up to 50 years
- Trunk Reticulated Building Systems	Up to 50 years	Up to 50 years
Plant & Equipment	Up to 10 years	Up to 10 years
Medical Equipment	Up to 20 years	Up to 20 years
Computers and Communication	Up to 3 years	Up to 3 years
Motor Vehicles	Up to 5 years	Up to 5 years
Intangible Assets	Up to 3 years	Up to 3 years

As part of the Buildings valuation in 2009 by the Valuer-General, building values were componentised and each component assessed for its useful life which is represented above.

**Amortisation**

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

In addition, the Health Service tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- Annually; and
- Whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a 3 year period (2010: 3 years).

**Resources Provided or Received Free of Charge or for Nominal Consideration**

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

**(h) 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 three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes 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 predominately amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, and accrued investment income.

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.

Receivable 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.

**Investments and Other Financial Assets**

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

Investments are classified as Loans and receivables.

Djerriwarrh Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Djerriwarrh Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

**Loans and receivables**

Trade receivables, loans, term deposits with maturity greater than three months 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.

**Impairment of Financial Assets**

At the end of each reporting period Djerriwarrh Health Services assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, Djerriwarrh Health Services obtained a valuation based on the best available advice using an estimated Fair value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2011. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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

Net gain/(loss) on financial instruments includes:

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

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

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

## **(i) 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.

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

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

### **Property, Plant and Equipment**

*All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.*

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

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

### **Revaluations of Non-current Physical Assets**

Non-current physical assets are measured at fair value and 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 an asset's carrying value and fair value.

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the Property, Plant and Equipment revaluation surplus in respect of the same class of assets, they are debited directly to the Property, Plant and Equipment 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 is not normally transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D, Djerriwarrh Health Services non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### **Intangible Assets**

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable). Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

### **Other non-financial assets**

#### **Prepayments**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### **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 the Property, Plant and Equipment revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction 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.

**(j) Liabilities**

**Payables**

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

The normal credit terms are usually Nett 30 days.

**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, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**Employee Benefits**

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

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

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are 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 Djerriwarrh Health Services 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 Djerriwarrh Health Services does not expect to settle within 12 months; and
- nominal value – component that Djerriwarrh Health Services 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.

**Termination Benefits**

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

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

**On-Costs**

Employee benefits on-costs, such as workers compensation and superannuation, are recognised together with provisions for employee benefits.

**Superannuation liabilities**

Djerriwarrh Health Services does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service 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.

**(k) Leases**

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

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. As at reporting date no finance leases existed. All other leases are classified as operating leases.

**Operating Leases**

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

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

**Leasehold Improvements**

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

**(l) 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 Property, Plant and Equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

**Restricted Specific Purpose Surplus**

A Restricted Specific Purpose Surplus 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.

**(m) Commitments for expenditure**

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

**(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 an operating cash flow.

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

**(p) Events after the reporting period**

Assets, liabilities, income or expenses arise from past transactions or other past events. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

**(q) Foreign currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

**(r) Rounding Of Amounts**

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equal due to rounding.

**(s) New Accounting Standards and Interpretations**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period.

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

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures</i> (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, Djerriwarrh Health Services is still assessing the detailed impact and whether to early adopt.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 <i>Amendments to Australian Accounting Standards</i> [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures.  This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments.  Detail of impact is still being assessed.
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i> [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.

<b>Standard/Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on</b>	<b>Impact on public sector entity financial statements</b>
<i>AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
<i>AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 &amp; AASB 134 and Interpretation 13]</i>	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
<i>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 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042]</i>	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.
<i>AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</i>	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.
<i>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 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	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.

**(t) Category Groups**

Djerriwarrh Health Services 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.

Mental Health Services (Mental Health) comprises all recurrent health revenue/expenditure on specialised mental Health Services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: Admitted patient services (including forensic mental health), outpatient services, emergency department services (where it is possible to separate emergency department mental Health Services), community-based services, residential and ambulatory services.

**Outpatient Services (Outpatients)** comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

**Emergency Department Services (EDS)** comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

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

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

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

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

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

## Note 2: Revenue

	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	33,039	32,165	-	-	33,039	32,165
- Department of Human Services	188	-	-	-	188	-
- Dental Health Services Victoria	837	194	-	-	837	194
- State Government - Other						
- Equipment and Infrastructure Maintenance	78	76	-	-	78	76
- Other	104	78	-	-	104	78
- Commonwealth Government						
- Residential Aged Care Subsidy	1,375	1,307	-	-	1,375	1,307
<b>Total Government Grants</b>	<b>35,621</b>	<b>33,820</b>	<b>-</b>	<b>-</b>	<b>35,621</b>	<b>33,820</b>
Indirect Contributions by Department of Health						
- Insurance	271	206	-	-	271	206
- Long Service Leave	77	171	-	-	77	171
<b>Total Indirect Contributions by Department of Health</b>	<b>348</b>	<b>377</b>	<b>-</b>	<b>-</b>	<b>348</b>	<b>377</b>
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2(b))	658	672	-	-	658	672
- Residential Aged Care (refer note 2(b))	459	411	-	-	459	411
<b>Total Patient &amp; Resident Fees</b>	<b>1,117</b>	<b>1,083</b>	<b>-</b>	<b>-</b>	<b>1,117</b>	<b>1,083</b>
Recoupment from Private Practice for Use of Hospital Facilities	308	232	-	-	308	232
Other Revenue from Operating Activities	1,006	786	112	92	1,118	878
<b>Sub-Total Revenue from Operating Activities</b>	<b>38,400</b>	<b>36,298</b>	<b>112</b>	<b>92</b>	<b>38,512</b>	<b>36,390</b>
<b>Revenue from Non-Operating Activities</b>						
Interest & Dividends	207	165	-	-	207	165
Other Revenue from Non-Operating Activities	-	-	196	155	196	155
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>207</b>	<b>165</b>	<b>196</b>	<b>155</b>	<b>403</b>	<b>320</b>
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	417	140	-	-	417	140
- Other	3,134	1,795	-	-	3,134	1,795
Residential Accommodation Payments (refer note 2(b))	117	129	-	-	117	129
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 2 (c))	-	-	27	17	27	17
Donations & Bequests	-	-	203	304	203	304
Other Capital Purpose Income	-	-	73	12	73	12
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>3,668</b>	<b>2,064</b>	<b>303</b>	<b>333</b>	<b>3,971</b>	<b>2,397</b>
<b>Total Revenue (refer to note 2(a))</b>	<b>42,275</b>	<b>38,527</b>	<b>611</b>	<b>580</b>	<b>42,886</b>	<b>39,107</b>

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

## **Note 2a: Analysis of Revenue by Source**

(based on the consolidated view of note 2)

	Admitted Patients	Outpatients	EDS	Aged Care	Primary Health	Ambulatory	RAC incl. Mental Health	Other	Total
	2011	2011	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from Services Supported by Health Services Agreement</b>									
Government Grants	18,605	6,784	2,632	1,948	3,287	-	2,200	165	35,621
Indirect contributions by Department of Health	182	62	20	17	35	-	24	8	348
Patient & Resident Fees (refer note 2(b))	304	-	-	190	164	-	459	-	1,117
Recoupment from Private Practice for Use of Hospital Facilities	308	-	-	-	-	-	-	-	308
Other Revenue from Operating Activities	664	50	10	11	30	50	20	171	1,006
Interest & Dividends	207	-	-	-	-	-	-	-	207
Capital Purpose Income (refer note 2)	417	-	-	-	3,134	-	117	-	3,668
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>20,687</b>	<b>6,896</b>	<b>2,662</b>	<b>2,166</b>	<b>6,650</b>	<b>50</b>	<b>2,820</b>	<b>344</b>	<b>42,275</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>									
Other	-	-	-	-	-	-	-	308	308
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	303	303
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>611</b>	<b>611</b>
<b>Total Revenue</b>	<b>20,687</b>	<b>6,896</b>	<b>2,662</b>	<b>2,166</b>	<b>6,650</b>	<b>50</b>	<b>2,820</b>	<b>955</b>	<b>42,886</b>

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

## Note 2a: Analysis of Revenue by Source

(based on the consolidated view of note 2)

	Admitted Patients	Outpatients	EDS	Aged Care	Primary Health	Ambulatory	RAC incl. Mental Health	Other	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from Services Supported by Health Services Agreement</b>									
Government Grants	18,042	6,797	2,188	1,699	2,798	-	2,101	195	33,820
Indirect contributions by Department of Health	196	74	20	19	26	2	26	14	377
Patient & Resident Fees (refer note 2(b))	343	-	-	199	132	-	409	-	1,083
Recoupment from Private Practice for Use of Hospital Facilities	232	-	-	-	-	-	-	-	232
Other Revenue from Operating Activities	522	38	11	10	22	39	13	131	786
Interest & Dividends	165	-	-	-	-	-	-	-	165
Capital Purpose Income (refer note 2)	911	-	-	-	1,024	-	129	-	2,064
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>20,411</b>	<b>6,909</b>	<b>2,219</b>	<b>1,927</b>	<b>4,002</b>	<b>41</b>	<b>2,678</b>	<b>340</b>	<b>38,527</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>									
Other	-	-	-	-	-	-	-	247	247
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	333	333
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>580</b>	<b>580</b>
<b>Total Revenue</b>	<b>20,411</b>	<b>6,909</b>	<b>2,219</b>	<b>1,927</b>	<b>4,002</b>	<b>41</b>	<b>2,678</b>	<b>920</b>	<b>39,107</b>

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

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

	2011 \$'000	2010 \$'000
<b>Patient and Resident Fees Raised</b>		
<b>Recurrent:</b>		
Acute		
– Inpatients	276	333
– Primary Care	382	339
Residential Aged Care		
– Generic	459	411
<b>Total Recurrent</b>	<b>1,117</b>	<b>1,083</b>
<b>Capital Purpose:</b>		
Residential Accommodation Payments(*)	117	129
<b>Total Capital</b>	<b>117</b>	<b>129</b>

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

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

	2011 \$'000	2010 \$'000
<b>Proceeds from Disposals of Non-Current Assets</b>		
Motor Vehicles	185	182
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>185</b>	<b>182</b>
<b>Less: Written Down Value of Non-Current Assets Sold</b>		
Motor Vehicles	158	165
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>158</b>	<b>165</b>
<b>Net gains/(losses) on Disposal of Non-Current Assets</b>	<b>27</b>	<b>17</b>

### Note 3: Expenses

	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
<b>Employee Benefits</b>						
Salaries & Wages	23,423	21,946	104	102	23,527	22,048
WorkCover Premium	215	269	1	1	216	270
Departure Packages	-	-	-	-	-	-
Long Service Leave	675	710	4	4	679	714
Superannuation	2,179	2,017	11	10	2,190	2,027
<b>Total Employee Benefits</b>	<b>26,492</b>	<b>24,942</b>	<b>120</b>	<b>117</b>	<b>26,612</b>	<b>25,059</b>
<b>Non Salary Labour Costs</b>						
Fees for Visiting Medical Officers	2,979	2,701	-	-	2,979	2,701
Agency Costs – Nursing	103	71	-	-	103	71
Agency Costs – Other	511	257	-	-	511	257
<b>Total Non Salary Labour Costs</b>	<b>3,593</b>	<b>3,029</b>	<b>-</b>	<b>-</b>	<b>3,593</b>	<b>3,029</b>
<b>Supplies &amp; Consumables</b>						
Drug Supplies	1,344	1,117	1	-	1,345	1,117
Medical, Surgical Supplies and Prosthesis	2,486	2,674	1	1	2,487	2,675
Pathology Supplies	290	249	-	-	290	249
Food Supplies	270	260	30	27	300	287
<b>Total Supplies &amp; Consumables</b>	<b>4,390</b>	<b>4,300</b>	<b>32</b>	<b>28</b>	<b>4,422</b>	<b>4,328</b>
<b>Other Expenses from Continuing Operations</b>						
Domestic Services & Supplies	511	462	4	3	515	465
Fuel, Light, Power and Water	395	331	1	1	396	332
Insurance costs funded by Department of Health	270	205	1	1	271	206
Motor Vehicle Expenses	150	128	1	1	151	129
Repairs & Maintenance	368	408	2	2	370	410
Maintenance Contracts	40	57	-	-	40	57
Patient Transport	26	33	-	-	26	33
Bad & Doubtful Debts	3	3	-	-	3	3
Lease Expenses	4	9	-	-	4	9
Information Technology	819	791	2	1	821	792
Rent	434	412	2	1	436	413
Other Administrative Expenses	1,366	1,395	4	5	1,370	1,400
Other	12	10	-	-	12	10
Audit Fees						
- VAGO - Audit of Financial Statements	12	12	-	-	12	12
- Other	36	7	-	-	36	7
<b>Total Other Expenses from Continuing Operations</b>	<b>4,446</b>	<b>4,263</b>	<b>17</b>	<b>15</b>	<b>4,463</b>	<b>4,278</b>
<b>Expenditure Using Capital Purpose Income</b>						
Administrative Expenses	-	-	-	136	-	136
<b>Total Expenditure Using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>-</b>	<b>136</b>
Depreciation & Amortisation	-	-	2,386	2,675	2,386	2,675
<b>Total Expenses</b>	<b>38,921</b>	<b>36,534</b>	<b>2,555</b>	<b>2,971</b>	<b>41,476</b>	<b>39,505</b>

No ex-gratia payments have been incurred or written off during the reporting periods.

**Note 3a: Analysis of Expenses by Source**  
(based on the consolidated view of Note 3)

	Admitted Patients	Outpatients	EDS	Aged Care	Primary Health	Ambulatory	RAC Inc. Mental Health	Other	Total
	2011	2011	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Services Supported by Health Services Agreement</b>									
Employee Benefits	11,662	4,929	1,961	2,071	3,010	18	2,415	427	26,493
Non Salary Labour Costs	2,803	244	421	6	45	-	70	3	3,592
Supplies & Consumables	3,235	494	269	46	164	1	161	20	4,390
Other Expenses from Continuing Operations	2,113	1,027	295	243	325	9	302	132	4,446
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>19,813</b>	<b>6,694</b>	<b>2,946</b>	<b>2,366</b>	<b>3,544</b>	<b>28</b>	<b>2,948</b>	<b>582</b>	<b>38,921</b>
<b>Services Supported by Hospital and Community Initiatives</b>									
Employee Benefits	-	-	-	-	-	-	-	120	120
Non Salary Labour Costs	-	-	-	-	-	-	-	-	-
Supplies & Consumables	-	-	-	-	-	-	-	32	32
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	17	17
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>169</b>
Expenditure Using Capital Purpose Income	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation (refer note 4)	795	927	190	112	128	4	149	81	2,386
<b>Total Expenses</b>	<b>20,608</b>	<b>7,621</b>	<b>3,136</b>	<b>2,478</b>	<b>3,672</b>	<b>32</b>	<b>3,097</b>	<b>832</b>	<b>41,476</b>

**Note 3b: Analysis of Expenses by Source**

(based on the consolidated view of Note 3)

	Admitted Patients	Outpatients	EDS	Aged Care	Primary Health	Ambulatory	RAC Inc. Mental Health	Other	Total
	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000	2010 \$'000
<b>Services Supported by Health Services Agreement</b>									
Employee Benefits	10,887	4,917	1,732	1,900	2,563	17	2,504	422	24,942
Non Salary Labour Costs	2,482	243	231	1	4	-	67	1	3,029
Supplies & Consumables	3,291	500	288	28	45	1	135	12	4,300
Other Expenses from Continuing Operations	1,686	999	279	222	515	8	436	118	4,263
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>18,346</b>	<b>6,659</b>	<b>2,530</b>	<b>2,151</b>	<b>3,127</b>	<b>26</b>	<b>3,142</b>	<b>553</b>	<b>36,534</b>
<b>Services Supported by Hospital and Community Initiatives</b>									
Employee Benefits	-	-	-	-	-	-	-	117	117
Non Salary Labour Costs	-	-	-	-	-	-	-	-	-
Supplies & Consumables	-	-	-	-	-	-	-	28	28
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	15	15
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>160</b>
Expenditure using Capital Purpose Income	-	-	-	-	-	-	-	136	136
Depreciation & Amortisation (refer note 4)	891	1,040	212	125	144	5	167	91	2,675
<b>Total Expenses</b>	<b>19,237</b>	<b>7,699</b>	<b>2,742</b>	<b>2,276</b>	<b>3,271</b>	<b>31</b>	<b>3,309</b>	<b>940</b>	<b>39,505</b>

## Note 4: Depreciation and Amortisation

	2011	2010
	\$'000	\$'000
<b>Depreciation</b>		
Buildings	1,297	1,203
Plant & Equipment	349	336
Medical Equipment	183	148
Computers & Communications	215	487
Motor Vehicles	187	168
<b>Total Depreciation</b>	<b>2,231</b>	<b>2,342</b>
<b>Amortisation</b>		
Intangible Assets	155	333
<b>Total Amortisation</b>	<b>155</b>	<b>333</b>
<b>Total Depreciation &amp; Amortisation</b>	<b>2,386</b>	<b>2,675</b>

## Note 5: Cash and Cash Equivalents

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

	2011	2010
	\$'000	\$'000
Cash on Hand	4	3
Cash at Bank	1,083	947
<b>TOTAL</b>	<b>1,087</b>	<b>950</b>
<b>Represented by:</b>		
Cash for Health Service Operations (as per Cash Flow Statement)	1,087	950
<b>TOTAL</b>	<b>1,087</b>	<b>950</b>

## Note 6: Receivables

	2011	2010
	\$'000	\$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	244	193
Patient Fees	63	83
Accrued Investment Income	17	23
Accrued Revenue - Other (Sundry)	96	58
Third Party Bonds	9	9
LESS Allowance for Doubtful Debts		
Trade Debtors	(4)	(4)
	425	362
<b>Statutory</b>		
GST Receivable	343	346
Accrued Revenue – Department of Health	555	758
	898	1,104
<b>TOTAL CURRENT RECEIVABLES</b>	<b>1,323</b>	<b>1,466</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave – Department of Health	790	713
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>790</b>	<b>713</b>
<b>TOTAL RECEIVABLES</b>	<b>2,113</b>	<b>2,179</b>

### (a) Movement in the Allowance for doubtful debts

	2011	2010
	\$'000	\$'000
Balance at beginning of year	4	22
Amounts written off during the year	-	(21)
Increase/(decrease) in allowance recognised in profit or loss	-	3
<b>Balance at end of year</b>	<b>4</b>	<b>4</b>

### (b) Ageing analysis of receivables

Please refer to note 17(b) for the ageing analysis of receivables

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

Please refer to note 17(b) for the nature and extent of credit risk arising from contractual receivables

## Note 7: Investments and other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>CURRENT</b>								
<i>Loans and Receivables</i>								
Aust. Dollar Term Deposits > 3 months	1,165	172	2,001	1,768	-	-	3,166	1,940
<b>Total Current</b>	<b>1,165</b>	<b>172</b>	<b>2,001</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>3,166</b>	<b>1,940</b>
<b>TOTAL</b>	<b>1,165</b>	<b>172</b>	<b>2,001</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>3,166</b>	<b>1,940</b>
<b>Represented by:</b>								
Health Service Investments	1,165	172	1,774	1,380	-	-	2,939	1,552
Accommodation Bonds (Refundable Entrance Fees)	-	-	227	388	-	-	227	388
<b>TOTAL</b>	<b>1,165</b>	<b>172</b>	<b>2,001</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>3,166</b>	<b>1,940</b>

Operating Fund Investments include \$990k which will need to be returned to the Department of Health in 2011/12. Specific Purpose Fund Investments relate to a Capital donation received for a specific purpose, plus Department of Health Long Service Leave funds.

### (b) Ageing analysis of other financial assets

Please refer to note 17(b) for the ageing analysis of investments and other financial assets

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

Please refer to note 17(b) for the nature and extent of credit risk arising from investments and other financial assets

## Note 8: Inventories

	2011 \$'000	2010 \$'000
<b>Pharmaceuticals</b>		
At cost	136	131
<b>Catering Supplies</b>		
At cost	-	-
<b>Housekeeping Supplies</b>		
At Cost	-	-
<b>Medical and Surgical Lines</b>		
At cost	82	80
<b>TOTAL INVENTORIES</b>	<b>218</b>	<b>211</b>

## Note 9: Other Current Assets

	2011 \$'000	2010 \$'000
Prepayments	205	210
<b>CURRENT</b>	<b>205</b>	<b>210</b>
<b>NON CURRENT</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>205</b>	<b>210</b>

## Note 10: Property, Plant & Equipment

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land</b>		
- Land at Fair Value	7,059	6,324
<b>Total Land</b>	<b>7,059</b>	<b>6,324</b>
<b>Buildings</b>		
- Buildings under Construction at Cost	-	812
-Buildings at Cost	4,464	1,594
Less Acc'd Depreciation	103	5
- Buildings at Fair Value	18,994	18,994
Less Acc'd Depreciation	2,371	1,186
- Leasehold Improvements at Cost	105	106
Less Acc'd Depreciation	60	47
<b>Total Buildings</b>	<b>21,029</b>	<b>20,268</b>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	4,986	3,732
Less Acc'd Depreciation	2,698	1,446
<b>Total Plant and Equipment</b>	<b>2,288</b>	<b>2,286</b>
<b>Medical Equipment</b>		
- Medical Equipment at Fair Value	4,111	2,401
Less Acc'd Depreciation	1,922	1,385
<b>Total Medical Equipment</b>	<b>2,189</b>	<b>1,016</b>
<b>Computers and Communications</b>		
- Computers and Communications at Fair Value	2,793	2,461
Less Acc'd Depreciation	2,504	2,161
<b>Total Computers and Communications</b>	<b>289</b>	<b>300</b>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	1,021	947
Less Acc'd Depreciation	309	259
<b>Total Motor Vehicles</b>	<b>712</b>	<b>688</b>
<b>TOTAL</b>	<b>33,566</b>	<b>30,882</b>

## Note 10: Property, Plant & Equipment (Continued)

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Comm's	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	<b>6,324</b>	<b>19,655</b>	<b>2,466</b>	<b>983</b>	<b>717</b>	<b>634</b>	<b>30,779</b>
Additions	-	1,816	156	181	70	387	2,610
Disposals	-	-	-	-	-	(165)	(165)
Depreciation and Amortisation (note 4)	-	(1,203)	(336)	(148)	(487)	(168)	(2,342)
<b>Balance at 1 July 2010</b>	<b>6,324</b>	<b>20,268</b>	<b>2,286</b>	<b>1,016</b>	<b>300</b>	<b>688</b>	<b>30,882</b>
Additions	-	2,058	351	1,356	204	370	4,339
Disposals	-	-	-	-	-	(159)	(159)
Revaluation increment	735	-	-	-	-	-	735
Depreciation and Amortisation (note 4)	-	(1,297)	(349)	(183)	(215)	(187)	(2,231)
<b>Balance at 30 June 2011</b>	<b>7,059</b>	<b>21,029</b>	<b>2,288</b>	<b>2,189</b>	<b>289</b>	<b>712</b>	<b>33,566</b>

### Land and buildings carried at valuation

An independent valuation of the Health Service's property, plant and equipment was performed by the Valuer General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30/6/2009. Subsequently to this date, FRD103D requires a managerial valuation of the relevant property when there is a material increase in Fair value over carrying value in excess of 10%. Given the land value of Djerriwarrh Health Services has increased by 12% since the last formal valuation on 30/6/2009, a Land revaluation has occurred on 30/6/2011.

## Note 11: Intangible Assets

	2011	2010
	\$'000	\$'000
Other Software	2,310	1,690
Less Acc'd Amortisation	1,656	1,500
	<b>654</b>	<b>190</b>
<b>Total Written Down Value</b>	<b>654</b>	<b>190</b>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Other Software	Total
	\$'000	\$'000
<b>Balance at 1 July 2009</b>	<b>457</b>	<b>457</b>
Additions	66	66
Amortisation (note 4)	(333)	(333)
<b>Balance at 1 July 2010</b>	<b>190</b>	<b>190</b>
Additions	619	619
Amortisation (note 4)	(155)	(155)
<b>Balance at 30 June 2011</b>	<b>654</b>	<b>654</b>

## Note 12: Payables

	2011	2010
	\$'000	\$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	573	91
Accrued Expenses	907	1,083
Income in Advance	-	3
Superannuation	74	61
Other	23	19
	<b>1,577</b>	<b>1,257</b>
<b>Statutory</b>		
Taxation Payable	19	36
GST Payable	79	12
Department of Health	1,482	175
	<b>1,580</b>	<b>223</b>
<b>TOTAL CURRENT</b>	<b>3,157</b>	<b>1,480</b>
<b>NON CURRENT</b>	-	-
<b>TOTAL NON CURRENT</b>	-	-
<b>TOTAL</b>	<b>3,157</b>	<b>1,480</b>

**(a) Maturity analysis of payables**

Please refer to Note 17(c) for the ageing analysis of contractual payables

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

Please refer to note 17(c) for the nature and extent of risks arising from contractual payables

## Note 13: Provisions

	2011	2010
	\$'000	\$'000
<b>CURRENT PROVISIONS</b>		
Employee Benefits		
- Unconditional and expected to be settled within 12 months (nominal value)	2,928	2,617
- Unconditional and expected to be settled after 12 months (present value)	2,702	2,307
	<b>5,630</b>	<b>4,924</b>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (nominal value)	275	259
- Unconditional and expected to be settled after 12 months (present value)	338	285
	<b>613</b>	<b>544</b>
<b>Total Current Provisions</b>	<b>6,243</b>	<b>5,468</b>
<b>Non-Current Provisions</b>		
Employee Benefits	848	838
Provisions related to Employee Benefit On-Costs	106	105
<b>Total Non-Current Provisions</b>	<b>954</b>	<b>943</b>
<b>Total Provisions</b>	<b>7,197</b>	<b>6,411</b>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Unconditional LSL Entitlements	3,040	2,592
Annual Leave Entitlements	2,383	2,163
Accrued Wages and Salaries	724	620
Accrued Days Off	96	93
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements (present value)	954	943
<b>Total Employee Benefits and Related On-Costs</b>	<b>7,197</b>	<b>6,411</b>
<b>(b) Movements in provisions</b>		
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	<b>3,535</b>	<b>3,052</b>
Provision made during the year		
- Expense recognising Employee Service	678	714
Settlement made during the year	(219)	(231)
<b>Balance at end of year</b>	<b>3,994</b>	<b>3,535</b>

**Note 14: Other Liabilities**

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
Monies Held in Trust*		
- Accommodation Bonds (Refundable Entrance Fees)*	227	388
<b>Total Current</b>	<b>227</b>	<b>388</b>
<b>Total Non-Current</b>	-	-
<b>Total Other Liabilities</b>	<b>227</b>	<b>388</b>
* Total Monies Held in Trust		
<b>Represented by the following assets:</b>		
Investment and other Financial Assets (refer to Note 7)	227	388
<b>TOTAL</b>	<b>227</b>	<b>388</b>

## Note 15: Equity

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reserves</b>		
<b>Property, Plant &amp; Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	11,575	11,575
Revaluation Increment/(Decrements)		
- Land	735	-
- Buildings	-	-
<b>Balance at the end of the reporting period*</b>	<b>12,310</b>	<b>11,575</b>
* Represented by:		
- Land	4,349	3,614
- Buildings	7,961	7,961
	<b>12,310</b>	<b>11,575</b>
The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.		
<b>Restricted Specific Purpose Surplus</b>		
Balance at the beginning of the reporting period	551	551
Transfer to and from Restricted Specific Purpose Surplus - Restricted Capital Donations	55	-
Balance at the end of the reporting period	<b>606</b>	<b>551</b>
<b>Total Reserves</b>	<b>12,916</b>	<b>12,126</b>
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	7,193	7,193
Capital contribution received from Victorian Government	-	-
Balance at the end of the reporting period	<b>7,193</b>	<b>7,193</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	8,964	9,362
Net Result for the Year	1,410	(398)
Transfer to and from Restricted Specific Purpose Surplus - Restricted Capital Donations	(55)	-
Balance at the end of the reporting period	<b>10,319</b>	<b>8,964</b>
<b>(d) Total Equity at end of financial year</b>	<b>30,428</b>	<b>28,283</b>

**Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow)  
from Operating Activities**

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net Result for the Year</b>	1,410	(398)
Depreciation & Amortisation	2,386	2,675
Provision for Doubtful Debts	-	17
Net (Gain)/Loss from Sale of Plant and Equipment	(27)	(17)
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	562	(720)
(Increase)/Decrease in Prepayments	5	(6)
(Increase)/Decrease in Inventories	(7)	139
Increase/(Decrease) in Payables	1,677	(1,094)
Increase/(Decrease) in Employee Benefits	786	671
Increase/(Decrease) in Other Liabilities	(161)	(3)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>6,631</b>	<b>1,264</b>

## Note 17: 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 to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

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

### Categorisation of financial instruments

	Carrying Amount 2011 \$'000	Carrying Amount 2010 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	1,087	950
Loans and Receivables		
- Trade debtors	244	193
- Other receivables	185	173
Other Financial assets		
- Term Deposit	3,166	1,940
<b>Total Financial Assets (i)</b>	<b>4,682</b>	<b>3,256</b>
<b>Financial Liabilities</b>		
At Amortised cost		
- Payables	1,577	1,257
Other Financial Liabilities		
- Accommodation Bonds	227	388
<b>Total Financial Liabilities (ii)</b>	<b>1,804</b>	<b>1,645</b>

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

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

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

	<b>Net Holding gain/(loss)</b>	<b>Net Holding gain/(loss)</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>		
Cash and cash equivalents – Cash at Bank	106	64
Loans and Receivables – Term Deposits	101	101
<b>Total Financial Assets (i)</b>	<b>207</b>	<b>165</b>
<b>Financial Liabilities</b>		
At Amortised cost	-	-
<b>Total Financial Liabilities (ii)</b>	<b>-</b>	<b>-</b>

(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 impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

**Note 17: Financial Instruments (continued)**

**(b) Credit Risk**

In the context of Djerriwarrh Health Services, credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments particular to Djerriwarrh Health Services which would be subject to credit risk include:

- Cash Equivalents;
- Other financial assets;
- Receivables;
- Monies held in Trust and Aged Care Bonds; and
- Other liabilities.

With regards to credit risk for Cash Equivalents and Other Financial Assets, it is Djerriwarrh Health Services policy to only invest funds in reputable Australian Deposit taking institutions listed as recommended by the Victorian Department of Treasury. Credit risk should be minimised as such Institutions have their capital adequacy monitored by the Australian Prudential Regulatory Authority.

Receivables are regularly monitored by management and, should collection be doubted, a specific provision is created. It is Djerriwarrh Health Services policy that provisions over a certain threshold are approved by management and the Board. Receivables in both the monthly management reports and yearly Djerriwarrh Health Services financial statements are shown as net of provisions.

Djerriwarrh Health Services does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than the Department of Health as the material funder of Djerriwarrh Health Services operations.

	<b>Financial institutions (AA credit rating)</b>	<b>Other</b>	<b>Total</b>
<b>2011</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>			
Cash and Cash Equivalents	1,087	-	1,087
Receivables			
- Trade Debtors	-	244	244
- Other Receivables (i)	-	185	185
Other Financial Assets			
- Term Deposit	3,166	-	3,166
<b>Total Financial Assets</b>	<b>4,253</b>	<b>429</b>	<b>4,682</b>
<b>2010</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	950	-	950
Receivables			
- Trade Debtors	-	193	193
- Other Receivables	-	173	173
Other Financial Assets			
- Term Deposit	1,940	-	1,940
<b>Total Financial Assets</b>	<b>2,890</b>	<b>366</b>	<b>3,256</b>

**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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,087	1,087	-	-	-	-	-
Receivables							
- Trade Debtors	244	184	42	7	7	-	4
- Other Receivables	185	165	11	4	5	-	-
Other Financial Assets							
- Term Deposit	3,166	3,166	-	-	-	-	-
<b>Total Financial Assets</b>	<b>4,682</b>	<b>4,602</b>	<b>53</b>	<b>11</b>	<b>12</b>	<b>-</b>	<b>4</b>
<b>2010</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	950	950	-	-	-	-	-
Receivables							
- Trade Debtors	193	158	26	2	3	-	4
- Other Receivables	173	159	6	3	5	-	-
Other Financial Assets							
- Term Deposit	1,940	1,940	-	-	-	-	-
<b>Total Financial Assets</b>	<b>3,256</b>	<b>3,207</b>	<b>32</b>	<b>5</b>	<b>8</b>	<b>-</b>	<b>4</b>

Ageing analysis of financial assets excludes the types of statutory financial assets (i.e. GST input tax credit).

**Note 17: Financial Instruments (continued)**

**(c) Liquidity Risk**

In the context of Djerriwarrh Health Services, liquidity risk refers to the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

Djerriwarrh Health Services is a statutory corporation that is primarily funded by the Department of Health Victoria (DH). It's the Board's policy to manage the Health Service under the Financial Management Act to ensure it meets its financial obligations as and when they fall due.

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

**Maturity analysis of Financial Liabilities as at 30 June**

	Carrying Amount	Contractual Cash Flows	Maturity Dates			
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
<b>2011</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Liabilities:</b>						
Payables	1,577	1,577	1,577	-	-	-
Other Financial Liabilities	-					
- Accommodation Bonds	227	227	-	-	227	-
<b>Total Financial Liabilities</b>	<b>1,804</b>	<b>1,804</b>	<b>1,577</b>	<b>-</b>	<b>227</b>	<b>-</b>
<b>2010</b>						
<b>Financial Liabilities</b>						
Payables	1,257	1,257	1,257	-	-	-
Other Financial Liabilities						
- Accommodation Bonds	388	388	-	-	388	-
<b>Total Financial Liabilities</b>	<b>1,645</b>	<b>1,645</b>	<b>1,257</b>	<b>-</b>	<b>388</b>	<b>-</b>

Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e. GST payable).

**(d) Market Risk**

In a Djerriwarrh Health Services context, market risk is defined as the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Generally, market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**Currency Risk**

Djerriwarrh Health Services 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.

**Interest Rate Risk**

Djerriwarrh Health Services is only generally subject to interest rate risk on Investments. Djerriwarrh Health Services is not empowered to borrow funds subject to interest on the principal and is therefore not subject to market risk on financial liabilities.

**Note 17: Financial Instruments (continued)**

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	4.62	1,087	-	1,083	4
Receivables (i)					
- Trade Debtors	-	244	-	-	244
- Other Receivables	-	185	-	-	185
Other Financial Assets					
- Term Deposit	5.83	3,166	3,166	-	-
		<b>4,682</b>	<b>3,166</b>	<b>1,083</b>	<b>433</b>
<b>Financial Liabilities</b>					
Payables (i)	-	1,577	-	-	1,577
Other Financial Liabilities					
- Accommodation Bonds	-	227	-	-	227
		<b>1,804</b>	<b>-</b>	<b>-</b>	<b>1,804</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	3.74	950	-	947	3
Receivables (i)					
- Trade Debtors	-	193	-	-	193
- Other Receivables	-	173	-	-	173
Other Financial Assets					
- Term Deposit	4.83	1,940	1,940	-	-
		<b>3,256</b>	<b>1,940</b>	<b>947</b>	<b>369</b>
<b>Financial Liabilities</b>					
Payables (i)	-	1,257	-	-	1,257
Other Financial Liabilities					
- Accommodation Bonds	-	388	-	-	388
		<b>1,645</b>	<b>-</b>	<b>-</b>	<b>1,645</b>

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

**Note 17: 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, Djerriwarrh Health Services believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Commonwealth Bank of Australia).

- A parallel shift of 1% and -1% in market interest rates (AUD) from year-end rates of 5.7%;
- A parallel shift of 1% and -1% in inflation rate from year-end rates of 3.3%

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

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,087	(11)	(11)	11	11
Receivables					
- Trade Debtors	244	-	-	-	-
- Other Receivables	185	-	-	-	-
Other Financial Assets					
- Term Deposit	3,166	(32)	(32)	32	32
<b>Financial Liabilities</b>					
Payables	1,577	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	227	-	-	-	-
		<b>(43)</b>	<b>(43)</b>	<b>43</b>	<b>43</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	950	(10)	(10)	10	10
Receivables					
- Trade Debtors	193	-	-	-	-
- Other Receivables	173	-	-	-	-
Other Financial Assets					
- Term Deposit	1,940	(19)	(19)	19	19
<b>Financial Liabilities</b>					
Payables	1,257	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	388	-	-	-	-
		<b>(29)</b>	<b>(29)</b>	<b>29</b>	<b>29</b>

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: [ $\$1,087k \times 0.067$ ]-[ $\$1,087k \times 0.057$ ] = \$11k. Similar for a -1% movement in interest rate, impact = \$(11k).

The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

**Note 17: Financial Instruments (continued)**

**(e) Fair Value**

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

- the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Djerriwarrh 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.

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

**Comparison between carrying amount and fair value**

	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>2011 \$'000</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>	<b>2010 \$'000</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,087	1,087	950	950
Receivables (i)				
- Trade Debtors	244	244	193	193
- Other Receivables	185	185	173	173
Other Financial Assets				
- Term Deposit	3,166	3,166	1,940	1,940
<b>Total Financial Assets</b>	<b>4,682</b>	<b>4,682</b>	<b>3,256</b>	<b>3,256</b>
<b>Financial Liabilities</b>				
Payables (i)	1,577	1,577	1,257	1,257
Other Financial Liabilities				
- Accommodation Bonds	227	227	388	388
<b>Total Financial Liabilities</b>	<b>1,804</b>	<b>1,804</b>	<b>1,645</b>	<b>1,645</b>

The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

## Note 18: Commitments for Expenditure

	2011	2010
	\$'000	\$'000
<b>Capital Expenditure Commitments</b>		
<u>Payable:</u>		
Land and Buildings	-	1,891
Plant & Equipment	-	62
<b>Total Capital Commitments</b>	<b>-</b>	<b>1,953</b>
<u>Land and Buildings</u>		
Not later than one year	-	1,891
<u>Plant &amp; Equipment</u>		
Not later than one year	-	62
<b>Total</b>	<b>-</b>	<b>1,953</b>
<b>Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	783	1,210
<b>Total Lease Commitments</b>	<b>783</b>	<b>1,210</b>
<b>Operating Leases</b>		
Operating leases held by the Health Service include rental leasing of properties, payable as follows:		
<i>Non-cancellable</i>		
Not later than one year	404	427
Later than 1 year and not later than 5 years	379	783
<b>TOTAL</b>	<b>783</b>	<b>1,210</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>783</b>	<b>3,163</b>
Less GST recoverable from the Australian Tax Office	(71)	(288)
<b>Total Commitments for Expenditure (exclusive of GST)</b>	<b>712</b>	<b>2,875</b>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

## Note 19: Contingent Assets and Contingent Liabilities

There were no Contingent Assets or Liabilities at 30 June 2011 (2010: \$nil).

## Note 20: Operating Segments

	RAC		Other		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>REVENUE</b>						
Commonwealth subsidies	1,375	1,307	429	275	1,804	1,582
State Grants	825	794	32,992	31,444	33,817	32,238
Resident fees	459	409	658	674	1,117	1,083
Bond retentions , Accommodation Charges and Interest	117	129	3,551	1,935	3,668	2,064
Other Operating revenue	44	39	2,436	2,101	2,480	2,140
<b>Total Revenue</b>	<b>2,820</b>	<b>2,678</b>	<b>40,066</b>	<b>36,429</b>	<b>42,886</b>	<b>39,107</b>
<b>EXPENSES</b>						
Employee Benefits	2,415	2,504	24,078	22,438	26,493	24,942
Non-Salary Labour costs	70	67	3,522	2,962	3,592	3,029
Non-Salary expenses	463	571	8,542	8,288	9,005	8,859
Depreciation & Amortisation Expense	149	167	2,237	2,508	2,386	2,675
<b>Total Expenses</b>	<b>3097</b>	<b>3,309</b>	<b>38,379</b>	<b>36,196</b>	<b>41,476</b>	<b>39,505</b>
<b>NET RESULT</b>	<b>(277)</b>	<b>(631)</b>	<b>1,687</b>	<b>233</b>	<b>1,410</b>	<b>(398)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	2,148	2,379	38,861	34,183	41,009	36,562
<b>Total Assets</b>	<b>2,148</b>	<b>2,379</b>	<b>38,861</b>	<b>34,183</b>	<b>41,009</b>	<b>36,562</b>
Segment Liabilities	227	388	10,354	7,891	10,581	8,279
<b>Total Liabilities</b>	<b>227</b>	<b>388</b>	<b>10,354</b>	<b>7,891</b>	<b>10,581</b>	<b>8,279</b>
Acquisition of Property, Plant and Equipment and Intangible Assets	60	17	4,279	2,593	4,339	2,610

Refer Note 2a and Note 3a for further breakdown of Segment Revenue and Expenses, in particular, the column headed "RAC including Mental Health".

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

### Business Segments

Residential Aged Care Services (RACS)

Other

### Services

30 bed Nursing Home

Provider of Acute & Community Health services

### Geographical Segment

Djerriwarrh Health Services operates predominantly in Bacchus Marsh, Melton and Caroline Springs, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Bacchus Marsh, Melton and Caroline Springs, Victoria.

## Note 21: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2011 %	2010 %
Grampians Rural Health Alliance	Information Systems	9.08	7.67

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

	2011 \$'000	2010 \$'000
<b>Current Assets</b>		
Cash & Cash Equivalent	102	128
Receivables	109	116
<b>Total Current Assets</b>	<b>211</b>	<b>244</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	47	44
<b>Total Non Current Assets</b>	<b>47</b>	<b>44</b>
<b>Total Assets</b>	<b>258</b>	<b>288</b>
<b>Current Liabilities</b>		
Payables	75	91
Employee Benefits and Related On-Costs Provisions	-	-
<b>Total Current Liabilities</b>	<b>75</b>	<b>91</b>
<b>Total Non Current Liabilities</b>	-	-
<b>Total Liabilities</b>	<b>75</b>	<b>91</b>

Djerriwarrh Health Services interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2011 \$'000	2010 \$'000
<b>Revenues</b>		
Revenue from Operating Activities	292	195
Capital Purpose Income	71	13
<b>Total Revenue</b>	<b>363</b>	<b>208</b>
<b>Expenses</b>		
Employee Benefits	81	25
Non Salary Labour Costs	18	6
Administration Expenses	244	152
Other Expenses From Continuing Operations	18	7
Depreciation and Amortisation	15	16
Expenditure Using Capital Purpose Income	-	50
<b>Total Expenses</b>	<b>376</b>	<b>256</b>
<b>Net result</b>	<b>(13)</b>	<b>(48)</b>

## Note 22a: Responsible Persons Disclosures

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

### Responsible Ministers:

	Period
The Honourable Daniel Andrews, MLA, Minister for Health	01/07/2010 – 02/12/2010
The Honourable David Davis, MP, Minister for Health and Ageing	02/12/2010 – 30/06/2011
The Honourable Mary Woodridge, MLA, Minister for Mental Health	02/12/2010 – 30/06/2011

### Governing Boards

M. Tudball	01/07/2010 - 30/06/2011
E. Sharkey	01/07/2010 - 30/06/2011
H. Dobson	01/07/2010 - 30/06/2011
H. Legro	01/07/2010 - 30/06/2011
S. Ramsey	01/07/2010 - 30/06/2011
C. Sutherland	01/07/2010 - 30/06/2011
S. Tunecliff	01/07/2010 - 30/06/2011
S. Cristiano	01/07/2010 - 30/06/2011
J. Payne	01/07/2010 - 30/06/2011
D. Sauer	01/07/2010 - 30/06/2011

### Accountable Officers

Mr.R.B. Marshall OAM (Chief Executive)	01/07/2010 - 30/06/2011
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### Remuneration of Responsible Persons

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

#### Income Band

	2011 No.	2010 No.
\$0	10	8
\$300,000 - \$309,999	1	1
<b>Total Numbers</b>	<b>11</b>	<b>9</b>
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>\$306,331</b>	<b>\$302,638</b>

All Board Members act in a honorary capacity and receive no Remuneration.

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

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

Mr Hayden Legro, a Board Member of Djerriwarrh Health Services, is a Director of the legal firm Hayden Legro Lawyers, which provides legal services to Djerriwarrh Health Services on normal commercial terms and conditions.

	2011 \$'000	2010 \$'000
	2	9

**Note 22b: Executive Officer Disclosures**

**Executive Officers' Remuneration**

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

	Total Remuneration		Base Remuneration	
	2011	2010	2011	2010
\$120,000 - \$129,999	-	1	-	1
\$130,000- \$139,999	1	1	1	-
\$140,000- \$149,999	-	1	1	2
\$150,000- \$159,999	2	1	1	1
\$160,000- \$169,999	1	-	1	-
\$170,000- \$179,999	-	-	-	-
\$180,000- \$189,999	-	1	-	1
\$190,000- \$199,999	1	-	1	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Remuneration</b>	<b>\$805,893</b>	<b>\$745,275</b>	<b>\$780,000</b>	<b>\$732,500</b>

**Note 23: Events Occurring after the Balance Sheet Date**

No matter or circumstance has arisen since the end of the financial period to 30 June 2011 that has significantly affected or may significantly affect:

- a) The operations in financial year 30 June 2011 of the Health Service
- b) The results of those operations
- c) The state of affairs in financial years after 30 June 2011 of the Health Service

**Note 24: Economic Dependency**

Djerriwarrh Health Services is wholly dependant on the continued financial support of the State Government and in particular, Department of Health. The Department of Health provided 86% of Revenue from Operating Activities in 2010/11.

