

# **Mansfield District Hospital**

**Financial Report  
for year ended 30 June 2011**

MANSFIELD DISTRICT HOSPITAL

BOARD MEMBER'S, ACCOUNTABLE OFFICERS AND  
CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position at that date of Mansfield District Hospital 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 report to be misleading or inaccurate.

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



Mr R. Beckman  
Chairperson

Mansfield

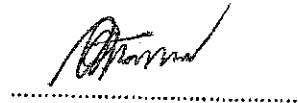
18/8/2011



Ms J. Ridley  
Chief Executive Officer

Mansfield

18/8/2011



Mr A. Nitschke  
Chief Finance & Accounting  
Officer

Mansfield

18/8/2011

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Mansfield District Hospital

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of Mansfield District Hospital 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 Mansfield District Hospital are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

## Independent Auditor's Report (continued)


### *Opinion*

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

MELBOURNE  
19 August 2011



D D R Pearson  
Auditor-General

**MANSFIELD DISTRICT HOSPITAL  
 COMPREHENSIVE OPERATING STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Revenue from Operating Activities	2	11,873,262	11,538,527
Revenue from Non-operating Activities	2	459,270	10,960
Employee Expenses	3	(8,781,813)	(8,290,474)
Non Salary Labour Costs	3	(692,537)	(618,184)
Supplies and Consumables	3	(954,949)	(847,428)
Other Expenses from Continuing Operations	3	(1,950,719)	(1,771,467)
<b>Net Result Before Capital &amp; Specific Items</b>		<b>(47,486)</b>	<b>21,934</b>
Capital Purpose Income	2	542,320	742,166
Reversal of Impairment of Financial Assets		8,049	4,806
Impairment of Financial Assets	3	0	0
Depreciation and Amortisation	4	(1,467,845)	(1,432,729)
Finance Costs		(2,446)	(3,297)
Expenditure using Capital Purpose Income		(46,988)	(30,120)
<b>NET RESULT FOR THE YEAR</b>		<b>(1,014,396)</b>	<b>(697,240)</b>
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(1,014,396)</b>	<b>(697,240)</b>

**MANSFIELD DISTRICT HOSPITAL  
BALANCE SHEET  
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1,435,486	1,767,709
Receivables	7	620,421	483,129
Investments and Other Financial Assets	8	5,512,661	3,778,083
Inventories	9	57,686	77,006
Other Current Assets	10	15,564	33,533
<b>Total Current Assets</b>		<u>7,641,818</u>	<u>6,139,460</u>
<b>Non-Current Assets</b>			
Receivables	7	196,849	167,033
Property, Plant & Equipment	11	15,442,807	16,628,419
<b>Total Non-Current Assets</b>		<u>15,639,656</u>	<u>16,795,452</u>
<b>TOTAL ASSETS</b>		<u>23,281,474</u>	<u>22,934,912</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	12	710,532	431,775
Borrowings	13	11,308	10,457
Provisions	14	1,853,659	1,713,888
Other Liabilities	15	6,614,788	5,661,900
<b>Total Current Liabilities</b>		<u>9,190,287</u>	<u>7,818,020</u>
<b>Non-Current Liabilities</b>			
Borrowings	13	16,401	27,710
Provisions	14	291,782	291,782
<b>Total Non-Current Liabilities</b>		<u>308,183</u>	<u>319,492</u>
<b>TOTAL LIABILITIES</b>		<u>9,498,470</u>	<u>8,137,512</u>
<b>NET ASSETS</b>		<u>13,783,004</u>	<u>14,797,400</u>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Surplus	16a	7,403,276	7,403,276
Contributed Capital	16b	9,591,070	9,591,070
Accumulated Deficits	16c	(3,211,342)	(2,196,946)
<b>TOTAL EQUITY</b>		<u>13,783,004</u>	<u>14,797,400</u>
Commitments for Expenditure	19		
Contingent Liabilities and Contingent Assets	20		

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

**MANSFIELD DISTRICT HOSPITAL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011**

	Property, Plant & Equipment Revaluation Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
Note	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	7,403,276	9,591,070	(1,499,706)	15,494,640
Net result for the year	0	0	(697,240)	(697,240)
<b>Balance at 30 June 2010</b>	<b>7,403,276</b>	<b>9,591,070</b>	<b>(2,196,946)</b>	<b>14,797,400</b>
Net result for the year	0	0	(1,014,396)	(1,014,396)
<b>Balance at 30 June 2011</b>	<b>7,403,276</b>	<b>9,591,070</b>	<b>(3,211,342)</b>	<b>13,783,004</b>

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

**MANSFIELD DISTRICT HOSPITAL  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$ Inflows / (Outflows)	2010 \$ Inflows / (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		9,679,095	9,231,672
Patient and Resident Fees Received		1,878,720	1,770,692
Donations and Bequests Received		329,766	249,201
GST (Paid to)/received from ATO		14,657	(5,664)
Interest Received		419,760	125,487
Other Receipts		316,451	370,466
Employee Expenses Paid		(8,578,153)	(8,110,240)
Fee for Service Medical Officers		(692,537)	(618,184)
Payments for Supplies and Consumables		(935,629)	(858,459)
Finance Costs		(2,446)	(3,297)
Other Payments		(1,751,920)	(1,804,127)
<b>Cash Generated from Operations</b>		<b>677,764</b>	<b>347,547</b>
Capital Grants from Government		88,258	193,501
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	17	<b>766,022</b>	<b>541,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Non-Financial Assets		(303,360)	(491,399)
Proceeds from sale of Non-Financial Assets		19,091	84,977
Proceeds from/(Purchase) of Investments		5,130	(65,793)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(279,139)</b>	<b>(472,215)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of Borrowings		(10,458)	(9,607)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(10,458)</b>	<b>(9,607)</b>
<b>NET INCREASE IN CASH HELD</b>		<b>476,425</b>	<b>59,226</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>279,369</b>	<b>220,143</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6	<b>755,794</b>	<b>279,369</b>

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

## 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 includes 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 AAS's.

The annual financial statements were authorised for issue by the Board of Mansfield District Hospital on 16th 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.

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 value of the consideration given in exchange for assets.

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

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 Report**

The financial statements includes all the controlled activities of Mansfield District Hospital.

Its principal address is:  
53 Highbury Street  
Mansfield Vic 3722

A description of the nature of Mansfield District Hospital's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

**(d) Principles of Consolidation**

**Intersegment Transactions**

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

**Joint Ventures**

Investments in a joint venture partnership are accounted for using the equity method of accounting. Under the equity method for accounting, Mansfield District Hospital's share of the post-acquisition profits or losses of the joint venture partnership is recognised in the net result and its share of post-acquisition changes in revaluation surpluses and any other reserves and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity.

Details of the joint venture are set out in note 22.

**Jointly controlled assets**

Interests in jointly controlled assets are accounted for by recognising in Mansfield District Hospital's financial statements its proportionate share of the assets, liabilities and any income and expenses of such assets.

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

**Fund Accounting**

Mansfield District Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Mansfield District Hospital's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising 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 include Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (Non HSA) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

**Residential Aged Care Service**

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

The Residential Aged Care Service has a separate Committee 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 Mansfield District Hospital. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific 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 Mansfield District Hospital, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

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

- \* Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- \* Specific income/expense, comprises the following items, where material:
  - \* Voluntary departure packages
  - \* Write-down of inventories
  - \* Non-current asset revaluation increments/decrements
  - \* Diminution/impairment of investments
  - \* Restructuring of operations (disaggregation/aggregation of health services)
  - \* Litigation settlements
  - \* Non-current assets lost or found
  - \* Forgiveness of loans
  - \* Reversals of provisions
  - \* Voluntary changes in accounting policies (which are not required by an accounting standard
  - \* or other authoritative pronouncement of the Australian Accounting Standards Board)

(e) **Scope and presentation of financial statements (Continued)**  
**Comprehensive operating statement (Continued)**

- \* 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 (i) and (j)
- \* Depreciation and amortisation, as described in note 1 (h)
- \* Assets provided or received free of charge, as described in note 1 (g, h)
- \* Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (h)), 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*.

**Comparative Information**

There have been no changes to comparative information which require additional disclosure.

(f) **Change in Accounting Policies**

There have been no changes in Accounting Policies which have impacted on the presentation of the financial statements.

(g) **Income Recognition**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Mansfield District Hospital 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.

(g) **Income Recognition (Continued)**

**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 provision of meals to external users is recognised at the time the 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 specific restricted purpose reserve.

**Interest Revenue**

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

**Sale of investments**

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

(h) **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 good 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 contributions (i.e. accumulation) superannuation plans, the associated expense 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 the Mansfield District Hospital are entitled to receive superannuation benefits and Mansfield District Hospital contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

(h) **Expense Recognition (Continued)**

**Defined benefit plans**

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

Fund		Contributions Paid or Payable for the year		
		2011 \$		2010 \$
Defined Benefit Plans:	Health Super	42,523		31,212
Defined Contribution Plans:	Health Super	461,562		459,143
	HESTA	230,186		193,942

Mansfield District Hospital does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial statements.

**Depreciation**

Assets with a cost in excess of \$1,000 (2009-10 and 2010-11) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Health.

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

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	10 to 35 years	10 to 35 years
- Site Engineering Services and Central Plant	10 to 25 years	10 to 25 years
Central Plant		
- Fit Out	6 to 15 years	6 to 15 years
- Trunk Reticulated Building Systems	10 to 16 years	10 to 16 years
Plant & Equipment	10 to 20 years	10 to 20 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communication	3 to 10 years	3 to 10 years
Furniture & Fittings	5 to 10 years	5 to 10 years
Motor Vehicles	2 to 10 years	2 to 10 years
Intangible Assets	3 years	3 years

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

**Finance Costs**

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

(h) **Expense Recognition (Continued)**

**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 entity 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.

(i) **Financial assets**

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 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 in value.

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

**Receivables**

Receivables consist of:

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

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

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate 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 in the following categories:

- Loans and receivables; and
- Available-for-sale financial assets.

(i) **Financial assets (Continued)**

**Investments and Other Financial Assets (Continued)**

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

Mansfield District Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

**Loans and receivables**

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

**Impairment of Financial Assets**

At the end of each reporting period Mansfield District Hospital 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.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months. The financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, Mansfield District Hospital obtained a valuation based on the best available advice using an estimated market 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*.

(i) **Financial assets (Continued)**

**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.

(j) **Non-Financial Assets**

**Inventories**

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

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

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

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

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

**Non-financial Physical Assets Classified as Held for Sale**

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

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

**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.**

**Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restriction will no longer apply.

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

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

(j) **Non-Financial Assets (Continued)**

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

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

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

Revaluation surplus are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

**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 the time.

**Impairment of Non-Financial Assets**

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

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

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

(j) **Non-Financial Assets (Continued)**

**Impairment of Non-Financial Assets (Continued)**

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.

(k) **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.

**Borrowings**

Borrowings in the Balance Sheet are recognised at fair value upon initial recognition.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest rate method. Fair value is determined in the manner described in Note 8.

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

**Long Service Leave**

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

(k) **Liabilities (Continued)**

**Employee Benefits (Continued)**

**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 Mansfield District Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value - component that Mansfield District Hospital does not expect to settle within 12 months; and
- nominal value - component that Mansfield District Hospital expects to settle within 12 months.

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

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

**Termination Benefits**

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

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

**On-Costs**

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

**Superannuation Liabilities**

The Mansfield District Hospital 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.

**Onerous contracts**

An onerous contract is considered to exist when the Health Service has a contract under which the unavoidable cost of meeting the contractual obligation exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

**Make good provisions**

Make good provisions are recognised when the health service has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when leasehold improvements are made.

(l) **Leases**

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

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

**Finance Leases**

**Entity as lessor**

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

**Operating Leases**

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

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

**Lease Incentives**

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

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

**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.

(m) **Equity**

**Contributed Capital**

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

**Property, Plant & Equipment Revaluation Surplus**

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

**Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Comprehensive Operating Statement.

**General Reserves**

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

**(m) Equity (Continued)**

**Specific Restricted Purpose Reserve**

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

**(n) 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.

**(o) 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.

**(p) Goods and Services Tax**

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

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

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

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

**(q) Rounding Of Amounts**

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

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

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

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

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

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures (Dec 2009)</i>	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 January 2011	Preliminary assessment suggests that impact is insignificant. However, the Health Service is still assessing the detailed impact and whether to early adopt.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements	Beginning 1 January 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and interpretations 2, 4, 16, 1039 and 1052]</i>	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and Health Services known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures.  This standard also makes numerous editorial amendments to other AASs.	Beginning 1 January 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.

(r) New Accounting Standards and Interpretations (Continued)

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 January 2011	Expected to have no significant impact.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 January 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 January 2011	No significant impact on the financial statements.
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i> [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB	Beginning 1 January 2011	No significant impact on the financial statements.
AASB 2010-6 <i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets</i> [AASB 1 & AASB7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB9	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.
AASB 2010-8 <i>Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets</i> [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i>	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.

(r) **New Accounting Standards and Interpretations (Continued)**

<p>AASB 2010-9 <i>Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> [AASB 1]</p>	<p>This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.</p>	<p>Beginning 1 July 2011</p>	<p>Amendment unlikely to impact on public sector entities.</p>
<p>AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 &amp; AASB 134 and Interpretations 2, 112 &amp; 113]</p>	<p>This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.</p>	<p>Beginning 1 July 2011</p>	<p>This amendment will have no significant impact on public sector bodies.</p>
<p>AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements</i> [AASB 101 &amp; AASB 1054]</p>	<p>The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements.</p>	<p>Beginning 1 July 2013</p>	<p>The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.</p>
<p>AASB 2011-3 <i>Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]</p>	<p>This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.</p>	<p>Beginning 1 July 2012</p>	<p>This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.</p>

(s) **Category Groups**

Mansfield District Hospital has used the following category groups for reporting purposes for the current and previous financial years.

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

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

(s) **Category Groups (Continued)**

**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 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 psycho geriatric 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.

**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 \$	HSA 2010 \$	H&CI 2011 \$	H&CI 2010 \$	TOTAL 2011 \$	TOTAL 2010 \$
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	6,515,641	6,423,702	0	0	6,515,641	6,423,702
- Commonwealth Government						
- Residential Aged Care Subsidy	2,974,832	2,876,990	0	0	2,974,832	2,876,990
- Other	25,545	8,000	0	0	25,545	8,000
<b>Total Government Grants</b>	<b>9,516,018</b>	<b>9,308,692</b>	<b>0</b>	<b>0</b>	<b>9,516,018</b>	<b>9,308,692</b>
Indirect Contributions by Department of Health						
- Insurance	69,745	53,108	0	0	69,745	53,108
- Long Service Leave	29,815	7,790	0	0	29,815	7,790
<b>Total Indirect Contributions by Department of Health</b>	<b>99,560</b>	<b>60,898</b>	<b>0</b>	<b>0</b>	<b>99,560</b>	<b>60,898</b>
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	711,357	570,445	0	0	711,357	570,445
- Residential Aged Care (refer note 2b)	1,101,324	1,106,981	0	0	1,101,324	1,106,981
<b>Total Patient &amp; Resident Fees</b>	<b>1,812,681</b>	<b>1,677,426</b>	<b>0</b>	<b>0</b>	<b>1,812,681</b>	<b>1,677,426</b>
Commercial Activities & Specific Purpose Funds						
Diagnostic Imaging	0	0	95,214	88,082	95,214	88,082
Catering	0	0	90,724	74,637	90,724	74,637
Property Income	9,474	6,403	8,205	10,160	17,679	16,563
<b>Total Business Units &amp; Specific Purpose Funds</b>	<b>9,474</b>	<b>6,403</b>	<b>194,143</b>	<b>172,879</b>	<b>203,617</b>	<b>179,282</b>
Recoupment from Private Practice for Use of Hospital Facilities	0	9,864	12,139	0	12,139	9,864
Other Operating Revenue - Hume Rural Health Alliance	102,531	60,588	0	0	102,531	60,588
Other Revenue from Operating Activities	78,869	226,523	47,847	15,254	126,716	241,777
<b>Sub-Total Revenue from Operating Activities</b>	<b>11,619,133</b>	<b>11,350,394</b>	<b>254,129</b>	<b>188,133</b>	<b>11,873,262</b>	<b>11,538,527</b>
<b>Revenue from Non-Operating Activities</b>						
Interest and Dividends	456,748	5,962	0	0	456,748	5,962
Other Non Operating Revenue - Hume Rural Health Alliance	2,522	1,766	0	0	2,522	1,766
Other Revenue from Non-Operating activities	0	0	0	3,232	0	3,232
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>459,270</b>	<b>7,728</b>	<b>0</b>	<b>3,232</b>	<b>459,270</b>	<b>10,960</b>

Note 2: REVENUE(Continued)

	HSA 2011 \$	HSA 2010 \$	H&CI 2011 \$	H&CI 2010 \$	TOTAL 2011 \$	TOTAL 2010 \$
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	0	79,712	0	0	0	79,712
- Other	88,258	107,000	0	6,789	88,258	113,789
Residential Accommodation Payments (refer note 2b)	86,266	139,764	0	0	86,266	139,764
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	0	0	(2,506)	(9,814)	(2,506)	(9,814)
Capital Interest	0	0	6,538	169,514	6,538	169,514
Donations and Bequests	3,155	4,189	326,611	245,012	329,766	249,201
Other Capital Purpose Income	33,998	0	0	0	33,998	0
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>211,677</b>	<b>330,665</b>	<b>330,643</b>	<b>411,501</b>	<b>542,320</b>	<b>742,166</b>
Reversal of Impairment Loss on Financial Assets	0	0	8,049	4,806	8,049	4,806
<b>Total Revenue from Continuing Operations (refer note 2a)</b>	<b>12,290,080</b>	<b>11,688,787</b>	<b>592,821</b>	<b>607,672</b>	<b>12,882,901</b>	<b>12,296,459</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.

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income

Note 2a: ANALYSIS OF REVENUE BY SOURCE	Admitted Patients 2011 \$	EDS 2011 \$	Residential Aged Care 2011 \$	Aged Care 2011 \$	Primary Health 2011 \$	Other 2011 \$	TOTAL 2011 \$
<b>Revenue from Services Supported by Health Services Agreement</b>							
Government Grants	5,153,240	0	3,971,546	269,976	121,256	0	9,516,018
Indirect Contributions by Department of Health	52,766	996	41,815	2,987	996	0	99,560
Patient and Resident Fees (refer note 2b)	584,555	0	1,101,324	115,855	10,947	0	1,812,681
Interest and Dividends	28,894	545	425,129	1,635	545	0	456,748
Recoupment from Private Practice for Use of Hospital facilities	106	2	800	449	8,117	0	9,474
Other	60,601	675	42,910	4,728	3,950	105,056	217,920
Capital Purpose Income (refer note 2)	177,679	0	0	0	0	0	177,679
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>6,057,841</b>	<b>2,218</b>	<b>5,583,524</b>	<b>395,630</b>	<b>145,811</b>	<b>105,056</b>	<b>12,290,080</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>							
Catering	0	0	0	0	0	90,724	90,724
Business Units & Specific Purpose Funds	0	0	0	0	0	95,214	95,214
Property Income	0	0	0	0	0	8,205	8,205
Other	0	0	0	0	0	12,139	12,139
<b>Other Activities</b>							
Capital Purpose Income (refer note 2)	0	0	0	0	0	330,643	330,643
Reversal of Impairment Loss on Financial Assets		0	0	0	0	8,049	8,049
Other	0	0	0	0	0	47,847	47,847
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>592,821</b>	<b>592,821</b>
<b>TOTAL REVENUE FROM ALL SOURCES</b>	<b>6,057,841</b>	<b>2,218</b>	<b>5,583,524</b>	<b>395,630</b>	<b>145,811</b>	<b>697,877</b>	<b>12,882,901</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

**Mansfield District Hospital**  
**Notes to the Financial Statements**  
30 June 2011

**Note 2a: ANALYSIS OF REVENUE BY SOURCE**  
(Continued)

	Admitted Patients 2010	EDS 2010	Residential Aged Care 2010	Aged Care 2010	Primary Health 2010	Other 2010	TOTAL 2010
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue from Services Supported by Health Services Agreement</b>							
Government Grants	5,098,873	0	3,780,891	268,006	152,922	8,000	9,308,692
Indirect Contributions by Department of Health	32,276	609	25,577	1,827	609	0	60,898
Patient and Resident Fees (refer note 2b)	444,044	0	1,106,981	111,078	15,323	0	1,677,426
Interest and Dividends	3,160	60	2,503	179	60	0	5,962
Recoupment from Private Practice for Use of Hospital facilities	2,375	0	0	172	160	7,157	9,864
Other	120,417	2,205	92,723	7,726	3,200	69,009	295,280
Capital Purpose Income (refer note 2)	300,665	0	30,000	0	0	0	330,665
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>6,001,810</b>	<b>2,874</b>	<b>5,038,675</b>	<b>388,988</b>	<b>172,274</b>	<b>84,166</b>	<b>11,688,787</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>							
Catering	0	0	0	0	0	74,637	74,637
Business Units & Specific Purpose Funds	0	0	0	0	0	88,082	88,082
Property Income	0	0	0	0	0	10,160	10,160
<b>Other Activities</b>							
Capital Purpose Income (refer note 2)	0	0	0	0	0	411,501	411,501
Reversal of Impairment Loss on Financial Assets		0	0	0	0	4,806	4,806
Other	0	0	0	0	0	18,486	18,486
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>607,672</b>	<b>607,672</b>
<b>TOTAL REVENUE FROM ALL SOURCES</b>	<b>6,001,810</b>	<b>2,874</b>	<b>5,038,675</b>	<b>388,988</b>	<b>172,274</b>	<b>691,838</b>	<b>12,296,459</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	2010
<b>Patient and Resident Fees Raised</b>	<b>\$</b>	<b>\$</b>
<b>Recurrent:</b>		
Acute		
- Inpatients (*)	577,260	444,044
- Outpatients	7,295	0
Residential Accommodation Payments	1,101,324	1,106,981
Other	126,802	126,401
<b>TOTAL RECURRENT</b>	<u>1,812,681</u>	<u>1,677,426</u>
<b>Capital Purpose:</b>		
Residential Accommodation Payments (**)	86,266	139,764
<b>TOTAL CAPITAL</b>	<u>86,266</u>	<u>139,764</u>

(\*) Compensable payments (such as TAC, WIES and DVA throughput) are excluded.

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

**NOTE 2c: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS**

	2011	2010
	<b>\$</b>	<b>\$</b>
<b>Proceeds from Disposal of Non Financial Assets</b>		
- Motor Vehicles	19,091	83,727
- Non Medical Equipment	0	1,250
<b>Total Proceeds from Disposal of Non-Financial Assets</b>	<u>19,091</u>	<u>84,977</u>
<b>Less: Written Down Value of Non-Financial Assets Sold</b>		
- Motor Vehicles	(21,597)	(94,281)
- Non Medical Equipment	0	(510)
<b>Total Written Down Value of Non-Financial Assets Sold</b>	<u>(21,597)</u>	<u>(94,791)</u>
<b>NET GAINS/(LOSSES) ON DISPOSAL OF NON-FINANCIAL ASSETS</b>	<u>(2,506)</u>	<u>(9,814)</u>

Note 3: EXPENSES	HSA 2011 \$	HSA 2010 \$	H&CI 2011 \$	H&CI 2010 \$	TOTAL 2011 \$	TOTAL 2010 \$
<b>Employee Expenses</b>						
Salaries & Wages	7,778,378	7,320,895	83,159	53,581	7,861,537	7,374,476
Work Cover Premium	127,394	125,987	308	337	127,702	126,324
Long Service Leave	58,030	105,240	273	137	58,303	105,377
Superannuation	732,572	682,635	1,699	1,662	734,271	684,297
<b>Total Employee Expenses</b>	<b>8,696,374</b>	<b>8,234,757</b>	<b>85,439</b>	<b>55,717</b>	<b>8,781,813</b>	<b>8,290,474</b>
<b>Non Salary Labour Costs</b>						
Fee for Service Medical Officers	692,537	618,184	0	0	692,537	618,184
<b>Total Non Salary Labour Costs</b>	<b>692,537</b>	<b>618,184</b>	<b>0</b>	<b>0</b>	<b>692,537</b>	<b>618,184</b>
<b>Supplies and Consumables</b>						
Drug Supplies	169,492	123,583	0	954	169,492	124,537
Medical, Surgical Supplies and Prosthesis	276,144	267,466	11,533	11,626	287,677	279,092
Pathology Supplies	53,427	44,449	0	0	53,427	44,449
Special Services	49,707	39,777	76,885	56,081	126,592	95,858
Food Supplies	308,994	294,294	8,767	9,198	317,761	303,492
<b>Total Supplies and Consumables</b>	<b>857,764</b>	<b>769,569</b>	<b>97,185</b>	<b>77,859</b>	<b>954,949</b>	<b>847,428</b>
<b>Other Expenses from Continuing Operations</b>						
Domestic Services & Supplies	127,067	109,323	2,764	2,142	129,831	111,465
Fuel, Light, Power and Water	300,058	236,287	52	0	300,110	236,287
Insurance costs funded by Department of Health	69,745	53,108	0	0	69,745	53,108
Motor Vehicle Expenses	54,518	42,360	0	86	54,518	42,446
Repairs & Maintenance	237,575	229,305	7,725	18,787	245,300	248,092
Maintenance Contracts	43,622	39,359	6,022	6,465	49,644	45,824
Patient Transport	127,808	95,285	0	0	127,808	95,285
Lease Expenses	38,438	54,701	0	0	38,438	54,701
Administrative Expenses	860,963	773,457	14,224	41,764	875,187	815,221
Audit Fees						
- VAGO - Audit of Financial Statements	22,310	22,000	0	0	22,310	22,000
- Other	37,828	47,038	0	0	37,828	47,038
<b>Total Other Expenses from Continuing Operations</b>	<b>1,919,932</b>	<b>1,702,223</b>	<b>30,787</b>	<b>69,244</b>	<b>1,950,719</b>	<b>1,771,467</b>
<b>Expenditure Using Capital Purpose Income</b>						
Repairs & Maintenance	0	0	14,129	0	14,129	0
Administrative Expenses	0	0	32,859	30,120	32,859	30,120
<b>Total Expenditure using Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>46,988</b>	<b>30,120</b>	<b>46,988</b>	<b>30,120</b>
<b>Impairment of Financial Assets</b>						
- Available-for-Sale Financial Assets	0	0	0	0	0	0
<b>Total Impairment of Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation and Amortisation	1,467,845	1,432,729	0	0	1,467,845	1,432,729
Finance Costs	2,446	3,297	0	0	2,446	3,297
<b>Total</b>	<b>1,470,291</b>	<b>1,436,026</b>	<b>0</b>	<b>0</b>	<b>1,470,291</b>	<b>1,436,026</b>
<b>TOTAL EXPENSES</b>	<b>13,636,898</b>	<b>12,760,759</b>	<b>260,399</b>	<b>232,940</b>	<b>13,897,297</b>	<b>12,993,699</b>

Note 3a: ANALYSIS OF EXPENSE BY SOURCE

	Admitted Patients 2011 \$	EDS 2011 \$	Residential Aged Care 2011 \$	Aged Care 2011 \$	Primary Health 2011 \$	Other 2011 \$	TOTAL 2011 \$
<b>Services Supported by Health Service Agreement</b>							
Employee Expenses	3,474,772	24,207	4,593,213	436,173	168,008	0	8,696,373
Non Salary Labour Costs	617,893	27,582	5,668	404	40,990	0	692,537
Supplies and Consumables	460,746	20,304	360,939	8,878	6,897	0	857,764
Other Expenses	831,065	7,883	845,390	41,700	36,967	156,928	1,919,933
Depreciation and Amortisation (refer note 4)	0	0	0	0	0	1,467,845	1,467,845
Finance Costs (refer note 5)	0	0	0	0	0	2,446	2,446
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>5,384,476</b>	<b>79,976</b>	<b>5,805,210</b>	<b>487,155</b>	<b>252,862</b>	<b>1,627,219</b>	<b>13,636,898</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Expenses	0	0	0	0	0	85,439	85,439
Supplies and Consumables	0	0	0	0	0	97,185	97,185
Other Expenses	0	0	0	0	0	30,787	30,787
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>213,411</b>	<b>213,411</b>
<b>Services Supported by Capital Sources</b>							
Other Expenses	0	0	0	0	0	46,988	46,988
<b>TOTAL EXPENSES</b>	<b>5,384,476</b>	<b>79,976</b>	<b>5,805,210</b>	<b>487,155</b>	<b>252,862</b>	<b>1,887,618</b>	<b>13,897,297</b>

**Note 3a: ANALYSIS OF EXPENSE BY SOURCE**  
(Continued)

	Admitted Patients 2010 \$	EDS 2010 \$	Residential Aged Care 2010 \$	Aged Care 2010 \$	Primary Health 2010 \$	Other 2010 \$	TOTAL 2010 \$
<b>Services Supported by Health Service Agreement</b>							
Employee Expenses	3,325,322	43,345	4,331,477	360,102	174,511	0	8,234,757
Non Salary Labour Costs	568,082	47,648	2,289	165	0	0	618,184
Supplies and Consumables	370,885	12,314	371,851	10,076	4,443	0	769,569
Other Expenses	795,023	10,421	815,739	44,519	36,521	0	1,702,223
Depreciation and Amortisation (refer note 4)	0	0	0	0	0	1,432,729	1,432,729
Finance Costs (refer note 5)	0	0	0	0	0	3,297	3,297
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>5,059,312</b>	<b>113,728</b>	<b>5,521,356</b>	<b>414,862</b>	<b>215,475</b>	<b>1,436,026</b>	<b>12,760,759</b>
<b>Services Supported by Hospital and Community Initiatives</b>							
Employee Expenses	0	0	0	0	0	55,717	55,717
Supplies and Consumables	0	0	0	0	0	77,859	77,859
Other Expenses	0	0	0	0	0	69,244	69,244
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>202,820</b>	<b>202,820</b>
Impairment of Financial Assets (refer note 3)	0	0	0	0	0	52,509	52,509
<b>Services Supported by Capital Sources</b>							
Other Expenses	0	0	0	0	0	30,120	30,120
<b>TOTAL EXPENSES</b>	<b>5,059,312</b>	<b>113,728</b>	<b>5,521,356</b>	<b>414,862</b>	<b>215,475</b>	<b>1,668,966</b>	<b>12,993,699</b>

**NOTE 3b: ANALYSIS OF EXPENSES BY INTERNAL AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES**

	2011	2010
	\$	\$
Diagnostic Imaging	97,392	81,915
Catering Services	30,452	27,337
Fundraising & Other	132,555	93,568
<b>TOTAL</b>	<u>260,399</u>	<u>202,820</u>

**NOTE 4: DEPRECIATION**

	2011	2010
	\$	\$
<b>Depreciation</b>		
Buildings	1,095,498	1,088,769
Land Improvements	17	0
Plant & Equipment		
- Plant	41,814	41,673
- Motor Vehicles	46,974	36,321
Computers and Communication	11,702	26,959
Medical Equipment	144,516	117,199
Furniture and Fittings	21,899	20,927
Other Equipment	104,048	100,027
Hume Rural Health Alliance	1,377	854
<b>TOTAL DEPRECIATION</b>	<u>1,467,845</u>	<u>1,432,729</u>

**NOTE 5: FINANCE COSTS**

Finance Charges on Finance Leases	<u>2,446</u>	<u>3,297</u>
<b>TOTAL FINANCE COSTS</b>	<u>2,446</u>	<u>3,297</u>

**NOTE 6: CASH AND CASH EQUIVALENTS**

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

	2011	2010
	\$	\$
Cash on Hand	750	750
Cash at Bank	1,434,736	1,766,959
<b>TOTAL</b>	<u>1,435,486</u>	<u>1,767,709</u>

**Represented by:**

Cash for Health Service Operations (as per Cash Flow Statement)	755,794	279,369
Cash held - Hume Rural Health Alliance	30,005	62,232
Cash for Monies Held in Trust		
- Cash at Bank	<u>649,687</u>	<u>1,426,108</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>1,435,486</u>	<u>1,767,709</u>

**NOTE 7: RECEIVABLES**

	2011	2010
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	157,646	100,738
Patient Fees	141,675	121,448
Accrued Investment Income	124,497	80,971
Accrued Revenue - Other	27,000	23,889
Hume Rural Health Alliance - Other Receivables	87,990	44,626
Less Allowance for Doubtful Debts		
Patient fees	0	0
	538,808	371,672
<b>Statutory</b>		
GST Receivable - Health Service	74,960	89,617
Accrued Revenue - Department of Health	0	21,840
Accrued Revenue - Commonwealth Government	6,653	0
Less Allowance for Doubtful Debts	0	0
	81,613	111,457
<b>TOTAL CURRENT RECEIVABLES</b>	620,421	483,129
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health	196,849	167,033
<b>TOTAL NON-CURRENT RECEIVABLES</b>	196,849	167,033
<b>TOTAL RECEIVABLES</b>	817,270	650,162

**(a) Ageing analysis of receivables**

Please refer to note 18(b) for the ageing analysis of receivables

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

Please refer to note 18(b) for the nature and extent of credit risk arising from receivables

**NOTE 8: OTHER FINANCIAL ASSETS**

	Operating Fund		TOTAL	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>CURRENT</b>				
<i>Loans &amp; Receivables</i>				
Aust. Dollar Term deposits > 3 months	5,370,756	3,644,227	5,370,756	3,644,227
<i>Available for Sale Financial Assets</i>				
Income Securities	141,905	133,856	141,905	133,856
<b>TOTAL CURRENT</b>	5,512,661	3,778,083	5,512,661	3,778,083
<b>Represented by:</b>				
Health Service Investments	141,905	138,986	141,905	138,986
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	5,370,756	3,639,097	5,370,756	3,639,097
<b>TOTAL</b>	5,512,661	3,778,083	5,512,661	3,778,083

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

Please refer to note 18(b) for the ageing analysis of other financial assets

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

Please refer to note 18(b) for the nature and extent of credit risk arising from other financial assets

**NOTE 9: INVENTORIES**

	2011	2010
	\$	\$
<b>CURRENT</b>		
Pharmaceuticals - at cost	30,178	30,178
Catering Supplies - at cost	0	4,861
Housekeeping Supplies - at cost	3,671	1,223
Medical and Surgical Lines - at cost	15,155	16,838
Engineering Stores - at cost	0	2,918
Administration Stores - at cost	8,682	20,988
<b>TOTAL INVENTORIES</b>	<b>57,686</b>	<b>77,006</b>

Inventories held by the Health Service are held for short periods of time with regular turnover. There is no material loss of service potential in inventories held at the end of the year.

**NOTE 10: OTHER ASSETS**

	2011	2010
	\$	\$
Prepayments	13,306	31,299
Hume Rural Health Alliance Prepayments	2,258	2,234
<b>TOTAL OTHER ASSETS</b>	<b>15,564</b>	<b>33,533</b>

**NOTE 11: PROPERTY, PLANT & EQUIPMENT**

	2011	2010
	\$	\$
<b>Land</b>		
- Land at Fair Value	1,142,500	1,142,500
<b>Land Improvements</b>		
- Land Improvements at Cost	4,516	0
Less Accumulated Depreciation	17	0
	4,499	0
<b>Total Land</b>	<b>1,146,999</b>	<b>1,142,500</b>
<b>Buildings</b>		
- Buildings Under Construction	0	63,506
- Buildings at Cost	141,950	141,950
Less Accumulated Depreciation	7,465	369
	134,485	141,581
- Buildings at Fair Value	14,644,000	14,644,000
Less Accumulated Depreciation	2,176,802	1,088,400
	12,467,198	13,555,600
<b>Total Buildings</b>	<b>12,601,683</b>	<b>13,760,687</b>
<b>Plant &amp; Equipment</b>		
- Plant & Equipment - Hume Rural Health Alliance	3,478	4,385
- Plant and Equipment at Fair Value	1,585,183	1,459,951
Less Accumulated Depreciation	989,585	843,724
<b>Total Plant and Equipment</b>	<b>599,076</b>	<b>620,612</b>
<b>Medical Equipment</b>		
- Medical Equipment at Fair Value	1,599,111	1,458,118
Less Accumulated Depreciation and Impairment	824,477	679,961
<b>Total Medical Equipment</b>	<b>774,634</b>	<b>778,157</b>

**NOTE 11: PROPERTY, PLANT & EQUIPMENT (Continued)**

	2011	2010
	\$	\$
<b>Computers and Communication</b>		
- Computers and Communication at Fair Value	332,663	332,663
Less Accumulated depreciation and Impairment	327,333	315,631
<b>Total Computers and Communication</b>	5,330	17,032
<b>Furniture and Fittings</b>		
- Furniture and Fittings at Fair Value	234,768	208,210
Less Accumulated Depreciation and Impairment	145,160	123,261
<b>Total Furniture and Fittings</b>	89,608	84,949
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	385,107	346,727
Less Accumulated Depreciation	159,630	122,245
<b>Total Motor Vehicles</b>	225,477	224,482
<b>TOTAL</b>	15,442,807	16,628,419

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

	Land & Improvements	Buildings	Plant & Equipment	Medical Equipment	Computers & Commun.	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	<b>1,142,500</b>	<b>14,773,508</b>	<b>666,073</b>	<b>727,735</b>	<b>38,107</b>	<b>104,481</b>	<b>209,489</b>	<b>17,661,893</b>
Additions	0	75,948	94,955	167,621	5,884	1,395	145,594	491,397
Hume Rural Health Alliance	0	0	2,648	0	0	0	0	2,648
Disposals	0	0	(510)	0	0	0	(94,280)	(94,790)
Revaluation Increments	0	0	0	0	0	0	0	0
Depreciation and Amortisation	0	(1,088,769)	(142,554)	(117,199)	(26,959)	(20,927)	(36,321)	(1,432,729)
<b>Balance at 30 June 2010</b>	<b>1,142,500</b>	<b>13,760,687</b>	<b>620,612</b>	<b>778,157</b>	<b>17,032</b>	<b>84,949</b>	<b>224,482</b>	<b>16,628,419</b>
Additions	4,516	0	61,727	140,993	0	26,558	69,566	303,360
Hume Rural Health Alliance	0	0	470	0	0	0	0	470
Transfers to reclassify	0	(63,506)	63,506	0	0	0	0	0
Disposals	0	0	0	0	0	0	(21,597)	(21,597)
Depreciation and Amortisation	(17)	(1,095,498)	(147,239)	(144,516)	(11,702)	(21,899)	(46,974)	(1,467,845)
<b>Balance at 30 June 2011</b>	<b>1,146,999</b>	<b>12,601,683</b>	<b>599,076</b>	<b>774,634</b>	<b>5,330</b>	<b>89,608</b>	<b>225,477</b>	<b>15,442,807</b>

**Land and buildings carried at valuation**

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

The effective date of the valuation is 30 June 2009.

**NOTE 12: PAYABLES**

	2011	2010
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	471,715	346,161
Hume Rural Health Alliance Payables	52,542	25,795
Accrued Audit Fees	22,310	22,000
Accrued Salary Back payments	0	27,500
Other	16,075	7,500
	562,642	428,956
<b>Contractual</b>		
FBT Payable	0	2,819
Department of Health	147,890	0
	147,890	2,819
<b>TOTAL</b>	710,532	431,775

**(a) Maturity analysis of payables**

Please refer to Note 18(c) for the ageing analysis of payables

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

Please refer to note 18(c) for the nature and extent of risks arising payables

**NOTE 13: BORROWINGS**

	2011	2010
	\$	\$
<b>CURRENT</b>		
Australian Dollar Borrowings		
- Finance Lease Liability (refer Note 19)	11,308	10,457
<b>Total Current</b>	11,308	10,457
<b>NON CURRENT</b>		
Australian Dollar Borrowings		
- Finance Lease Liability (refer Note 19)	16,401	27,710
<b>Total Non Current</b>	16,401	27,710
<b>Total Borrowings</b>	27,709	38,167

Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Amount of finance costs recognised as expenses:

2,446      3,297

**(a) Maturity analysis of borrowings**

Please refer to note 18(c) for the ageing analysis of borrowings.

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

Please refer to note 18(c) for the nature and extent of risks arising from borrowings

**(c) Defaults and breaches**

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

<b>NOTE 14: PROVISIONS</b>	2011	2010
	\$	\$
<b>Current Provisions</b>		
Employee Benefits		
- unconditional and expected to be settled within 12 months	814,053	729,550
- unconditional and expected to be settled after 12 months	855,910	814,491
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (nominal value)	82,663	76,431
- unconditional and expected to be settled after 12 months (present value)	101,033	93,415
<b>Total Current Provisions</b>	<u>1,853,659</u>	<u>1,713,888</u>
<b>Non-Current Provisions</b>		
Employee Benefits	265,732	262,867
Provisions related to employee benefit on-costs	26,050	28,915
<b>Total Non-Current Provisions</b>	<u>291,782</u>	<u>291,782</u>
<b>Current Employee Benefits</b>		
Unconditional Long Service Leave Entitlements	691,331	657,303
Annual Leave Entitlements	715,563	683,430
Accrued Salaries and Wages	251,026	188,920
Accrued Days Off	12,043	14,389
<b>Non-Current Employee Benefits</b>		
Conditional Long Service Leave Entitlements (present value)	265,732	262,867
<b>Total Employee Benefits</b>	<u>1,935,695</u>	<u>1,806,909</u>
<b>On-Costs</b>		
Current On-Costs	183,696	169,846
Non-Current On-Costs	26,050	28,915
<b>Total On-Costs</b>	<u>209,746</u>	<u>198,761</u>
<b>Total Employee Benefits and Related On-Costs</b>	<u>2,145,441</u>	<u>2,005,670</u>
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	920,170	880,194
Provision made during the year	58,303	105,377
Settlement made during the year	(21,410)	(65,401)
<b>Balance at end of year</b>	<u>957,063</u>	<u>920,170</u>

\* The following assumptions were adopted in measuring present value:

- Wage inflation rate of 4.60%
- Bond rates applied to future values are as advised by the Department of Treasury and Finance and range from 4.78% to 5.295%

<b>NOTE 15: OTHER LIABILITIES</b>	2011	2010
	\$	\$
<b>CURRENT</b>		
Monies Held in Trust*		
- Patient Monies Held in Trust	6,142	5,339
- Simplified Billing Trust Account	15,884	0
- Accommodation Bonds ( Refundable Entrance Fees)	<u>6,591,581</u>	<u>5,653,030</u>
	6,613,607	5,658,369
Other Liabilities - Hume Rural Health Alliance	<u>1,181</u>	<u>3,531</u>
<b>TOTAL CURRENT</b>	<u>6,614,788</u>	<u>5,661,900</u>
<b>* Total Monies Held in Trust</b>		
<b>Represented by the following assets:</b>		
Cash Assets (refer to Note 6)	649,687	1,426,108
Investments and other Financial Assets (refer to Note 8)	5,370,756	3,639,097
Land and Buildings	<u>593,164</u>	<u>593,164</u>
<b>TOTAL</b>	<u>6,613,607</u>	<u>5,658,369</u>
<b>NOTE 16: RESERVES</b>	2011	2010
	\$	\$
<b>(a) Reserves</b>		
<b>Property, Plant &amp; Equipment Revaluation Surplus <sup>1</sup></b>		
Balance at beginning of the Reporting Period		
- Land	430,500	430,500
- Buildings	6,972,776	6,972,776
Revaluation Increment/Decrement		
- Land	0	0
- Buildings	0	0
Balance at the end of the reporting period	<u>7,403,276</u>	<u>7,403,276</u>
Represented by:		
- Land	430,500	430,500
- Buildings	<u>6,972,776</u>	<u>6,972,776</u>
	<u>7,403,276</u>	<u>7,403,276</u>
<b>Total Reserves</b>	<u>7,403,276</u>	<u>7,403,276</u>
( <sup>1</sup> ) The property, plant & equipment asset revaluation reserve arises on the revaluation of property, plant & equipment		
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	9,591,070	9,591,070
Capital Contribution received from Victorian Government	<u>0</u>	<u>0</u>
Balance at the end of the reporting period	<u>9,591,070</u>	<u>9,591,070</u>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	(2,196,946)	(1,499,706)
Net Result for the Year	<u>(1,014,396)</u>	<u>(697,240)</u>
Balance at the end of the reporting period	<u>(3,211,342)</u>	<u>(2,196,946)</u>
<b>(d) Total Equity at end of financial year</b>	<u>13,783,004</u>	<u>14,797,400</u>

**NOTE 17: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	2011	2010
	\$	\$
<b>NET RESULT FOR THE YEAR</b>	(1,014,396)	(697,240)
Depreciation & Amortisation	1,467,845	1,432,729
Net (Gain)/Loss from Sale of Plant and Equipment	2,506	9,814
Impairment of Financial Assets	(8,049)	(4,806)
Share of Result from Hume Rural Health Alliance (Net of Depreciation)	12,766	12,372
Change in Operating Assets & Liabilities, Net of Effect from Restructuring		
(Increase)/Decrease in Receivables	(123,744)	(195,472)
(Increase)/Decrease in Prepayments	17,993	(7,048)
(Increase)/Decrease in Stores	19,320	(11,031)
Increase/(Decrease) in Payables	252,010	(143,820)
Increase/(Decrease) in Employee Benefits	139,771	145,550
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	766,022	541,048

**NOTE 18: FINANCIAL INSTRUMENTS**

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

The Mansfield District Hospital's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investment in Equities and Managed Investment Schemes
- Payables (excluding statutory payables)
- Finance Lease Payables
- Accommodations Bonds

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

The main purpose in holding financial instruments is to prudentially manage Mansfield District Hospitals financial risk within the government policy parameters.

	Carrying Amount 2011	Carrying Amount 2010
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,435,486	1,767,709
Loans and Receivables	6,051,469	4,149,755
<b>Total Financial Assets (i)</b>	7,486,955	5,917,464
<b>Financial Liabilities</b>		
At amortised cost	7,205,139	6,129,023
<b>Total Financial Liabilities (ii)</b>	7,205,139	6,129,023

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

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

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**  
**Net holding gain/(loss) on financial instruments by category**

	Net holding gain/(loss) 2011 \$	Carrying gain/(loss) 2010 \$
<b>Financial Assets</b>		
Cash and cash equivalents(i)	61,054	22,018
Loans and Receivables(i)	307,772	147,496
<b>Total Financial Assets</b>	<b>368,826</b>	<b>169,514</b>
<b>Financial Liabilities</b>		
Payables(ii)	0	0
Borrowings	2,446	3,297
<b>Total Financial Liabilities</b>	<b>2,446</b>	<b>3,297</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; and

**(b) Credit Risk**

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Mansfield District Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**

**Credit quality of contractual financial assets that are neither past due nor impaired**

	Financial Institutions (AAA credit rating) \$	Other (Non Rated) \$	Total \$
<b>2011</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1,435,486	0	1,435,486
Receivables			
- Trade Debtors	0	299,321	299,321
- Other Receivables	0	239,487	239,487
Other Financial Assets			
- Term Deposit	5,370,756	0	5,370,756
- Other	141,905	0	141,905
<b>Total Financial Assets</b>	<b>6,948,147</b>	<b>538,808</b>	<b>7,486,955</b>
<b>2010</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1,767,709	0	1,767,709
Receivables			
- Trade Debtors	0	222,186	222,186
- Other Receivables	0	149,486	149,486
Other Financial Assets			
- Term Deposit	0	3,644,227	3,644,227
- Other	133,856	0	133,856
<b>Total Financial Assets</b>	<b>1,901,565</b>	<b>4,015,899</b>	<b>5,917,464</b>

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

	Consol'd Carrying Amount \$	Not Past due and not impaired \$	Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	Impaired Financial Assets \$
<b>2011</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,435,486	1,435,486	0	0	0	0	0
Receivables							
- Trade Debtors	299,321	212,333	24,491	13,036	49,461	0	0
- Other Receivables	239,487	239,487	0	0	0	0	0
Other Financial Assets							
- Term Deposit	5,370,756	5,370,756	0	0	0	0	0
- Other	141,905	141,905	0	0	0	0	0
<b>Total Financial Assets</b>	<b>7,486,955</b>	<b>7,399,967</b>	<b>24,491</b>	<b>13,036</b>	<b>49,461</b>	<b>0</b>	<b>0</b>
<b>2010</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,767,709	1,767,709	0	0	0	0	0
Receivables							
- Trade Debtors	222,186	94,362	56,240	16,009	55,575	0	0
- Other Receivables	149,486	149,486	0	0	0	0	0
Other Financial Assets							
- Term Deposit	3,644,227	3,644,227	0	0	0	0	0
- Other	133,856	133,856	0	0	0	0	0
<b>Total Financial Assets</b>	<b>5,917,464</b>	<b>5,789,640</b>	<b>56,240</b>	<b>16,009</b>	<b>55,575</b>	<b>0</b>	<b>0</b>

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**

**(c) Liquidity Risk**

Liquidity risk is 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. The Health Service manages its liquidity risk as follows:

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cashflow requirements of the Hospital from month to month.

The following table discloses the contractual maturity analysis for Mansfield District Hospital's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

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

	Total 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>Financial Liabilities</b>						
Payables	562,642	562,642	562,642	0	0	0
Interest Bearing Liabilities	27,709	27,709	1,075	3,225	9,675	13,734
Other Financial Liabilities						
- Accommodation Bonds	6,591,581	6,591,581	0	0	6,591,581	0
- Other	6,142	6,142	0	6,142	0	0
<b>Total Financial Liabilities</b>	<b>7,188,074</b>	<b>7,188,074</b>	<b>563,717</b>	<b>9,367</b>	<b>6,601,256</b>	<b>13,734</b>
<b>2010</b>						
<b>Financial Liabilities</b>						
Payables	428,956	428,956	428,956	0	0	0
Interest Bearing Liabilities	38,167	38,167	1,075	3,225	9,675	24,192
Other Financial Liabilities						
- Accommodation Bonds	5,653,030	5,653,030	0	0	5,653,030	0
- Other	5,339	5,339	0	5,339	0	0
<b>Total Financial Liabilities</b>	<b>6,125,492</b>	<b>6,125,492</b>	<b>430,031</b>	<b>8,564</b>	<b>5,662,705</b>	<b>24,192</b>

**(d) Market Risk**

Mansfield District Hospital's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

**Currency Risk**

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

**Interest Rate Risk**

Exposure to interest rate risk's arise primarily through the Mansfield District Hospital's other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial assets the Hospital mainly holds financial assets with relatively even maturity profiles.

**Other Price Risk**

The Hospital is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Hospital on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	4.71	1,435,486	0	1,435,486	0
Receivables					
- Trade Debtors	0.00	299,321	0	0	299,321
- Other Receivables	0.00	239,487	0	0	239,487
Other Financial Assets					
- Term Deposit	6.25	5,370,756	5,370,756	0	0
- Other	7.10	141,905	0	141,905	0
<b>Total Financial Assets</b>		<b>7,486,955</b>	<b>5,370,756</b>	<b>1,577,391</b>	<b>538,808</b>
<b>Financial Liabilities</b>					
Payables	0.00	562,642	0	0	562,642
Interest Bearing Liabilities	8.12	27,709	27,709	0	0
Other Financial Liabilities					
- Accommodation Bonds	0.00	6,591,581	0	0	6,591,581
- Other	0.00	6,142	0	0	6,142
<b>Total Financial Liabilities</b>		<b>7,188,074</b>	<b>27,709</b>	<b>0</b>	<b>7,160,365</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	4.50	1,767,709	0	1,767,709	0
Receivables					
- Trade Debtors	0.00	222,186	0	0	222,186
- Other Receivables	0.00	149,486	0	0	149,486
Other Financial Assets					
- Term Deposit	5.91	3,644,227	3,644,227	0	0
- Other	7.10	133,856	0	133,856	0
<b>Total Financial Assets</b>		<b>5,917,464</b>	<b>3,644,227</b>	<b>1,901,565</b>	<b>371,672</b>
<b>Financial Liabilities</b>					
Payables	0.00	428,956	0	0	428,956
Interest Bearing Liabilities	8.12	38,167	38,167	0	0
Other Financial Liabilities					
- Accommodation Bonds	0.00	5,653,030	0	0	5,653,030
- Other	0.00	5,339	0	0	5,339
<b>Total Financial Liabilities</b>		<b>6,125,492</b>	<b>38,167</b>	<b>0</b>	<b>6,087,325</b>

**NOTE 18: 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, Mansfield District Hospital Service believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1% Profit	-1% Equity	+1% Profit	+1% Equity	-1% Profit	-1% Equity	+1% Profit	+1% Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2011</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,435,486	(14,355)	(14,355)	14,355	14,355	0	0	0	0
Receivables									
- Trade Debtors	299,321	0	0	0	0	0	0	0	0
- Other Receivables	239,487	0	0	0	0	0	0	0	0
Other Financial Assets									
- Term Deposit	5,370,756	0	0	0	0	0	0	0	0
- Other	141,905	(1,419)	(1,419)	1,419	1,419	(1,419)	(1,419)	1,419	1,419
<b>Financial Liabilities</b>									
Payables	562,642	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	27,709	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	6,591,581	0	0	0	0	0	0	0	0
- Other	6,142	0	0	0	0	0	0	0	0
		(15,774)	(15,774)	15,774	15,774	(1,419)	(1,419)	1,419	1,419
<b>2010</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,767,709	(17,677)	(17,677)	17,677	17,677	0	0	0	0
Receivables									
- Trade Debtors	222,186	0	0	0	0	0	0	0	0
- Other Receivables	149,486	0	0	0	0	0	0	0	0
Other Financial Assets									
- Term Deposit	3,644,227	0	0	0	0	0	0	0	0
- Other	133,856	(1,339)	(1,339)	1,339	1,339	(1,339)	(1,339)	1,339	1,339
<b>Financial Liabilities</b>									
Payables	428,956	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	38,167	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	5,653,030	0	0	0	0	0	0	0	0
- Other	5,339	0	0	0	0	0	0	0	0
		(19,016)	(19,016)	19,016	19,016	(1,339)	(1,339)	1,339	1,339

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**

**(e) Fair Value**

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

- Level 1 - 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;
- Level 2 - 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
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

These cash flows are then discounted back to their present value using a discount rate of 5.16%

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

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

**Comparison between carrying amount and fair value**

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2011	2011	2010	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,435,486	1,435,486	1,767,709	1,767,709
Receivables				
- Trade Debtors	299,321	299,321	222,186	222,186
- Other Receivables	239,487	239,487	149,486	149,486
Other Financial Assets				
-Term Deposits	5,370,756	5,370,756	3,644,227	3,644,227
-Shares in Other Entities	141,905	141,905	133,856	133,856
<b>Total Financial Assets</b>	<b>7,486,955</b>	<b>7,486,955</b>	<b>5,917,464</b>	<b>5,917,464</b>
<b>Financial Liabilities</b>				
Payables	562,642	562,642	428,956	428,956
Interest Bearing Liabilities	27,709	27,709	38,167	38,167
Other Financial Liabilities				
-Accommodation Bonds	6,591,581	6,591,581	5,653,030	5,653,030
-Other	6,142	6,142	5,339	5,339
<b>Total Financial Liabilities</b>	<b>7,188,074</b>	<b>7,188,074</b>	<b>6,125,492</b>	<b>6,125,492</b>

**NOTE 18: FINANCIAL INSTRUMENTS (Continued)**  
**(e) Fair Value(Continued)**  
Financial assets measured at fair value

	Carrying amount as at 30 June \$	Fair value measurement at the end of reporting period using:		
		Level 1 \$	Level 2 \$	Level 3 \$
<b>2011</b>				
<b>Financial assets at fair value through profit &amp; loss</b>				
Debt securities	0	0	0	0
Available for sale financial assets				
-Equities and managed funds	141,905	141,905	0	0
<b>Total Financial Assets</b>	<b>141,905</b>	<b>141,905</b>	<b>0</b>	<b>0</b>
<b>2010</b>				
<b>Financial assets at fair value through profit &amp; loss</b>				
Debt securities	0	0	0	0
Available for sale financial assets				
-Equities and managed funds	133,856	133,856	0	0
<b>Total Financial Assets</b>	<b>133,856</b>	<b>133,856</b>	<b>0</b>	<b>0</b>

**NOTE 19: COMMITMENTS**

	2011	2010
	\$	\$
<b>Capital Expenditure Commitments</b>	0	0
<b>Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	67,957	79,724
Finance Leases	27,709	38,167
<b>Total Lease Commitments</b>	<u>95,666</u>	<u>117,891</u>
<b>Operating Leases</b>		
Operating leases exist for a range of equipment including photocopiers, computers and theatre equipment		
<i>Non-Cancellable</i>		
Not later than one year	32,059	32,280
Later than 1 and not later than 5 years	35,898	47,444
<b>TOTAL</b>	<u>67,957</u>	<u>79,724</u>
<b>Total commitments for expenditure (inclusive of GST)</b>	95,666	117,891
Less GST recoverable from the Australian Taxation Office	(6,178)	(10,717)
<b>Total commitments for expenditure (exclusive of GST)</b>	<u>89,488</u>	<u>107,174</u>

**NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no known contingent assets or liabilities for Mansfield District Hospital as at the date of this report.

NOTE 21: SEGMENT REPORTING

	RACS		Hospital		Outpatients		Business Units		Eliminations		Total
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>											
External Segment Revenue	5,158,395	5,036,172	7,017,557	6,890,632	1,673	2,814	241,990	191,365	0	0	12,419,615
Intersegment Revenue	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	5,158,395	5,036,172	7,017,557	6,890,632	1,673	2,814	241,990	191,365	0	0	12,419,615
External Segment Expenses	(6,539,133)	(6,237,721)	(7,064,777)	(6,439,431)	(79,976)	(113,728)	(213,411)	(202,820)	0	0	(13,897,297)
Unallocated Expense	0	0	0	0	0	0	0	0	0	0	0
Segment Result	(1,380,738)	(1,201,549)	(47,220)	451,202	(78,303)	(110,914)	28,579	(11,455)	0	0	(872,716)
Net Result from ordinary activities	(1,380,738)	(1,201,549)	(47,220)	451,202	(78,303)	(110,914)	28,579	(11,455)	0	0	(872,716)
Interest Income	430,163	133,029	32,578	42,387	545	60	0	0	0	0	463,286
Net Result for Year	(950,575)	(1,068,520)	(14,642)	493,589	(77,758)	(110,854)	28,579	(11,455)	0	0	(697,240)
<b>OTHER INFORMATION</b>											
Segment Assets	16,277,341	16,111,338	6,886,140	6,697,324	0	0	117,993	126,250	0	0	23,281,474
Unallocated Assets	0	0	0	0	0	0	0	0	0	0	0
Total Assets	16,277,341	16,111,338	6,886,140	6,697,324	0	0	117,993	126,250	0	0	23,281,474
Segment Liabilities	6,614,788	5,661,900	2,883,662	2,475,612	0	0	0	0	0	0	9,498,470
Unallocated Liabilities	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	6,614,788	5,661,900	2,883,662	2,475,612	0	0	0	0	0	0	9,498,470
Acquisition of property, plant and equipment and intangible assets	35,375	24,068	267,985	467,329	0	0	0	0	0	0	303,360
Depreciation & amortisation expense	(539,170)	(539,170)	(901,530)	(866,414)	(27,145)	(27,145)	0	0	0	0	(1,467,845)
Non cash expenses other than depreciation	0	0	69,745	53,108	0	0	0	0	0	0	69,745

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

- Business Segments**
- RACS
- Hospital
- Outpatients
- Business Units
- Services**
- High & Low level Aged Care Services
- Acute Medical & Surgical Services
- Visiting District Nursing and Community Health and Physiotherapy Services.
- Non admitted medical services
- Sale of goods (Meals, Medical & Surgical Supplies) and services (Radiology and Laundry)

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

**NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS**

Name of Entity	Principal Activity	Ownership Interest	
		2011	2010
		%	%
<b>Hume Rural Health Alliance</b>		4.065	3.66

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

	2011	2010
	\$	\$
<b>Current Assets</b>		
Cash and Cash Equivalents	30,005	62,232
Receivables	87,990	44,626
Other	2,258	2,234
<b>Total Current Assets</b>	<u>120,253</u>	<u>109,092</u>
<b>Non Current Assets</b>		
Property Plant & Equipment	3,478	4,385
<b>Total Non Current Assets</b>	<u>3,478</u>	<u>4,385</u>
<b>Total Assets</b>	<u>123,731</u>	<u>113,477</u>
<b>Current Liabilities</b>		
Payables	52,542	25,795
Other Liabilities	1,181	3,531
<b>Total Current Liabilities</b>	<u>53,723</u>	<u>29,326</u>
<b>Net Assets</b>	<u>70,008</u>	<u>84,151</u>
<b>Equity</b>		
Member Contributions	267,699	164,702
Accumulated Surplus/(Deficit)	(197,691)	(80,551)
<b>Total Equity</b>	<u>70,008</u>	<u>84,151</u>

Mansfield District Hospital's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

<b>Revenues</b>		
Operating Activities	102,531	60,774
Non-Operating Activities	2,522	1,580
<b>Total Revenue</b>	<u>105,053</u>	<u>62,354</u>
<b>Expenses</b>		
Employee Benefits	63,889	34,684
Information Technology and Administrative Expenses	156,927	99,214
Capital Purpose Expenditure	0	12,366
Depreciation	1,377	854
<b>Total Expenses</b>	<u>222,193</u>	<u>147,118</u>
<b>Profit</b>	<u>(117,140)</u>	<u>(84,764)</u>

**NOTE 23a: RESPONSIBLE PERSON DISCLOSURES**

**(a) Responsible Persons**

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

**Responsible Ministers:**

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

**Governing Boards**

Ms M. Sellstrom  
M M. Blair  
Mr J. Naidu  
Mrs L. Robson  
Mr R. Beekman  
Dr E. Duncan  
Mr L. Foster  
Ms J. Syme  
Mr S. Tod  
Ms J. Walpole

Period
01/07/2010 - 02/12/2010
02/12/2010 - 30/06/2011
02/12/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 08/03/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011
01/07/2010 - 30/06/2011

**Accountable Officers**

Janene Ridley (Chief Executive Officer)

01/07/2010 - 30/06/2011

**Remuneration of Responsible Persons**

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

**Income Band**

\$0 - \$9999  
\$130,000 - \$139,999

	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$0 - \$9999	10	9	10	9
\$130,000 - \$139,999	1	1	1	1
<b>Total Numbers</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>10</b>
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amount to:</b>	<b>\$137,416</b>	<b>\$133,414</b>	<b>\$137,416</b>	<b>\$133,414</b>

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**

The result of the period includes aggregate amounts attributable to transactions with Responsible Persons and Responsible Persons Related Parties in respect of:

Mr Sandy Tod through his business Billongaloo

	2011	2010
	\$	\$
Mr Sandy Tod through his business Billongaloo	4,950	0

**NOTE 23b: EXECUTIVE OFFICER DISCLOSURES**

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

110,000 - \$119,999  
120,000 - \$129,999  
**Total**  
**Total Remuneration**

Total Remuneration		Base Remuneration	
2011	2010	2011	2010
No.	No.	No.	No.
1	0	1	0
1	0	1	0
<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>237,779</b>	<b>0</b>	<b>237,779</b>	<b>0</b>

**NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There have been no events subsequent to the reporting date which require further disclosure.

