

Mansfield District Hospital

Financial Report for year ended 30 June 2009

MANSFIELD DISTRICT HOSPITAL

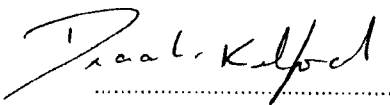
BOARD MEMBER'S, ACCOUNTABLE OFFICERS AND
CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial report 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 Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of Mansfield District Hospital as at 30 June 2009.

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 report for issue on this day.



Ms D. Kilford
Chairperson

Mansfield

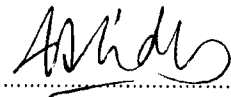
14/9/09



Ms J. Ridley
Chief Executive Officer

Mansfield

14/9/09



Ms J. Ridley
Chief Finance & Accounting
Officer

Mansfield

14/9/09

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Mansfield District Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Mansfield District Hospital which comprises the operating statement, balance sheet, statement of changes in equity and cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Members of the Board's Responsibility for the Financial Report

The Members of the Board 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*. This responsibility includes:

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Mansfield District Hospital for the year ended 30 June 2009. The Members of the Board of Mansfield District Hospital are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Mansfield District Hospital website.

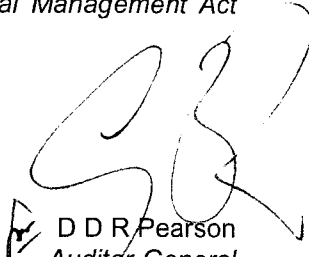
Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Mansfield District Hospital as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
14 September 2009



D D R Pearson
Auditor-General

**MANSFIELD DISTRICT HOSPITAL
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
Revenue from Operating Activities	2	10,404,430	9,726,705
Revenue from Non-operating Activities	2	7,490	34,584
Employee Benefits	3	(7,949,584)	(7,635,900)
Non Salary Labour Costs	3	(572,223)	(530,312)
Supplies and Consumables	3	(854,008)	(862,346)
Other Expenses from Continuing Operations	3	(1,581,959)	(1,313,235)
Net Result Before Capital & Specific Items		<u>(545,854)</u>	<u>(580,504)</u>
Capital Purpose Income	2	525,186	1,103,083
Available-for-Sale Revaluation Reserve gain/(loss) recognised	3	(19,579)	0
Impairment of Financial Assets	3	(32,930)	0
Depreciation and Amortisation	4	(530,604)	(504,743)
Finance Costs		<u>(2,671)</u>	<u>0</u>
NET RESULT FOR THE YEAR		<u><u>(606,452)</u></u>	<u><u>17,836</u></u>

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

**MANSFIELD DISTRICT HOSPITAL
BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	309,854	65,521
Receivables	7	297,704	526,567
Other Financial Assets	8	2,679,892	2,396,996
Inventories	9	65,975	70,899
Other Current Assets	10	26,135	7,270
Total Current Assets		3,379,560	3,067,253
Non-Current Assets			
Receivables	7	159,241	157,598
Property, Plant & Equipment	11	17,661,893	11,610,189
Total Non-Current Assets		17,821,134	11,767,787
TOTAL ASSETS		21,200,694	14,835,040
LIABILITIES			
Current Liabilities			
Payables	12	572,321	404,235
Interest Bearing Liabilities	13	9,607	0
Employee Benefits and Related On-Cost Provisions	14	1,568,338	1,445,208
Other Liabilities	15	3,225,839	2,863,164
Total Current Liabilities		5,376,105	4,712,607
Non-Current Liabilities			
Interest Bearing Liabilities	13	38,167	0
Employee Benefits and Related On-Cost Provisions	14	291,782	291,782
Total Non-Current Liabilities		329,949	291,782
TOTAL LIABILITIES		5,706,054	5,004,389
NET ASSETS		15,494,640	9,830,651
EQUITY			
Property, Plant & Equipment Revaluation Reserve	16a	7,403,276	1,152,414
Financial Assets Available-for-Sale Revaluation Reserve	16a	0	(19,579)
Contributed Capital	16b	9,591,070	9,591,070
Accumulated Deficits	16c	(1,499,706)	(893,254)
TOTAL EQUITY		15,494,640	9,830,651
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 2009**

	Note	2009 \$	2008 \$
Total Equity at beginning of financial year		9,830,651	9,226,760
Gain/(loss) on Asset Revaluation	16a	6,250,862	499,414
Available for Sale Investments Reserve:			
Loss taken to equity		0	(19,579)
Transferred to profit or loss for the period		19,579	0
NET INCOME RECOGNISED DIRECTLY IN EQUITY		<u>6,270,441</u>	<u>479,835</u>
Net result for the year		<u>(606,452)</u>	<u>17,836</u>
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR		<u>5,663,989</u>	<u>497,671</u>
Transactions with the State in its capacity as owner	16b	0	106,220
Total Equity at the end of financial year		<u>15,494,640</u>	<u>9,830,651</u>

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

**MANSFIELD DISTRICT HOSPITAL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$ Inflows / (Outflows)	2008 \$ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		8,592,557	7,859,826
Patient and Resident Fees Received		1,691,412	1,510,409
Donations and Bequests Received		154,930	623,454
GST (Paid to)/received from ATO		65,305	(221,417)
Recoupment from private practice for use of hospital facilities		0	15,058
Interest Received		188,549	133,165
Other Receipts		348,609	331,712
Employee Benefits Paid		(7,805,328)	(7,635,900)
Fee for Service Medical Officers		(572,223)	(413,672)
Payments for Supplies and Consumables		(854,008)	(829,178)
Finance Costs		(2,671)	0
Other Payments		(1,445,627)	(1,272,028)
Cash Generated from Operations		361,505	101,429
Capital Grants from Government		57,141	246,764
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	418,646	348,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(383,159)	(768,410)
Proceeds from sale of Non-Financial Assets		45,682	95,009
Proceeds from/(Purchase) of Investments		38,158	22,506
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(299,319)	(650,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		47,774	0
Contributed Capital from Government		0	106,220
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		47,774	106,220
NET INCREASE IN CASH HELD		167,101	(196,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		53,042	249,524
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	220,143	53,042

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

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, and applicable Australian Accounting Standards (AAS) and Australian Accounting Interpretation. AASs includes Australian equivalents to International Financial Reporting Standards.

The entity is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" entities under the AAS's.

(b) Basis of preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AAS's 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.

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 report for the year ended 30 June 2009, and the comparative information presented in these financial statements for the year ended 30 June 2008.

(c) Reporting Entity Report

The report includes all the controlled activities of Mansfield District Hospital.

(d) Rounding Of Amounts

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

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

(f) 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 raised where doubt as to collection exists. Bad debts are written off when identified.

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

(g) Inventories

Inventories include goods and other property held either for sale or 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.

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.

(h) Other Financial Assets

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

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.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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

Available-for-sale financial assets

Other financial assets held by the entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 18.

(i) **Property, Plant and Equipment**

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

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

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

(j) **Revaluations of Non-current Physical Assets**

Non-Current physical assets measured at fair value are revalued in accordance with FRD103D. This revaluation process normally occurs 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. 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 reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised as revenue 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 reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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 reserves are not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D Mansfield District Hospital's non-current assets were subjected to a detailed valuation in the current financial year.

(k) **Non-Current Assets Classified as Held for Sale**

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

Non-current assets and disposal groups 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 (or disposal group) is expected to be completed within one year from the date of classification.

(l) **Depreciation**

Assets with a cost in excess of \$1,000 (2007-08 and 2008-09) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives using the straight-line method. 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 Human Services.

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

	2009	2008
Buildings	30 to 40 Years	30 to 40 Years
Plant & Equipment	8 to 10 Years	8 to 10 Years
Medical Equipment	4 to 5 Years	4 to 5 Years
Computers & Communications	3 to 5 Years	3 to 5 Years
Furniture & Fittings	3 to 5 Years	3 to 5 Years
Motor Vehicles	2 to 3 Years	2 to 3 Years

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

Net gain/(Loss) on Non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised at the date that the 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

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories;
- assets arising from employee benefits;
- financial instrument assets;
- investment property that is measured at fair value;
- non-current assets held for sale.

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 class of asset.

It is deemed that, in the event of the loss off an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

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

Net Gain/(Loss) on Financial Instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and 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, which is reported as part of income from transactions.

Impairment of Financial assets

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off are classified as an expense.

Financial Assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance has reduced by 20 per cent or more than its cost; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

In order to determine an appropriate fair value at 30 June 2009 for its portfolio of financial assets, Mansfield District Hospital obtained a valuation based on the best available advice using an estimated market price through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2009. These methodologies were critiqued and considered to be consistent with the standard market valuation techniques.

Prices obtained from both sources were compared and were generally consistent with the full portfolio. The above valuation process was used to quantify the level of impairment on the portfolio of financial assets as at year end.

(o) Payables

These amounts consist predominantly of liabilities for goods and services.

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

The normal credit terms are usually Nett 30 days.

(p) Provisions

Provisions are recognised when Mansfield District Hospital has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another 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.

(r) Functional and Presentation Currency

The presentation currency of the Mansfield District Hospital is the Australian dollar, which has also been identified as the functional currency of the Mansfield District Hospital.

(s) 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.

(t) **Employee Benefits**

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

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

Those liabilities that the health service does not expect to settle 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

Current Liability - unconditional LSL (representing 10 or more years of continuous service)

is disclosed as a current liability even where Mansfield District Hospital does not expect to settle the liability within 12 months as it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

nominal value - component that the 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.

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

The amount charged to the Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Mansfield District Hospital to the superannuation plan in respect of the services of current Mansfield District Hospital staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employees of the Mansfield District Hospital are entitled to receive superannuation benefits and the Mansfield District Hospital contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

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	
	2009 \$	2008 \$
<u>Defined Benefit Plans:</u> Health Super	50,860	61,931
<u>Defined Contribution Plans:</u> Health Super	424,639	420,630
HESTA	179,572	156,572

(t) Employee Benefits (Continued)

Mansfield District Hospital does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Mansfield District Hospital 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 report.

Termination Benefits

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

On-Costs

Employee benefits on-costs (workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(u) 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.

(v) Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of 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 statement.

(w) Joint Ventures

Interest in jointly controlled assets are accounted for by recognising in the Mansfield District Hospital's financial statements, its share of asset, liabilities and any revenue and expenses of such joint ventures. Details of joint ventures are set out in note 22.

(x) 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.

(y) Leases

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. There were no finance leases in existence during the year.

Finance Leases

Entity as lessor

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

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the operating statement.

(y) **Leases (Continued)**

Operating Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the 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 shall be 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 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 are consumed.

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.

(z) **Income Recognition**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

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

Government Grants

Grants are recognised as income when Mansfield District Hospital gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, Mansfield District Hospital is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, Mansfield District Hospital is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of Human Services
- 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 34/2008.

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private Practice fees are recognised as revenue at the time invoices are raised.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a reserve, such as 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.

(aa) Fund Accounting

Mansfield District Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The 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.

(ab) 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 Human Services 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.

(ac) Change in Accounting Policies

In accordance with Victorian Government Financial Reporting Direction 103D 'Non-Current Physical Assets', Mansfield District Hospital measures plant and equipment, and medical equipment assets at fair value from 1 July 2008. Previously these assets were measured at cost. This change in accounting policy is required to ensure Victoria's Whole of Government financial report, to which Mansfield District Hospital is consolidated into, complies with the requirements of AASB1049 *Whole of Government and General Government* Sector Financial Reporting. As this change is the initial application of a policy to revalue assets in accordance with AASB116 *Property, Plant and Equipment* the change is treated as a revaluation in the current year.

(ad) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(ae) Property, Plant & Equipment Revaluation Reserve

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

(af) Financial Asset Available-for-Sale Revaluation Reserve

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

(ag) General Reserves

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

(ah) Specific Restricted Purpose Reserve

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

(ai) Contributed Capital

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

(aj) Net Result Before Capital & Specific Items

The subtotal entitled 'Net Result Before Capital & Specific Items' is included in the Operating Statement 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 revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net result Before Capital & Specific Items is used by the management of Mansfield District Hospital, the Department of Human Services and the Victorian Government to measure the ongoing result of the 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(q)). 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 of investments
 - * Restructuring of operations (disaggregation/aggregation of health services)
 - * Litigation settlements
 - * Non-current assets lost or found
 - * Forgiveness of loans
 - * Reversals of provisions
 - * Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- * Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), related to non current assets only which have been recognised in accordance with note 1 (m) and (n)
- * Depreciation and amortisation, as described in note 1 (i) and (l)
- * Assets provided or received free of charge, as described in note 1 (q)
- * Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (l)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the Balance Sheet, where funding for that expenditure is from capital purpose income.

(ak) **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 palliative care facilities, or rehabilitation facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

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

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

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.

(am) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. As at 30 June 2009, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2009. 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
AASB8 Operating Segments	Supersedes AASB 114 Segment Reporting.	Beginning 1 January 2009	Not applicable
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and interpretations 1 & 12]	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
AASB 2008-3 Amendments to AAS arising from AASB 3 and AASB 127 [AASB 1,2,4,5, 7,101,107,112,114,116, 121,128,131,132,133, 134,136,137,138 & 139 and Interpretation 9 and 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2008-5 Amendments to AASs arising from the Annual Improvements Project [AASBs 5,7,101,102,107, 108,110,116,118,119, 120,123,127,128,129,131, 132,134,136,138,140,141, 1023 & 1308]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 January 2009	Impact is being evaluated.

(am) New Accounting Standards and Interpretations (Continued)

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 and AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2008-7 Amendments to AASs Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item, should be applied in particular situations.	Beginning 1 January 2009	Impact is being evaluated.
AASB 2008-09 Amendments to AASB 1049 Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2009-1 Amendments to Australian Accounting Standards - Borrowing Costs of Not-for profit Public Sector Entities [AASB 1, AASB 111 & AASB 123]	Amendments to Australian Accounting Standards to allow borrowing costs of Not-for profit Public Sector Entities to be expenses.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	Amendments to AASB 7 to enhance disclosures about fair value requirements and liquidity risk. Editorial amendments to AASB 4, AASB 1023 and AASB 1038 resulting from the amendments to AASB 7	Beginning 1 January 2009	Impact expected to be not significant.

Mansfield District Hospital
Notes to the Financial Statements
30 June 2009

Note 2: REVENUE

	HSA 2009 \$	HSA 2008 \$	Non HSA 2009 \$	Non HSA 2008 \$	TOTAL 2009 \$	TOTAL 2008 \$
Revenue from Operating Activities						
Government Grants						
- Department of Human Services	5,892,628	5,353,969	0	0	5,892,628	5,353,969
- Commonwealth Government						
- Residential Aged Care Subsidy	2,519,789	2,380,079	0	0	2,519,789	2,380,079
- Other	12,755	28,530	0	0	12,755	28,530
Total Government Grants	8,425,172	7,762,578	0	0	8,425,172	7,762,578
Indirect Contributions by Department of Human Services						
- Insurance	47,982	48,276	0	0	47,982	48,276
- Long Service Leave	45,198	115,200	0	0	45,198	115,200
Total Indirect Contributions by Department of Human Services	93,180	163,476	0	0	93,180	163,476
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	519,189	545,096	0	0	519,189	545,096
- Residential Aged Care (refer note 2b)	959,499	900,501	0	0	959,499	900,501
Total Patient & Resident Fees	1,478,688	1,445,597	0	0	1,478,688	1,445,597
Business Units & Specified Purposes Funds						
Diagnostic Imaging	0	0	87,055	87,046	87,055	87,046
Catering	0	0	70,601	67,565	70,601	67,565
Property Income	10,475	11,332	9,190	29,010	19,665	40,342
Total Business Units & Specific Purpose Funds	10,475	11,332	166,846	183,621	177,321	194,953
Recoupment from Private Practice for Use of Hospital Facilities	15,104	15,058	0	0	15,104	15,058
Other Operating Revenue - Hume Rural Health Alliance	96,051	0	0	0	96,051	0
Other Revenue from Operating Activities	95,547	119,350	23,367	25,693	118,914	145,043
Sub-Total Revenue from Operating Activities	10,214,217	9,517,391	190,213	209,314	10,404,430	9,726,705
Revenue from Non-Operating Activities						
Interest and Dividends	4,216	34,584	0	0	4,216	34,584
Other Non Operating Revenue - Hume Rural Health Alliance	1,892	0	0	0	1,892	0
Other Revenue from Non-Operating activities	0	0	1,382	0	1,382	0
Sub-Total Revenue from Non-Operating Activities	6,108	34,584	1,382	0	7,490	34,584
Revenue from Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	0	29,700	0	0	0	29,700
- Other	57,141	217,064	0	0	57,141	217,064
Residential Accommodation Payments (refer note 2b)	118,946	116,032	0	0	118,946	116,032
Assets Received Free of Charge (refer note 2d)	0	0	33,514	0	33,514	0
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	0	0	(11,555)	(23,471)	(11,555)	(23,471)
Capital Interest	0	0	172,210	140,304	172,210	140,304
Donations and Bequests	335	2,661	154,595	620,793	154,930	623,454
Sub-Total Revenue from Capital Purpose Income	176,422	365,457	348,764	737,626	525,186	1,103,083
Total Revenue from Continuing Operations (refer note 2a)	10,396,747	9,917,432	540,359	946,940	10,937,106	10,864,372

Indirect Contributions by Department of Human Services

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

Note 2a: ANALYSIS OF REVENUE BY SOURCE

	Admitted Patients 2009 \$	EDS 2009 \$	Residential Aged Care 2009 \$	Aged Care 2009 \$	Primary Health 2009 \$	Other 2009 \$	TOTAL 2009 \$
Revenue from Services Supported by Health Services Agreement							
Government Grants	4,736,674	100	3,349,156	251,221	88,021	0	8,425,172
Indirect Contributions by Department of Human Services	49,386	932	39,136	2,795	931	0	93,180
Patient and Resident Fees (refer note 2b)	388,168	0	959,499	111,345	19,676	0	1,478,688
Interest and Dividends	2,235	42	1,771	126	42	0	4,216
Recoupment from Private Practice for Use of Hospital facilities	11,209	83	3,480	249	83	0	15,104
Other	35,644	553	40,128	8,241	21,456	97,943	203,965
Capital Purpose Income (refer note 2)	57,141	0	119,281	0	0	0	176,422
Sub-Total Revenue from Services Supported by Health Services Agreement	5,280,457	1,710	4,512,451	373,977	130,209	97,943	10,396,747
Revenue from Services Supported by Hospital and Community Initiatives							
Catering	0	0	0	0	0	70,601	70,601
Business Units & Specific Purpose Funds	0	0	0	0	0	87,055	87,055
Property Income	0	0	0	0	0	9,190	9,190
Other Activities							
Capital Purpose Income (refer note 2)	0	0	0	0	0	348,764	348,764
Other	0	0	0	0	0	24,749	24,749
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	0	0	0	0	0	540,359	540,359
TOTAL REVENUE FROM ALL SOURCES	5,280,457	1,710	4,512,451	373,977	130,209	638,302	10,937,106

Indirect Contributions by Department of Human Services

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

Note 2a: ANALYSIS OF REVENUE BY SOURCE

	Admitted Patients 2008 \$	EDS 2008 \$	Residential Aged Care 2008 \$	Aged Care 2008 \$	Primary Health 2008 \$	Other 2008 \$	TOTAL 2008 \$
Revenue from Services Supported by Health Services Agreement							
Government Grants	3,419,083	129,300	3,858,258	264,861	91,075	0	7,762,577
Indirect Contributions by Department of Human Services	97,146	593	63,366	1,778	593	0	163,476
Patient and Resident Fees (refer note 2b)	406,268	0	900,501	119,555	19,273	0	1,445,597
Interest and Dividends	18,329	346	14,525	1,038	346	0	34,584
Recoupment from Private Practice for Use of Hospital facilities	11,185	82	3,461	247	82	0	15,057
Other	46,056	694	42,891	7,226	33,817		130,684
Capital Purpose Income (refer note 2)	248,107	0	117,350	0	0	0	365,457
Sub-Total Revenue from Services Supported by Health Services Agreement	4,246,174	131,015	5,000,352	394,705	145,186	0	9,917,432
Revenue from Services Supported by Hospital and Community Initiatives							
Catering	0	0	0	0	0	67,565	67,565
Diagnostic Imaging	0	0	0	0	0	87,046	87,046
Property Income	0	0	0	0	0	29,010	29,010
Other Activities							
Capital Purpose Income (refer note 2)	0	0	0	0	0	737,626	737,626
Other	0	0	0	0	0	25,693	25,693
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	0	0	0	0	0	946,940	946,940
TOTAL REVENUE FROM ALL SOURCES	4,246,174	131,015	5,000,352	394,705	145,186	946,940	10,864,372

Indirect Contributions by Department of Human Services

Department of Human Services 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 2009

NOTE 2b: PATIENT AND RESIDENT FEES

Patient and Resident Fees Raised	2009	2008
Recurrent:	\$	\$
Acute		
- Inpatients	388,168	406,268
Residential Accommodation Payments	959,499	900,501
Other	131,021	138,828
TOTAL RECURRENT	<u>1,478,688</u>	<u>1,445,597</u>
Capital Purpose:		
Residential Accommodation Payments (*)	<u>118,946</u>	<u>116,032</u>
TOTAL CAPITAL	<u>118,946</u>	<u>116,032</u>

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

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

	2009	2008
	\$	\$
Proceeds from Disposal of Non Financial Assets		
- Motor Vehicles	45,682	95,009
Total Proceeds from Disposal of Non-Financial Assets	<u>45,682</u>	<u>95,009</u>
Less: Written Down Value of Non-Financial Assets Sold		
- Motor Vehicles	(57,237)	(118,480)
Total Written Down Value of Non-Financial Assets Sold	<u>(57,237)</u>	<u>(118,480)</u>
NET GAINS/(LOSSES) ON DISPOSAL OF NON-FINANCIAL ASSETS	<u>(11,555)</u>	<u>(23,471)</u>

NOTE 2d: ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	2009	2008
	\$	\$
During the reporting period, the fair value of assets received free of charge, was as follows:		
Hume Rural Health Alliance	<u>33,514</u>	<u>0</u>
TOTAL	<u>33,514</u>	<u>0</u>

Mansfield District Hospital
Notes to the Financial Statements
30 June 2009

Note 3: EXPENSES

	HSA 2009 \$	HSA 2008 \$	Non HSA 2009 \$	Non HSA 2008 \$	TOTAL 2009 \$	TOTAL 2008 \$
Employee Benefits						
Salaries & Wages	6,953,247	6,692,855	20,342	14,843	6,973,589	6,707,698
WorkCover Premium	125,656	110,773	367	140	126,023	110,913
Long Service Leave	194,535	178,047	366	109	194,901	178,156
Superannuation	653,283	638,983	1,788	150	655,071	639,133
Total Employee Benefits	<u>7,926,721</u>	<u>7,620,658</u>	<u>22,863</u>	<u>15,242</u>	<u>7,949,584</u>	<u>7,635,900</u>
Non Salary Labour Costs						
Fee for Service Medical Officers	572,223	530,312	0	0	572,223	530,312
Total Non Salary Labour Costs	<u>572,223</u>	<u>530,312</u>	<u>0</u>	<u>0</u>	<u>572,223</u>	<u>530,312</u>
Supplies and Consumables						
Drug Supplies	103,146	99,262	2,002	802	105,148	100,064
Medical, Surgical Supplies and Prosthesis	299,321	309,924	7,481	11,907	306,802	321,831
Pathology Supplies	44,931	44,687	0	0	44,931	44,687
Special Services	28,146	40,283	78,555	67,097	106,701	107,380
Food Supplies	281,954	230,750	8,472	57,634	290,426	288,384
Total Supplies and Consumables	<u>757,498</u>	<u>724,906</u>	<u>96,510</u>	<u>137,440</u>	<u>854,008</u>	<u>862,346</u>
Other Expenses from Continuing Operations						
Domestic Services & Supplies	74,908	77,259	2,022	1,847	76,930	79,106
Fuel, Light, Power and Water	225,592	198,714	247	990	225,839	199,704
Insurance costs funded by DHS	47,982	48,277	0	0	47,982	48,277
Motor Vehicle Expenses	42,540	43,897	0	0	42,540	43,897
Repairs & Maintenance	189,830	166,951	23,973	13,970	213,803	180,921
Maintenance Contracts	89,103	54,982	4,981	4,558	94,084	59,540
Patient Transport	65,073	55,878	0	0	65,073	55,878
Lease Expenses	56,916	28,345	0	0	56,916	28,345
Administrative Expenses	653,014	571,069	52,012	27,998	705,026	599,067
Audit Fees						
- VAGO - Audit of Financial Statements	20,300	18,500	0	0	20,300	18,500
- Other	33,466	0	0	0	33,466	0
Total Other Expenses from Continuing Operations	<u>1,498,724</u>	<u>1,263,872</u>	<u>83,235</u>	<u>49,363</u>	<u>1,581,959</u>	<u>1,313,235</u>
Impairment of Financial Assets						
- Available-for-Sale Financial Assets	0	0	19,579	0	19,579	0
- Impairment of Financial Assets	0	0	32,930	0	32,930	0
Total Impairment of Financial Assets	<u>0</u>	<u>0</u>	<u>52,509</u>	<u>0</u>	<u>52,509</u>	<u>0</u>
Depreciation and Amortisation	530,604	504,743	0	0	530,604	504,743
Finance Costs	2,671	0	0	0	2,671	0
Total	<u>533,275</u>	<u>504,743</u>	<u>0</u>	<u>0</u>	<u>533,275</u>	<u>504,743</u>
TOTAL EXPENSES	<u><u>11,288,441</u></u>	<u><u>10,644,491</u></u>	<u><u>255,117</u></u>	<u><u>202,045</u></u>	<u><u>11,543,558</u></u>	<u><u>10,846,536</u></u>

Note 3a: ANALYSIS OF EXPENSE BY SOURCE

	Admitted Patients 2009 \$	EDS 2009 \$	Residential Aged Care 2009 \$	Aged Care 2009 \$	Primary Health 2009 \$	Other 2009 \$	TOTAL 2009 \$
Services Supported by Health Service Agreement							
Employee Benefits	3,026,762	207,647	4,208,103	345,653	117,430	21,126	7,926,721
Non Salary Labour Costs	481,530	90,693	0	0	0	0	572,223
Supplies and Consumables	362,584	23,235	352,735	13,430	5,514	0	757,498
Other Expenses	729,903	13,471	677,719	35,554	32,055	10,022	1,498,724
Depreciation and Amortisation (refer note 4)	0	0	0	0	0	530,604	530,604
Finance Costs (refer note 5)	0	0	0	0	0	2,671	2,671
Sub-Total Expenses from Services Supported by Health Services Agreement	4,600,779	335,046	5,238,557	394,637	154,999	564,423	11,288,441
Services Supported by Hospital and Community Initiatives							
Employee Benefits	0	0	0	0	0	22,863	22,863
Supplies and Consumables	0	0	0	0	0	96,510	96,510
Other Expenses	0	0	0	0	0	83,235	83,235
Impairment of Financial Assets (refer note 3)	0	0	0	0	0	52,509	52,509
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	0	0	0	0	0	255,117	255,117
TOTAL EXPENSES	4,600,779	335,046	5,238,557	394,637	154,999	819,540	11,543,558

Note 3a: ANALYSIS OF EXPENSE BY SOURCE

	Admitted Patients 2008 \$	EDS 2008 \$	Residential Aged Care 2008 \$	Aged Care 2008 \$	Primary Health 2008 \$	Other 2008 \$	TOTAL 2008 \$
Services Supported by Health Service Agreement							
Employee Benefits	2,931,764	185,307	4,113,923	292,962	96,701	0	7,620,657
Non Salary Labour Costs	466,763	63,549	0	0	0	0	530,312
Supplies and Consumables	391,272	20,187	295,927	7,683	9,826	0	724,905
Other Expenses	543,359	9,947	622,508	37,821	50,239	0	1,263,874
Depreciation and Amortisation (refer note 4)	0	0	0	0	0	504,743	504,743
Sub-Total Expenses from Services Supported by Health Services Agreement	4,333,158	278,990	5,032,358	338,476	156,766	504,743	10,644,491
Services Supported by Hospital and Community Initiatives							
Employee Benefits	0	0	0	0	0	15,242	15,242
Supplies and Consumables	0	0	0	0	0	137,440	137,440
Other Expenses	0	0	0	0	0	49,363	49,363
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	0	0	0	0	0	202,045	202,045
TOTAL EXPENSES	4,333,158	278,990	5,032,358	338,476	156,766	706,788	10,846,536

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

	2009	2008
	\$	\$
Diagnostic Imaging	88,002	76,350
Catering Services	32,557	62,423
Fundraising & Other	82,049	63,272
TOTAL	<u>202,608</u>	<u>202,045</u>

NOTE 4: DEPRECIATION

	2009	2008
	\$	\$
Depreciation		
Buildings		
Plant & Equipment	208,856	202,652
- Plant	30,748	27,499
- Motor Vehicles	37,521	34,658
Computers and Communication	33,365	45,490
Medical Equipment	102,854	92,309
Furniture and Fittings	19,194	18,990
Other Equipment	95,134	83,145
Hume Rural Health Alliance	2,932	0
TOTAL DEPRECIATION	<u>530,604</u>	<u>504,743</u>

NOTE 5: FINANCE COSTS

Finance Charges on Finance Leases	<u>2,671</u>	0
TOTAL FINANCE COSTS	<u>2,671</u>	<u>0</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.

	2009	2008
	\$	\$
Cash on Hand	750	700
Cash at Bank	309,104	64,821
TOTAL	<u>309,854</u>	<u>65,521</u>
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	220,143	53,042
Cash held - Hume Rural Health Alliance	84,581	0
Cash for Monies Held in Trust		
- Cash at Bank	5,130	12,479
TOTAL CASH AND CASH EQUIVALENTS	<u>309,854</u>	<u>65,521</u>

Mansfield District Hospital
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NOTE 7: RECEIVABLES

	2009	2008
	\$	\$
CURRENT		
Contractual		
Trade Debtors	55,417	78,520
Patient Fees	74,950	168,728
Accrued Investment Income	30,982	41,723
Accrued Revenue - Other	5,521	19,688
Hume Rural Health Alliance - Other Receivables	46,881	0
Less Allowance for Doubtful Debts		
Patient fees	0	0
	213,751	308,659
Statutory		
GST Receivable	83,953	149,258
Accrued Revenue - DHS	0	68,650
Less Allowance for Doubtful Debts	0	0
	83,953	217,908
TOTAL CURRENT RECEIVABLES	297,704	526,567
NON CURRENT		
Statutory		
DHS - Long Service Leave	159,241	157,598
TOTAL NON-CURRENT RECEIVABLES	159,241	157,598
TOTAL RECEIVABLES	456,945	684,165
(a) Movement in the Allowance for doubtful debts	2009	2008
	\$	\$
Balance at beginning of the year	0	4,562
Amounts written off during the year	0	0
Amounts recovered during the year	0	0
Increase/(decrease) in allowance recognised in profit or loss	0	(4,562)
Balance at end of the year	0	0
(b) Ageing analysis of receivables		
Please refer to note 18(b) for the ageing analysis of receivables		
(c) 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		

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NOTE 8: OTHER FINANCIAL ASSETS

	Operating Fund		TOTAL	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
<i>Loans & Receivables</i>				
Aust. Dollar Term deposits	2,550,842	2,235,016	2,550,842	2,235,016
<i>Available for Sale Financial Assets</i>				
Income Securities	129,050	161,980	129,050	161,980
TOTAL CURRENT	<u>2,679,892</u>	<u>2,396,996</u>	<u>2,679,892</u>	<u>2,396,996</u>
Represented by:				
Health Service Investments	68,387	139,475	68,387	139,475
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	2,611,505	2,257,521	2,611,505	2,257,521
TOTAL	<u>2,679,892</u>	<u>2,396,996</u>	<u>2,679,892</u>	<u>2,396,996</u>

(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

	2009	2008
	\$	\$
CURRENT		
Pharmaceuticals - at cost	23,334	29,312
Catering Supplies - at cost	2,988	3,346
Housekeeping Supplies - at cost	5,801	4,237
Medical and Surgical Lines - at cost	24,822	23,626
Engineering Stores - at cost	1,821	2,136
Administration Stores - at cost	7,209	8,242
TOTAL INVENTORIES	<u>65,975</u>	<u>70,899</u>

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

	2009	2008
	\$	\$
Prepayments	24,251	7,270
Hume Rural Health Alliance Prepayments	1,884	0
TOTAL OTHER ASSETS	<u>26,135</u>	<u>7,270</u>

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NOTE 11: PROPERTY, PLANT & EQUIPMENT

	2009	2008
	\$	\$
Land		
- Land at Fair Value	1,142,500	1,864,414
Total Land	<u>1,142,500</u>	<u>1,864,414</u>
Buildings		
- Buildings Under Construction	129,508	78,483
- Buildings at Cost	0	454,610
Less Accumulated Depreciation	0	165,228
	<u>0</u>	<u>289,382</u>
- Buildings at Fair Value	14,644,000	7,952,300
Less Accumulated Depreciation	0	412,250
Total Buildings	<u>14,644,000</u>	<u>7,540,050</u>
	<u>14,773,508</u>	<u>7,907,915</u>
Plant & Equipment		
- Plant & Equipment - Hume Rural Health Alliance	2,592	0
- Plant and Equipment at Fair value	1,367,995	1,292,902
Less Accumulated Depreciation	704,514	578,633
Total Plant and Equipment	<u>666,073</u>	<u>714,269</u>
Medical Equipment		
- Medical Equipment at Fair Value	1,290,496	1,210,653
Less Accumulated Depreciation and Impairment	562,762	459,907
Total Medical Equipment	<u>727,734</u>	<u>750,746</u>
Computers and Communication		
- Computers and Communication at Fair Value	326,778	322,067
Less Accumulated depreciation and Impairment	288,673	255,307
Total Computers and Communication	<u>38,105</u>	<u>66,760</u>
Furniture and Fittings		
- Furniture and Fittings at Fair Value	206,815	191,084
Less Accumulated Depreciation and Impairment	102,334	83,140
Total Furniture and Fittings	<u>104,481</u>	<u>107,944</u>
Motor Vehicles		
- Motor Vehicles at Fair Value	330,492	286,569
Less Accumulated Depreciation	121,000	88,428
Total Motor Vehicles	<u>209,492</u>	<u>198,141</u>
TOTAL	<u>17,661,893</u>	<u>11,610,189</u>

NOTE 11: PROPERTY, PLANT & EQUIPMENT (Continued)

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Commun.	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2007	1,365,000	7,925,924	640,142	621,480	120,792	125,535	166,715	10,965,588
Additions	0	167,053	190,205	209,189	16,000	1,399	184,564	768,410
Disposals	0	0	0	0	0	0	(118,480)	(118,480)
Transfers for Reclassification	0	17,590	(5,434)	12,386	(24,542)	0	0	0
Revaluation Increments	499,414	0	0	0	0	0	0	499,414
Depreciation and Amortisation	0	(202,652)	(110,644)	(92,309)	(45,490)	(18,990)	(34,658)	(504,743)
Balance at 1 July 2008	1,864,414	7,907,915	714,269	750,746	66,760	107,944	198,141	11,610,189
Additions	0	101,673	75,094	79,843	4,712	15,731	106,106	383,159
Hume Rural Health Alliance	0	0	5,524	0	0	0	0	5,524
Disposals	0	0	0	0	0	0	(57,237)	(57,237)
Transfers for Reclassification	0	0	0	0	0	0	0	0
Revaluation Increments/(Decrements)	(721,914)	6,972,776	0	0	0	0	0	6,250,862
Depreciation and Amortisation	0	(208,856)	(128,814)	(102,854)	(33,365)	(19,194)	(37,521)	(530,604)
Balance at 30 June 2009	1,142,500	14,773,508	666,073	727,735	38,107	104,481	209,489	17,661,893

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 value of plant and equipment was considered in accordance with FRD 103D.

The effective date of the valuation is 30 June 2009

NOTE 12: PAYABLES

	2009	2008
	\$	\$
CURRENT		
Contractual		
Trade Creditors	478,820	289,924
Hume Rural Health Alliance Payables	22,521	0
Accrued Audit Fees	12,800	18,500
Accrued Salary Backpayments	0	8,700
Other	3,000	56,548
	<u>517,141</u>	<u>373,672</u>
Statutory		
FBT Payable	0	30,563
DHS	55,180	0
	<u>55,180</u>	<u>30,563</u>
TOTAL	<u>572,321</u>	<u>404,235</u>

(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

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NOTE 13: INTEREST BEARING LIABILITIES

	2009	2008
	\$	\$
CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (refer Note 19)	9,607	0
Total Current	9,607	0
NON CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (refer Note 19)	38,167	0
Total Non Current	38,167	0
Total Interest Bearing Liabilities	47,774	0

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:	2,671	0
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NOTE 14: EMPLOYEE BENEFITS AND RELATED ON-COSTS PROVISIONS

	2009	2008
	\$	\$
Current Provisions		
Employee Benefits		
- unconditional and expected to be settled within 12 months	745,600	646,870
- unconditional and expected to be settled after 12 months	671,861	637,759
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (nominal value)	67,894	80,859
- unconditional and expected to be settled after 12 months (present value)	82,982	79,720
Total Current Provisions	1,568,338	1,445,208
Non-Current Provisions		
Employee Benefits	265,256	259,362
Provisions related to employee benefit on-costs	26,526	32,420
Total Non-Current Provisions	291,782	291,782
Current Employee Benefits		
Unconditional Long Service Leave Entitlements	614,938	656,592
Annual Leave Entitlements	595,320	612,552
Accrued Salaries and Wages	194,304	161,119
Accrued Days Off	12,900	14,945
Non-Current Employee Benefits		
Conditional Long Service Leave Entitlements (present value)	265,256	259,362
Total Employee Benefits	1,682,718	259,362
On-Costs		
Current On-Costs	150,876	160,579
Non-Current On-Costs	26,526	32,420
Total On-Costs	177,402	192,999
Total Employee Benefits and Related On-Costs	1,860,120	452,361

Mansfield District Hospital
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NOTE 14: EMPLOYEE BENEFITS AND RELATED ON-COSTS PROVISIONS (Continued)

	2009	2008
	\$	\$
Movement in Long Service Leave:		
Balance at start of year	915,954	847,855
Provision made during the year	194,901	178,156
Settlement made during the year	<u>(230,661)</u>	<u>(110,057)</u>
Balance at end of year	<u>880,194</u>	<u>915,954</u>

* The following assumptions were adopted in measuring present value:

- Wage inflation rate of 4.45%
- Bond rates applied to future values are as advised by the Department of Treasury and Finance and range from 3.005% to 5.62%

NOTE 15: OTHER LIABILITIES

	2009	2008
	\$	\$
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust	5,130	12,479
- Accommodation Bonds (Refundable Entrance Fees)	<u>3,204,669</u>	<u>2,850,685</u>
Other Liabilities - Hume Rural Health Alliance	<u>3,209,799</u>	<u>2,863,164</u>
	16,040	0
TOTAL CURRENT	<u>3,225,839</u>	<u>2,863,164</u>

* Total Monies Held in Trust

Represented by the following assets:

Cash Assets (refer to Note 6)	5,130	12,479
Other Financial Assets (refer to Note 8)	2,611,505	2,257,521
Land and Buildings	<u>593,164</u>	<u>593,164</u>
TOTAL	<u>3,209,799</u>	<u>2,863,164</u>

NOTE 16: EQUITY

(a) Reserves

Property, Plant & Equipment Revaluation Reserve ¹

	2009	2008
	\$	\$
Balance at beginning of the Reporting Period		
- Land	1,152,414	653,000
- Buildings	0	0
Revaluation Increment/Decrement		
- Land	(721,914)	499,414
- Buildings	6,972,776	0
Balance at the end of the reporting period	<u>7,403,276</u>	<u>1,152,414</u>
Represented by:		
- Land	430,500	1,152,414
- Buildings	<u>6,972,776</u>	<u>0</u>
	<u>7,403,276</u>	<u>1,152,414</u>

Mansfield District Hospital
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NOTE 16: EQUITY (Continued)

	2009	2008
	\$	\$
Financial Assets Available-for-Sale Revaluation Reserve ²		
Balance at the beginning of the reporting period	(19,579)	0
Valuation gain/(loss) recognised	0	(19,579)
Cumulative (gain)/loss transferred to Operating Statement on Impairment of financial assets	19,579	0
Balance at end of the reporting period	<u>0</u>	<u>(19,579)</u>
Total Reserves	<u>7,403,276</u>	<u>1,132,835</u>

(¹) The property, plant & equipment asset revaluation reserve arises on the revaluation of property, plant & equipment.

(²) The financial assets available-for-sale revaluation reserve 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 the financial asset, and is effectively realised, is recognised in the profit and loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the profit and loss.

(b) Contributed Capital

Balance at the beginning of the reporting period	9,591,070	9,484,850
Capital Contribution received from Victorian Government	0	106,220
Balance at the end of the reporting period	<u>9,591,070</u>	<u>9,591,070</u>

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period	(893,254)	(911,090)
Net Result for the Year	(606,452)	17,836
Balance at the end of the reporting period	<u>(1,499,706)</u>	<u>(893,254)</u>

(d) Total Equity at end of financial year

15,494,640 9,830,651

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

	2009	2008
	\$	\$
NET RESULT FOR THE YEAR	(606,452)	17,836
Depreciation & Amortisation	530,604	504,743
Net (Gain)/Loss from Sale of Plant and Equipment	11,555	23,471
Available-for-Sale Revaluation Reserve gain/(loss) recognised	19,579	0
Impairment of Financial Assets	32,930	0
Share of Result from Hume Rural Health Alliance	(100,309)	0
Movement in Provision for Doubtful Debts	0	(4,562)
Change in Operating Assets & Liabilities, Net of Effect from Restructuring		
(Increase)/Decrease in Receivables	274,101	(127,879)
(Increase)/Decrease in Prepayments	(16,981)	8,255
(Increase)/Decrease in Stores	4,924	32,970
Increase/(Decrease) in Payables	145,565	(236,155)
Increase/(Decrease) in Employee Benefits	123,130	129,514
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>418,646</u>	<u>348,193</u>

NOTE 18: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

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

	Carrying Amount 2009 \$	Carrying Amount 2008 \$
Financial Assets		
Cash and cash equivalents	309,854	65,521
Loans and Receivables	2,893,643	2,705,655
Total Financial Assets (i)	3,203,497	2,771,176
Financial Liabilities		
At amortised cost	3,742,980	3,236,836
Total Financial Liabilities (ii)	3,742,980	3,236,836

(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 payables)

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

	Carrying Amount 2009 \$	Carrying Amount 2008 \$
Financial Assets		
Cash and cash equivalents(i)	0	0
Loans and Receivables(i)	172,210	140,304
Total Financial Assets	172,210	140,304
Financial Liabilities		
Payables(ii)	0	0
Other Liabilities	0	0
Total Financial Liabilities	0	0

(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

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

NOTE 18: FINANCIAL INSTRUMENTS (continued)

(b) Credit Risk

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

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 \$
2009							
Financial Assets							
Cash and Cash Equivalents	309,854	309,854	0	0	0	0	0
Receivables							
- Trade Debtors	130,367	117,030	4,407	13,337	6,412	0	0
- Other Receivables	83,384	83,384	0	0	0	0	0
Other Financial Assets							
- Term Deposit	2,550,842	2,550,842	0	0	0	0	0
- Income Securities	129,050	129,050	0	0	0	0	52,509
Total Financial Assets	3,203,497	3,190,160	4,407	13,337	6,412	0	52,509
2008							
Financial Assets							
Cash and Cash Equivalents	65,521	65,521	0	0	0	0	0
Receivables							
- Trade Debtors	247,248	153,305	55,972	23,282	14,689	0	0
- Other Receivables	61,411	61,411	0	0	0	0	0
Other Financial Assets							
- Term Deposit	2,235,016	2,235,016	0	0	0	0	0
- Income Securities	161,980	161,980	0	0	0	0	0
Total Financial Assets	2,771,176	2,677,233	55,972	23,282	14,689	0	0

NOTE 18: FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk

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 \$
2009						
Financial Liabilities						
Payables	517,141	517,141	517,141	0	0	0
Interest Bearing Liabilities	47,774	47,774	1,075	3,225	9,675	33,799
Other Financial Liabilities						
- Accommodation Bonds	3,204,669	3,204,669	0	0	3,204,669	0
- Patient Trust Monies	5,130	5,130	0	5,130	0	0
Total Financial Liabilities	3,774,714	3,774,714	518,216	8,355	3,214,344	33,799
2008						
Financial Liabilities						
Payables	373,672	373,672	373,672	0	0	0
Other Financial Liabilities						
- Accommodation Bonds	2,850,685	2,850,685	0	0	2,850,685	0
- Patient Trust Monies	12,479	12,479	0	12,479	0	0
Total Financial Liabilities	3,236,836	3,236,836	373,672	12,479	2,850,685	0

(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
2009					
Financial Assets					
Cash and Cash Equivalents	3.50	309,854	0	309,854	0
Receivables					
- Trade Debtors	0.00	130,367	0	0	130,367
- Other Receivables	0.00	83,384	0	0	83,384
Other Financial Assets					
- Term Deposit	4.11	2,550,842	2,550,842	0	0
- Income Securities	5.82	129,050	0	129,050	0
Total Financial Assets		3,203,497	2,550,842	438,904	213,751
Financial Liabilities					
Payables	0.00	517,141	0	0	517,141
Interest Bearing Liabilities	8.12	47,774	47,774	0	0
Other Financial Liabilities					
- Accommodation Bonds	0.00	3,204,669	0	0	3,204,669
- Patient Trust Monies	0.00	5,130	0	0	5,130
Total Financial Liabilities		3,774,714	47,774	0	3,726,940
2008					
Financial Assets					
Cash and Cash Equivalents	7.52	65,521	0	65,521	0
Receivables					
- Trade Debtors	0.00	247,248	0	0	247,248
- Other Receivables	0.00	61,411	0	0	61,411
Other Financial Assets					
- Term Deposit	7.59	2,235,016	2,235,016	0	0
- Income Securities	7.59	161,980	0	161,980	0
Total Financial Assets		2,771,176	2,235,016	227,501	308,659
Financial Liabilities					
Payables	0.00	373,672	0	0	373,672
Other Financial Liabilities					
- Accommodation Bonds	0.00	2,850,685	0	0	2,850,685
- Patient Trust Monies	0.00	12,479	0	0	12,479
Total Financial Liabilities		3,236,836	0	0	3,236,836

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 Federal 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009									
Financial Assets									
Cash and Cash Equivalents	309,854	(3,099)	(3,099)	3,099	3,099	0	0	0	0
Receivables									
- Trade Debtors	130,367	0	0	0	0	0	0	0	0
- Other Receivables	83,384	0	0	0	0	0	0	0	0
Other Financial Assets									
- Term Deposit	2,550,842	0	0	0	0	0	0	0	0
- Income Securities	129,050	(1,291)	(1,291)	1,291	1,291	(1,291)	(1,291)	1,291	1,291
Financial Liabilities									
Payables	517,141	0	0	0	0	0	0	0	0
Interest Bearing Liabilities	47,774	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	3,204,669	0	0	0	0	0	0	0	0
- Patient Trust Monies	5,130	0	0	0	0	0	0	0	0
		(4,389)	(4,389)	4,389	4,389	(1,291)	(1,291)	1,291	1,291
2008									
Financial Assets									
Cash and Cash Equivalents	65,521	(655)	(655)	655	655	0	0	0	0
Receivables									
- Trade Debtors	247,248	0	0	0	0	0	0	0	0
- Other Receivables	61,411	0	0	0	0	0	0	0	0
Other Financial Assets									
- Term Deposit	2,235,016	0	0	0	0	0	0	0	0
- Income Securities	161,980	(1,620)	(1,620)	1,620	1,620	(1,620)	(1,620)	1,620	1,620
Financial Liabilities									
Payables	373,672	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	2,850,685	0	0	0	0	0	0	0	0
- Patient Trust Monies	12,479	0	0	0	0	0	0	0	0
		(2,275)	(2,275)	2,275	2,275	(1,620)	(1,620)	1,620	1,620

Mansfield District Hospital
Notes to the Financial Statements
30 June 2009

NOTE 19: COMMITMENTS

	2009	2008
	\$	\$
Capital Expenditure Commitments	0	0
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	124,031	13,441
Finance Leases	47,774	0
Total Lease Commitments	<u>171,805</u>	<u>13,441</u>
Operating Leases		
Operating leases exist for a range of equipment including photocopiers, computers and theatre equipment		
<i>Non-Cancellable</i>		
Not later than one year	42,115	10,768
Later than 1 and not later than 5 years	<u>81,916</u>	<u>2,673</u>
TOTAL	<u>124,031</u>	<u>13,441</u>
Total commitments for expenditure (inclusive of GST)	<u>171,805</u>	<u>13,441</u>
Less GST recoverable from the Australian Taxation Office	<u>(15,618)</u>	<u>(1,222)</u>
Total commitments for expenditure (exclusive of GST)	<u>156,187</u>	<u>12,219</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

Mansfield District Hospital
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30 June 2009

	RACS		Hospital		Outpatients		Business Units		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
External Segment Revenue	4,510,680	4,985,827	6,056,737	5,353,674	1,668	130,669	191,595	209,314	0	0	10,760,680	10,689,484
Intersegment Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	4,510,680	4,985,827	6,056,737	5,353,674	1,668	130,669	191,595	209,314	0	0	10,760,680	10,689,484
External Segment Expenses	(5,503,859)	(5,284,730)	(5,449,536)	(5,080,772)	(335,046)	(278,990)	(255,117)	(202,045)	0	0	(11,543,558)	(10,846,536)
Unallocated Expense	0	0	0	0	0	0	0	0	0	0	0	0
Segment Result	(993,179)	(298,903)	607,201	282,903	(333,378)	(148,321)	(63,522)	7,269	0	0	(782,878)	(157,052)
Net Result from ordinary activities	(993,179)	(298,903)	607,201	282,903	(333,378)	(148,321)	(63,522)	7,269	0	0	(782,878)	(157,052)
Interest Income	134,373	122,559	42,011	51,983	42	348	0	0	0	0	176,426	174,888
Net Result for Year	(858,806)	(176,343)	649,212	334,885	(333,336)	(147,975)	(63,522)	7,269	0	0	(606,452)	17,836
OTHER INFORMATION												
Segment Assets	13,419,524	6,883,243	7,643,670	6,769,873	0	831,103	137,500	350,821	0	0	21,200,694	14,835,040
Unallocated Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	13,419,524	6,883,243	7,643,670	6,769,873	0	831,103	137,500	350,821	0	0	21,200,694	14,835,040
Segment Liabilities	3,225,839	2,863,164	2,480,215	2,141,225	0	0	0	0	0	0	5,706,054	5,004,389
Unallocated Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	3,225,839	2,863,164	2,480,215	2,141,225	0	0	0	0	0	0	5,706,054	5,004,389
Acquisition of property, plant and equipment and intangible assets	20,291	38,042	362,868	729,733	0	635	0	0	0	0	383,159	758,410
Depreciation & amortisation expense	(221,141)	(222,165)	(303,580)	(276,695)	(5,883)	(5,883)	0	0	0	0	(530,604)	(504,743)
Non cash expenses other than depreciation	0	0	47,982	0	0	0	0	0	0	0	47,982	0

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

Business Segments	Services
Residential Aged Care Services (RACS)	High & Low level Aged Care Services
Hospital	Acute Medical & Surgical Services
	Visiting District Nursing and Community Health and Physiotherapy Services.
Outpatients	Non admitted medical services
Business Units	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	
		2009	2008
		%	%
Hume Rural Health Alliance		4.01	0.00

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:

	2009	2008
	\$	\$
Current Assets		
Cash and Cash Equivalents	84,581	0
Receivables	46,881	0
Other	1,884	0
Total Current Assets	<u>133,346</u>	<u>0</u>
Non Current Assets		
Property Plant & Equipment	2,592	0
Total Non Current Assets	<u>2,592</u>	<u>0</u>
Total Assets	<u>135,938</u>	<u>0</u>

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

Revenues		
Operating Activities	99,254	0
Non-Operating Activities	1,892	0
Total Revenue	<u>101,146</u>	<u>0</u>
Expenses		
Employee Benefits	21,126	0
Information Technology and Administrative Expenses	103,186	0
Capital Purpose Expenditure	3,203	0
Depreciation	2,932	0
Total Expenses	<u>130,447</u>	<u>0</u>
Profit	<u>(29,301)</u>	<u>0</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.

	Period
Responsible Ministers:	
The Honourable Daniel Andrews, MLA, Minister for Health	01/07/2008 - 30/06/2009
Governing Boards	
D. Kilford	01/07/2008 - 30/06/2009
A. Tehan	01/07/2008 - 30/06/2009
M. Sellstrom	01/07/2008 - 30/06/2009
M. Irwin	01/07/2008 - 30/06/2009
J. Walpole	01/07/2008 - 30/06/2009
R. Appleby	01/07/2008 - 30/06/2009
L. Sumpter	01/07/2008 - 30/06/2009
L. Robson	01/07/2008 - 30/06/2009
N Beautyman	01/07/2008 - 30/06/2009
M. Blair	01/07/2008 - 30/06/2009
Accountable Officers	
Janene Ridley (Chief Executive Officer)	01/07/2008 - 30/06/2009

Remuneration of Responsible Persons

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

Income Band	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
	No.	No.	No.	No.
\$0 - \$9999	12	12	12	12
\$120,000 - \$129,999	0	1	0	1
\$130,000 - \$139,999	1	0	1	0
Total Numbers	13	13	13	13
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amount to:	\$130,160	\$126,369	\$130,160	\$126,369

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:

	2009	2008
	\$	\$
Ms Elaine Irwin through her Company Andamooka Investments Pty Ltd	13,906	28,985

NOTE 23b: EXECUTIVE OFFICER DISCLOSURES

No Executive Officer other than Ministers or Accountable Officers received remuneration in excess of \$100,000 during the year.

NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 25: GOING CONCERN

The financial statements are prepared on a going concern basis. The Department of Human Services has provided confirmation it will continue to provide Mansfield District Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2010.