



Financial Report for  
Boort District Health  
2014/2015

## Comparative Financial Results

Listed below is a summary of financial results for the year ended 30<sup>th</sup> June 2015, together with comparative results for the previous four financial years.

## Cash Management / Liquidity Indicators

	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Total revenue	8,392,912	7,273,103	6,801,744	6,111,599	5,957,015
Total expenses	7,425,685	6,887,725	6,679,411	6,507,388	6,455,379
Operating surplus (deficit)	967,227	385,378	122,333	(395,789)	(498,364)
Retained Surplus	1,205,024	237,797	(147,581)	(269,914)	125,875
Total assets	11,629,342	10,638,441	7,305,380	7,152,551	7,521,961
Total liabilities	2,998,567	2,974,893	2,691,430	2,660,934	2,634,555
Net assets	8,630,775	7,663,548	4,613,950	4,491,617	4,887,406
<b>TOTAL EQUITY</b>	<b>8,630,775</b>	<b>7,663,548</b>	<b>4,613,950</b>	<b>4,491,617</b>	<b>4,887,406</b>

Cash Management / Liquidity	2014-15 Actuals
Creditors (Days)	47
Debtors (Patient Fees) (Days)	59

## BOORT DISTRICT HEALTH

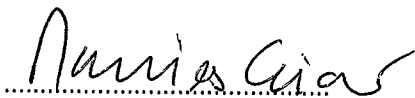
### BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of Boort District Health at 30 June 2015.

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

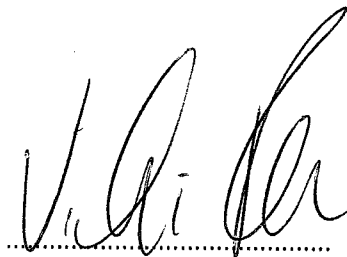
We authorise the attached financial statements for issue on this day.



Marlies Eicher  
Board President

Boort

28th August, 2015



Vicki Poxon  
Chief Executive Officer /  
Chief Finance & Accounting Officer

Boort

28th August, 2015

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Boort District Hospital

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of the Boort District Hospital which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

## Independent Auditor's Report (continued)


### *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.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Boort District Hospital as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
2 September 2015

  
John Doyle  
Auditor-General

**BOORT DISTRICT HEALTH**  
**COMPREHENSIVE OPERATING STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenue from Operating Activities	2	6,415,971	5,998,033
Revenue from Non-Operating Activities	2	150,805	140,797
Employee Expenses	3	(4,876,361)	(4,720,143)
Non Salary Labour Costs	3	(142,700)	(117,569)
Supplies and Consumables	3	(440,820)	(386,907)
Other Expenses	3	(1,288,992)	(1,229,276)
<b>Net Result Before Capital and Specific Items</b>		<b>(182,097)</b>	<b>(315,065)</b>
Capital Purpose Income	2	1,826,136	1,195,081
Depreciation	4	(676,812)	(465,688)
Expenditure Using Capital Purpose Income	3	0	(28,950)
<b>NET RESULT FOR THE YEAR</b>		<b>967,227</b>	<b>385,378</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	15	0	2,664,220
<b>Total other comprehensive income</b>		<b>0</b>	<b>2,664,220</b>
<b>COMPREHENSIVE RESULT</b>		<b>967,227</b>	<b>3,049,598</b>

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

**BOORT DISTRICT HEALTH**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,950,157	1,453,624
Receivables	6	260,982	236,696
Investments and Other Financial Assets	7	3,248,399	3,213,769
Inventories	8	47,748	48,299
Prepayments	9	48,819	46,601
<b>Total Current Assets</b>		<b>5,556,105</b>	<b>4,998,989</b>
<b>Non-Current Assets</b>			
Receivables	6	109,303	95,506
Property, Plant and Equipment	10	5,963,934	5,543,946
<b>Total Non-Current Assets</b>		<b>6,073,237</b>	<b>5,639,452</b>
<b>TOTAL ASSETS</b>		<b>11,629,342</b>	<b>10,638,441</b>
<b>Current Liabilities</b>			
Payables	11	417,189	325,318
Provisions	12	1,189,053	1,096,678
Other Current Liabilities	14	1,236,558	1,423,810
<b>Total Current Liabilities</b>		<b>2,842,800</b>	<b>2,845,806</b>
<b>Non-Current Liabilities</b>			
Provisions	12	155,767	129,087
<b>Total Non-Current Liabilities</b>		<b>155,767</b>	<b>129,087</b>
<b>TOTAL LIABILITIES</b>		<b>2,998,567</b>	<b>2,974,893</b>
<b>NET ASSETS</b>		<b>8,630,775</b>	<b>7,663,548</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	15a	4,125,544	4,125,544
Restricted Specific Purpose Surplus	15a	139,300	139,300
Contributed Capital	15b	3,160,907	3,160,907
Accumulated Surpluses	15c	1,205,024	237,797
<b>TOTAL EQUITY</b>		<b>8,630,775</b>	<b>7,663,548</b>
Commitments	18		
Contingent Assets and Contingent Liabilities	19		

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

**BOORT DISTRICT HEALTH**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Surplus \$	Contributed Capital \$	Accumulated Surpluses/ (Deficits) \$	Total \$
<b>Balance at 1 July 2013</b>		1,461,324	139,300	3,160,907	(147,581)	4,613,950
Net result for the year		0	0	0	385,378	385,378
Other comprehensive income for the year	15	2,664,220	0	0	0	2,664,220
<b>Balance at 30 June 2014</b>		<b>4,125,544</b>	<b>139,300</b>	<b>3,160,907</b>	<b>237,797</b>	<b>7,663,548</b>
Net result for the year		0	0	0	967,227	967,227
Other comprehensive income for the year	15	0	0	0	0	0
<b>Balance at 30 June 2015</b>		<b>4,125,544</b>	<b>139,300</b>	<b>3,160,907</b>	<b>1,205,024</b>	<b>8,630,775</b>

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



**BOORT DISTRICT HEALTH  
CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		4,739,318	4,664,747
Patient and Resident Fees Received		1,316,753	1,109,967
Donations and Bequests Received		43,587	1,164,975
GST paid to ATO		(17,895)	(720)
Interest Received		150,025	130,092
Other Receipts		148,977	288,390
<b>Total Receipts</b>		<b>6,380,765</b>	<b>7,357,451</b>
Employee Expenses Paid		(4,757,306)	(4,689,260)
Non Salary Labour Costs		(142,700)	(117,569)
Payments for Suppliers and Consumables		(440,269)	(390,341)
Other Payments		(1,039,672)	(1,119,192)
<b>Total Payments</b>		<b>(6,379,947)</b>	<b>(6,316,362)</b>
<b>Cash Generated from Operations</b>		<b>818</b>	<b>1,041,089</b>
Capital Grants from Government		1,289,950	32,400
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>16</b>	<b>1,290,768</b>	<b>1,073,489</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Investments		(184,027)	(1,101,290)
Payments for Non-Financial Assets		(597,463)	(168,890)
<b>NET CASH FLOW (USED IN) INVESTING ACTIVITIES</b>		<b>(781,490)</b>	<b>(1,270,180)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>509,278</b>	<b>(196,691)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		<b>1,205,703</b>	<b>1,402,394</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>5</b>	<b>1,714,981</b>	<b>1,205,703</b>

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

**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These annual financial statements represent the audited general purpose financial statements for Boort District Health (ABN 61 440 342 041) for the period ending 30 June 2015. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

**(a) Statement of compliance**

These financial statements are a general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994*, and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

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

The annual financial statements were authorised for issue by the Board of Boort District Health on 28th August 2015.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015, and the comparative information presented in these financial statements for the year ended 30 June 2014.

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

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss); and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result).
- The fair value of assets other than land is generally based on their depreciated replacement value.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates.

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

Consistent with AASB 13 Fair Value Measurement, Boort District Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Boort District Health has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Boort District Health determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Boort District Health's independent valuation agency.

Boort District Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k));
- superannuation expense (refer to Note 1(h); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

**(c) Reporting Entity**

The financial statements includes all the controlled activities of Boort District Health.

Its principal address is:  
Kiniry Street  
Boort, Victoria 3537

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

**Objectives and funding**

Boort District Health's overall objective is to enrich the health and wellbeing of the community, as well as improve the quality of life to Victorians.

Boort District Health is predominately funded by accrual based grant funding for the provision of outputs.

**(d) Principles of Consolidation**

**Intersegment Transactions**

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

(d) **Principles of Consolidation (Continued)**

**Jointly controlled assets or operations**

Interest in jointly controlled assets or operations are not consolidated by Boort District Health, but are accounted for in accordance with the policy outlined in Note 1(k) Financial Assets.

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

**Fund Accounting**

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

**Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives**

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and 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* (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

**Residential Aged Care Service**

The Boort District Health Nursing Home and Hostel operations are an integral part of the Health Service 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 2 and 3 to the financial statements.

The Nursing Home and Hostel are substantially funded from Commonwealth bed-day subsidies.

**Comprehensive operating statement**

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital and Specific Items' to enhance the understanding of the financial performance of Boort District Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of a unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital and Specific Items' is used by the management of Boort District Health, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health 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 and plant and equipment.  
It also includes donations of plant and equipment (refer note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;
- \* Specific income/expense, comprises the following items, where material:
  - \* Voluntary departure packages
  - \* Write-down of inventories
  - \* Non-current asset revaluation increments/decrements
  - \* Non-current assets lost or found
  - \* Forgiveness of loans
  - \* Reversals of provisions
  - \* Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board);
- \* Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (j);
- \* Depreciation as described in note 1 (h);
- \* Assets provided or received free of charge, as described in note 1 (g); and

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

**Comprehensive operating statement (Continued)**

- \* Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold, or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

**Balance sheet**

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period), are disclosed in the notes where relevant.

The net result is equivalent to profit or loss derived in accordance with AAS's.

**Statement of changes in equity**

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

**Cash flow statement**

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

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

**Rounding**

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

Minor discrepancies in tables between totals and sum of components are due to rounding.

**Comparative Information**

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

(f) **Change in accounting policies**

**AASB 10 Consolidated financial statements**

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of **all three** criteria for control to exist over an entity for financial reporting purposes:

- (a) The investor has power over the investee;
- (b) The investor has exposure, or rights to variable returns from its involvement with the investee; and
- (c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, Boort District Health has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. Based on this review, Boort District Health has determined there are no entities required to be consolidated in accordance with AASB 10.

**AASB 11 Joint Arrangements**

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

Boort District Health has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

On the basis of that review, Boort District Health has determined it's joint arrangement with the Loddon Mallee Rural Health Alliance is a joint operation.

**(f) Change in accounting policies (Continued)**

**AASB 12 Disclosure of Interests in Other Entities**

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities.

Boort District Health has disclosed information about its interests in associates and joint ventures, including any significant judgements and assumptions used in determining the type of joint arrangement in which it has an interest.

**(g) Income from transactions**

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

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

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

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

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

**Indirect Contributions from the Department of Health and Human Services**

- Insurance is recognised as revenue following advice from the Department of Health and 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 05/2013.

**Patient and Resident Fees**

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

**Private Practice Fees**

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

**Revenue from commercial activities**

Revenue from commercial activities such as provision of meals to external users is recognised at the time the invoices are raised.

**Donations and Other Bequests**

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

**Interest Revenue**

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset, which allocates interest over the relevant period.

**Sale of investments**

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

**Fair value of assets and services received free of charge or for nominal consideration**

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

**(h) Expense recognition**

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

**Cost of goods sold**

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

**Employee expenses**

Employee expenses include:

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

***Defined contribution superannuation plans***

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

***Defined benefit superannuation plans***

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

Employees of the Boort District Health are entitled to receive superannuation benefits and Boort District Health contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Boort District Health are disclosed in Note 13: Superannuation.

**Depreciation**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

(h) **Expense recognition (Continued)**

**Depreciation (Continued)**

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services.

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2015	2014
<b>Buildings</b>		
- Structure Shell Building Fabric	5 to 50 years	2 to 50 years
- Site Engineering Services and Central Plant	5 to 50 years	2 to 50 years
<b>Central Plant</b>		
- Fit Out	2 to 50 years	2 to 50 years
- Trunk Reticulated Building Systems	2 to 50 years	2 to 50 years
<b>Plant and Equipment</b>	5 to 25 years	5 to 25 years
<b>Medical Equipment</b>	5 to 15 years	5 to 15 years
<b>Computers and Communication</b>	3 years	3 years
<b>Furniture and Fittings</b>	6 to 20 years	10 to 20 years
<b>Motor Vehicles</b>	5 years	5 years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

**Other operating expenses**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

**Supplies and Consumables**

Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expenses when distributed.

**Bad and Doubtful Debts**

Refer to note 1 (k) *Impairment of financial assets*.

**Fair value of assets, services and resources provided free of charge or for nominal consideration**

Contributions of resources provided 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 agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(i) **Other comprehensive income**

Other comprehensive income measure the change in volume or value of assets or liabilities that do not result from transactions.

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

Net gain / (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

**Net gain/(loss) on Disposal of Non-Financial Assets**

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.



**(j) Financial Instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Boort District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

***Categories of non-derivative financial instruments***

**Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(k)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

**Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'other comprehensive income' 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 net result for the period. Fair value is determined in the manner described in Note 17.

**(k) Assets**

**Cash and Cash Equivalents**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

**Receivables**

Receivables consist of:

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

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

(k) **Assets (Continued)**

**Investments and other financial assets**

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

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

The Boort District Health 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.

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

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

**Inventories**

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

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

The basis 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.

**Property, Plant and Equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, plant and equipment.

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

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

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

(k) **Assets (Continued)**

**Revaluations of Non-current Physical Assets**

Non-Current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

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

In accordance with FRD 103F Boort District Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. This assessment did not identify any significant movements that would require a revaluation.

**Prepayments**

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

**Disposal of Non-Financial Assets**

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(i) - 'other comprehensive income'.

**Impairment of Non-Financial Assets**

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other non-financial assets are assessed annually for indications of impairment, except for:

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

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

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

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

(k) **Assets (Continued)**

**Investments in joint operations**

In respect of any interest in joint operations, Boort District Hospital recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

**Impairment of financial assets**

At the end of each reporting period Boort District Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

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

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

In order to determine an appropriate fair value as at 30 June 2015 for its portfolio of financial assets, Boort District Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution.

This value was compared against valuation methodologies provided by the issuer as at 30 June 2015. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

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

Net Gain/(Loss) on financial instruments includes:

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

**Revaluations of Financial Instruments at Fair Value**

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

**(I) Liabilities**

**Payables**

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing 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 those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

**Provisions**

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**Employee Benefits**

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

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

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

**Long Service Leave (LSL)**

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL 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. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

**(l) Liabilities (Continued)**

**Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Employee Benefit On-Costs**

Employee benefit on-costs, such as payroll tax, workers compensation and superannuation are recognised together with the provision for employee benefits.

**Superannuation Liabilities**

Boort District Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

**(m) Equity**

**Contributed Capital**

Consistent with *Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities* and *FRD 119A 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 to or distributions by owners, that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

**Property, plant and equipment revaluation surplus**

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

**Specific restricted purpose surplus**

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

**(n) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 18) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

**(o) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

**(p) Goods and Services Tax ("GST")**

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

**(q) AASs issued that are not yet effective**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2015 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2015, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Boort District Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
<i>AASB 9 Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
<i>AASB 15 Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017  (Exposure Draft 263 potential deferral to 1 Jan 2018)	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
<i>AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

(q) AASs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: - establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;  - prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that:  - a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and  - a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.



**(q) AASs issued that are not yet effective (Continued)**

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

**(r) Category Groups**

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

**Admitted Patient Services (Admitted Patients)** comprises all acute and subacute admitted patients services, where services are delivered in public hospitals.

**Aged Care** comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

**Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services

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

**Other Services not reported elsewhere - (Other)** comprises 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, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

**Note 2: ANALYSIS OF REVENUE BY SOURCE**

	Admitted Patients 2015 \$	Residential Aged Care 2015 \$	Aged Care 2015 \$	Primary Health 2015 \$	Other 2015 \$	TOTAL 2015 \$
Government Grants	2,178,338	1,954,939	199,219	434,736	0	4,767,232
Indirect Contributions by Department of Health and Human Services	4,786	12,202	1,355	2,141	0	20,484
Patient and Resident Fees	232,937	666,448	160,439	236,849	0	1,296,673
Commercial Activities and Specific Purpose Funds	0	0	0	0	58,773	58,773
Other Revenue from Operating Activities	33,369	25,930	5,050	6,227	202,233	272,809
<b>Total Revenue from Operating Activities</b>	<b>2,449,430</b>	<b>2,659,519</b>	<b>366,063</b>	<b>679,953</b>	<b>261,006</b>	<b>6,415,971</b>
Interest and Dividends	0	0	0	0	150,805	150,805
<b>Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,805</b>	<b>150,805</b>
Capital Purpose Income (Excluding Interest)	0	0	0	0	1,782,549	1,782,549
Capital Donations and Bequests Received	0	0	0	0	43,587	43,587
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,826,136</b>	<b>1,826,136</b>
<b>Total Revenue</b>	<b>2,449,430</b>	<b>2,659,519</b>	<b>366,063</b>	<b>679,953</b>	<b>2,237,947</b>	<b>8,392,912</b>

	Admitted Patients 2014 \$	Residential Aged Care 2014 \$	Aged Care 2014 \$	Primary Health 2014 \$	Other 2014 \$	TOTAL 2014 \$
Government Grants	2,104,338	1,737,221	296,894	375,496	0	4,513,949
Indirect Contributions by Department of Health and Human Services	1,691	4,312	479	756	0	7,238
Patient and Resident Fees	205,147	757,187	30,110	132,294	0	1,124,738
Commercial Activities and Specific Purpose Funds	0	0	0	0	51,348	51,348
Other Revenue from Operating Activities	62,330	70,090	8,151	18,679	141,510	300,760
<b>Total Revenue from Operating Activities</b>	<b>2,373,506</b>	<b>2,568,810</b>	<b>335,634</b>	<b>527,225</b>	<b>192,858</b>	<b>5,998,033</b>
Interest and Dividends	0	0	0	0	140,797	140,797
<b>Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,797</b>	<b>140,797</b>
Capital Purpose Income (Excluding Interest)	0	0	0	0	47,356	47,356
Capital Donations and Bequests Received	0	0	0	0	1,164,975	1,164,975
Net Gain/(Loss) on Disposal of Non-Financial Assets	0	0	0	0	(17,250)	(17,250)
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,195,081</b>	<b>1,195,081</b>
<b>Total Revenue</b>	<b>2,373,506</b>	<b>2,568,810</b>	<b>335,634</b>	<b>527,225</b>	<b>1,528,736</b>	<b>7,333,911</b>

Indirect contributions by Department of Health (1 July 2014 - 31 December 2014)/Department of Health and Human Services (1 Jan 2015 - 30 June 2015)

Department of Health/Department of Health and 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.

**BOORT DISTRICT HEALTH**  
**Notes to the Financial Statements**  
30 June 2015

<b>NOTE 2a: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Written Down Value of Non-Current Assets Sold</b>		
- Medical Equipment	0	(15,842)
- Non Medical Equipment	0	(740)
- Fixtures & Fittings	0	(668)
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>0</b>	<b>(17,250)</b>
<b>NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS</b>	<b>0</b>	<b>(17,250)</b>

**Note 3: ANALYSIS OF EXPENSES BY SOURCE**

	<b>Admitted Patients</b>	<b>Residential Aged Care</b>	<b>Aged Care</b>	<b>Primary Health</b>	<b>Other</b>	<b>TOTAL</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Employee Expenses	1,524,753	2,596,164	313,394	401,075	40,975	4,876,361
Non Salary Labour Costs	102,763	0	0	39,937	0	142,700
Supplies and Consumables	144,012	184,745	7,110	80,031	24,922	440,820
Other Expenses from Continuing Operations	462,408	474,380	74,306	82,306	195,592	1,288,992
<b>Total Expenditure from Operating Activities</b>	<b>2,233,936</b>	<b>3,255,289</b>	<b>394,810</b>	<b>603,349</b>	<b>261,489</b>	<b>6,748,873</b>
Depreciation (refer note 4)	0	0	0	0	676,812	676,812
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>676,812</b>	<b>676,812</b>
<b>Total Expenses</b>	<b>2,233,936</b>	<b>3,255,289</b>	<b>394,810</b>	<b>603,349</b>	<b>938,301</b>	<b>7,425,685</b>

	<b>Admitted Patients</b>	<b>Residential Aged Care</b>	<b>Aged Care</b>	<b>Primary Health</b>	<b>Other</b>	<b>TOTAL</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Employee Expenses	1,601,950	2,399,955	284,617	392,757	40,864	4,720,143
Non Salary Labour Costs	94,081	0	0	23,488	0	117,569
Supplies and Consumables	137,324	160,895	10,124	49,864	28,700	386,907
Other Expenses from Continuing Operations	322,409	508,854	75,448	77,634	244,931	1,229,276
<b>Total Expenditure from Operating Activities</b>	<b>2,155,764</b>	<b>3,069,704</b>	<b>370,189</b>	<b>543,743</b>	<b>314,495</b>	<b>6,453,895</b>
Depreciation (refer note 4)	0	0	0	0	465,688	465,688
Other Expenses	0	0	0	0	28,950	28,950
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>494,638</b>	<b>494,638</b>
<b>Total Expenses</b>	<b>2,155,764</b>	<b>3,069,704</b>	<b>370,189</b>	<b>543,743</b>	<b>809,133</b>	<b>6,948,533</b>

**BOORT DISTRICT HEALTH**  
**Notes to the Financial Statements**  
30 June 2015

**NOTE 4: DEPRECIATION**

	2015	2014
	\$	\$
<b>Depreciation</b>		
Buildings	536,575	335,519
Plant and Equipment	75,877	69,269
Motor Vehicles	51,243	52,146
Furniture and Fittings	6,873	5,534
LMRHA Assets	6,244	3,220
<b>TOTAL DEPRECIATION</b>	<b>676,812</b>	<b>465,688</b>

**NOTE 5: CASH AND CASH EQUIVALENTS**

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

	2015	2014
	\$	\$
Cash on Hand	205	205
Cash at Bank	1,949,952	1,453,419
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,950,157</b>	<b>1,453,624</b>

**Represented by:**

Cash for Health Service Operations (as per cash flow statement)	1,714,981	1,205,703
Cash for Loddon Mallee Rural Health Alliance	440	4,381
Cash for Monies Held in Trust		
- Cash at Bank	234,736	243,540
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,950,157</b>	<b>1,453,624</b>

**NOTE 6: RECEIVABLES**

**CURRENT**

**Contractual**

Trade Debtors - Health Service	97,027	105,335
Trade Debtors - Loddon Mallee Rural Health Alliance	500	1,205
Patient Fees	24,393	44,473
Accrued Investment Income	32,264	31,484
Accrued Revenue - Other	22,993	18,090
Accrued Revenue - Loddon Mallee Rural Health Alliance	198	340
	177,375	200,927

**Statutory**

Accrued Revenue - Dental Health Services Victoria	30,964	0
GST Receivable - Health Service	51,367	33,472
GST Receivable - Loddon Mallee Rural Health Alliance	1,276	2,297
	83,607	35,769

**TOTAL CURRENT RECEIVABLES**

**260,982      236,696**

**NON CURRENT**

**Statutory**

Long Service Leave - Department of Health/Department of Health and Human Services	109,303	95,506
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**TOTAL NON-CURRENT RECEIVABLES**

109,303      95,506

**TOTAL RECEIVABLES**

**370,285      332,202**

**NOTE 6: RECEIVABLES (Continued)**

**(a) Ageing analysis of receivables**

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

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

Please refer to Note 17(c) for the nature and extent of credit risk arising from contractual receivables.

**NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS**

	Operating Fund		Total	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>CURRENT</b>				
<i>Loans and Receivables</i>				
<i>Term Deposit</i>				
Aust. Dollar Term Deposits > 3 Months	3,248,399	3,213,769	3,248,399	3,213,769
<b>TOTAL CURRENT OTHER FINANCIAL ASSETS</b>	<b>3,248,399</b>	<b>3,213,769</b>	<b>3,248,399</b>	<b>3,213,769</b>
<b>Represented by:</b>				
Investments - Health Service	2,103,757	1,919,730	2,103,757	1,919,730
Investments - Loddon Mallee Rural Health Alliance	142,820	113,769	142,820	113,769
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	1,001,822	1,180,270	1,001,822	1,180,270
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>3,248,399</b>	<b>3,213,769</b>	<b>3,248,399</b>	<b>3,213,769</b>

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

Please refer to Note 17(c) for the ageing analysis of investments and other financial assets.

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

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

In accordance with Standing Direction 4.5.6, the Health Service is required to invest surplus funds with Treasury Corporation of Victoria / Victorian Funds Management Corporation. At 30 June 2015, the Health Service is compliant with this Standing Direction.

**NOTE 8: INVENTORIES**

	2015	2014
	\$	\$
Pharmaceuticals - at cost	8,241	10,112
Catering Supplies - at cost	8,960	4,829
Housekeeping Supplies - at cost	2,678	3,531
Medical and Surgical Lines - at cost	10,514	7,970
Engineering Stores - at cost	7,420	7,448
Dental Stores - at cost	9,935	14,409
<b>TOTAL INVENTORIES</b>	<b>47,748</b>	<b>48,299</b>

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

**NOTE 9: PREPAYMENTS**

	2015	2014
	\$	\$
Prepayments - Health Service	46,351	42,666
Prepayments - Loddon Mallee Rural Health Alliance	2,468	3,935
<b>TOTAL PREPAYMENTS</b>	<b>48,819</b>	<b>46,601</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

**(a) Gross carrying amount and accumulated depreciation**

	2015 \$	2014 \$
<b>Land</b>		
- Land at Fair Value	343,000	343,000
<b>Total Land</b>	<b>343,000</b>	<b>343,000</b>
<b>Buildings</b>		
- Buildings Under Construction at Cost	853,483	22,727
- Buildings at Fair Value	4,607,137	4,565,000
Less Accumulated Depreciation	536,575	0
	4,070,562	4,565,000
<b>Total Buildings</b>	<b>4,924,045</b>	<b>4,587,727</b>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	920,107	702,939
Less Accumulated Depreciation	384,397	308,521
- Loddon Mallee Rural Health Alliance	20,072	19,907
Less Accumulated Depreciation	9,521	9,850
<b>Total Plant and Equipment</b>	<b>546,261</b>	<b>404,475</b>
<b>Furniture and Fittings</b>		
- Furniture and Fittings at Fair Value	76,200	76,200
Less Accumulated Depreciation	30,506	23,633
<b>Total Furniture and Fittings</b>	<b>45,694</b>	<b>52,567</b>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	291,979	291,979
Less Accumulated Depreciation	187,045	135,802
<b>Total Motor Vehicles</b>	<b>104,934</b>	<b>156,177</b>
<b>TOTAL</b>	<b>5,963,934</b>	<b>5,543,946</b>

**(b) Reconciliations of the carrying amounts of each class of asset**

	Land \$	Buildings \$	Plant & Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Total \$
<b>Balance at 1 July 2013</b>	420,000	2,132,468	420,934	38,395	171,105	3,182,902
Additions	0	49,558	62,408	19,706	37,218	168,890
Loddon Mallee Rural Health Alliance	0	0	10,872	0	0	10,872
Disposals	0	0	(17,250)	0	0	(17,250)
Revaluation Increments / (Decrements)	(77,000)	2,741,220	0	0	0	2,664,220
Depreciation (note 4)	0	(335,519)	(72,489)	(5,534)	(52,146)	(465,688)
<b>Balance at 1 July 2014</b>	<b>343,000</b>	<b>4,587,727</b>	<b>404,475</b>	<b>52,567</b>	<b>156,177</b>	<b>5,543,946</b>
Additions	0	872,893	217,169	0	0	1,090,062
Loddon Mallee Rural Health Alliance	0	0	6,738	0	0	6,738
Depreciation (note 4)	0	(536,575)	(82,121)	(6,873)	(51,243)	(676,812)
<b>Balance at 30 June 2015</b>	<b>343,000</b>	<b>4,924,045</b>	<b>546,261</b>	<b>45,694</b>	<b>104,934</b>	<b>5,963,934</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Land and Buildings carried at valuation**

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be replaced using depreciated replacement cost. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2014.

**(c) Fair value measurement hierarchy for assets as at 30 June 2015**

Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>			
Specialised land	343,000	0	343,000
Total of land at fair value	343,000	0	343,000
<b>Buildings at fair value</b>			
Specialised buildings	4,924,045	0	4,924,045
Total of building at fair value	4,924,045	0	4,924,045
<b>Plant and equipment at fair value</b>			
Plant equipment and vehicles at fair value			
- Vehicles (ii)	104,934	0	104,934
- Plant and equipment	546,261	0	546,261
- Furniture and fittings	45,694	0	45,694
Total of plant, equipment and vehicles at fair value	696,889	0	591,955

**Fair value measurement hierarchy for assets as at 30 June 2014**

Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
	Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>			
Specialised land	343,000	0	343,000
Total of land at fair value	343,000	0	343,000
<b>Buildings at fair value</b>			
Specialised buildings	4,587,727	0	4,587,727
Total of building at fair value	4,587,727	0	4,587,727
<b>Plant and equipment at fair value</b>			
Plant equipment and vehicles at fair value			
- Vehicles (ii)	156,177	0	156,177
- Plant and equipment	404,475	0	404,475
- Furniture and fittings	52,567	0	52,567
Total of plant, equipment and vehicles at fair value	613,219	0	457,042

**Note**

(i) Classified in accordance with the fair value hierarchy, see Note 1

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. However entities should consult with independent valuers in determining whether a market approach is appropriate for vehicles with an active resale market available. If yes, a Level 2 categorisation for such vehicles would be appropriate.

There have been no transfers between levels during the period.

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**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Non-specialised land, non-specialised buildings**

Non-specialised land, non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land, non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

**Specialised land and specialised buildings**

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

**Vehicles**

The Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

**Plant and equipment**

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2014.  
For all assets measured at fair value, the current use is considered the highest and best use.



**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**  
**(d) Reconciliation of Level 3 fair value as at 30 June 2015**

	Land	Buildings	Plant and equipment
<b>Opening Balance</b>	343,000	4,587,727	457,042
<b>Purchases (sales)</b>	0	69,249	223,907
<b>Transfers in (out) of Level 3</b>	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(317,363)	(88,994)
- Impairment loss	0	0	0
<b>Subtotal</b>	<b>343,000</b>	<b>4,339,613</b>	<b>591,955</b>
Items recognised in other comprehensive income			
- Revaluation	0	584,432	0
<b>Subtotal</b>	<b>0</b>	<b>584,432</b>	<b>0</b>
<b>Closing Balance</b>	<b>343,000</b>	<b>4,924,045</b>	<b>591,955</b>
Unrealised gains/(losses) on non-financial assets	0	0	0
	<b>343,000</b>	<b>4,924,045</b>	<b>591,955</b>

There have been no transfers between levels during the period.

**Reconciliation of Level 3 fair value as at 30 June 2014**

	Land	Buildings	Plant and equipment
<b>Opening Balance</b>	420,000	2,132,468	459,329
<b>Purchases (sales)</b>	0	69,249	75,736
<b>Transfers in (out) of Level 3</b>	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(317,363)	(78,023)
- Impairment loss	0	0	0
<b>Subtotal</b>	<b>420,000</b>	<b>1,884,354</b>	<b>457,042</b>
Items recognised in other comprehensive income			
- Revaluation	(77,000)	2,703,373	0
<b>Subtotal</b>	<b>(77,000)</b>	<b>2,703,373</b>	<b>0</b>
<b>Closing Balance</b>	<b>343,000</b>	<b>4,587,727</b>	<b>457,042</b>
Unrealised gains/(losses) on non-financial assets	0	0	0
	<b>343,000</b>	<b>4,587,727</b>	<b>457,042</b>

There have been no transfers between levels during the period.

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(e) Description of significant unobservable inputs to Level 3 valuations:**

	Valuation technique <sup>(a)</sup>	Significant unobservable inputs <sup>(a)</sup>	Range (weighted average) <sup>(a)</sup>	Sensitivity of fair value measurement to changes in
Specialised land	Market Approach	Community Service Obligation (CSO)	20%  (2014: No change)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre  Useful life of specialised buildings	\$792 - \$2450 (\$1,565)  (2014: No change)  25 - 60 Years  (2014: No change)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit  Useful life of PPE	\$1,000 - \$126,564 (\$5,285)  (2014: No change)  3-20 Years (7 Years)  (2014: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Motor Vehicles	Depreciated Replacement Cost	Cost per Unit  Useful life of vehicles	\$6,640 - 20655 (\$15,375)  (2014: No change)  2-3 Years (2.25 Years)  (2014: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Furniture and fittings	Depreciated Replacement Cost	Cost per Unit  Useful life of PPE	\$1,000 - \$12,016 (\$2,931)  (2014: No change)  6-20 Years (12 Years)  (2014: No change)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

**NOTE 11: PAYABLES**

	2015	2014
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	281,137	199,721
Accrued Audit Fees	18,500	14,450
Accrued Expenses - Other	22,884	20,896
Income in Advance	1,568	1,519
Payables - Loddon Mallee Rural Health Alliance	17,824	16,786
	<u>341,913</u>	<u>253,372</u>
<b>Statutory</b>		
Department of Health / Department of Health and Human Services	72,000	50,200
Dental Health Victoria	0	18,750
FBT Payable	3,276	2,996
	<u>75,276</u>	<u>71,946</u>
<b>TOTAL PAYABLES</b>	<u>417,189</u>	<u>325,318</u>

**(a) Maturity analysis of payables**

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

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

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

**NOTE 12: PROVISIONS**

	2015	2014
	\$	\$
<b>Current Provisions</b>		
Employee Benefits (Note 12(a))		
Annual Leave & Accrued Salaries and Wages (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	660,152	576,943
- unconditional and expected to be settled after 12 months (ii)	0	0
Accrued Days Off (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	8,371	11,231
- unconditional and expected to be settled after 12 months (ii)	0	0
Long Service Leave (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	66,000	75,000
- unconditional and expected to be settled after 12 months (ii)	353,090	320,211
	<u>1,087,613</u>	<u>983,385</u>
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (ii)	64,542	79,832
- unconditional and expected to be settled after 12 months (ii)	36,898	33,461
	<u>101,440</u>	<u>113,293</u>
<b>Total Current Provisions</b>	<u>1,189,053</u>	<u>1,096,678</u>
<b>Non-Current Provisions</b>		
Employee Benefits (i) (Note 12(a))	141,029	116,874
Provisions related to employee benefit on-costs (Note 12(a) and Note 12(b))	14,738	12,213
	<u>155,767</u>	<u>129,087</u>
<b>Total Non-Current Provisions</b>	<u>155,767</u>	<u>129,087</u>
<b>Total Provisions</b>	<u>1,344,820</u>	<u>1,225,765</u>

**NOTE 12: PROVISIONS (Continued)**

<b>(a) Employee Benefits and Related On-Costs</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current Employee Benefits and related on-costs</b>		
Annual Leave Entitlements	431,362	410,679
Accrued Salaries and Wages	285,381	236,843
Accrued Days Off	9,425	12,646
Unconditional Long Service Leave Entitlements	462,885	436,510
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements (present value)	155,767	129,087
<b>Total Employee Benefits and Related On-Costs</b>	<b>1,344,820</b>	<b>1,225,765</b>

**(b) Movements in Provisions**

**Movement in Long Service Leave:**

<b>Balance at start of year</b>	565,597	565,597
Provision made during the year		
- Revaluations	6,367	190
- Expense Recognising Employee Service	112,105	66,575
Settlement made during the year	(65,417)	(66,765)
<b>Balance at end of year</b>	<b>618,652</b>	<b>565,597</b>

*Notes:*

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts are disclosed are at present values.

**NOTE 13: SUPERANNUATION**

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

The Health service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered terms.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

<b>Fund</b>	<b>Paid Contributions for the year</b>		<b>Outstanding Contributions at Year End</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Defined Benefit Plans:</u> Health Super	12,899	15,560	0	0
<u>Defined Contribution Plans:</u> Health Super / HESTA / Other	405,562	380,667	0	0
<b>Total</b>	<b>418,461</b>	<b>396,227</b>	<b>0</b>	<b>0</b>

**BOORT DISTRICT HEALTH**  
**Notes to the Financial Statements**  
30 June 2015

<b>NOTE 14: OTHER LIABILITIES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Monies Held in Trust		
- Other	5,409	4,787
- Accommodation Bonds (Refundable Entrance Fees)	1,231,149	1,419,023
<b>TOTAL CURRENT</b>	<b>1,236,558</b>	<b>1,423,810</b>
<b>Represented by the following assets:</b>		
Cash Assets (refer to Note 5)	234,736	243,540
Investments and other Financial Assets (refer to Note 7)	1,001,822	1,180,270
<b>TOTAL OTHER LIABILITIES</b>	<b>1,236,558</b>	<b>1,423,810</b>

**NOTE 15: EQUITY**

**(a) Surpluses**

**Property, Plant & Equipment Revaluation Surplus <sup>1</sup>**

Balance at beginning of the reporting period		
- Land	82,000	159,000
- Buildings	4,043,544	1,302,324
Revaluation Increment/(Decrement)		
- Land	0	(77,000)
- Buildings	0	2,741,220
<b>Balance at the end of the reporting period</b>	<b>4,125,544</b>	<b>4,125,544</b>

**Represented by:**

- Land	82,000	82,000
- Buildings	4,043,544	4,043,544
	<b>4,125,544</b>	<b>4,125,544</b>

**Restricted Specific Purpose Surplus**

Balance at the beginning of the reporting period	139,300	139,300
<b>Balance at the end of the reporting period</b>	<b>139,300</b>	<b>139,300</b>

**Total Surpluses**

**4,264,844      4,264,844**

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

**(b) Contributed Capital**

Balance at the beginning of the reporting period	3,160,907	3,160,907
<b>Balance at the end of the reporting period</b>	<b>3,160,907</b>	<b>3,160,907</b>

**(c) Accumulated Surpluses/(Deficits)**

Balance at the beginning of the reporting period	237,797	(147,581)
Net Result for the Year	967,227	385,378

**Balance at the end of the reporting period      1,205,024      237,797**

**Total Equity at end of financial year      8,630,775      7,663,548**

**NOTE 16: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH  
INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	2015 \$	2014 \$
<b>NET RESULT FOR THE PERIOD</b>	967,227	385,378
<b>Non-cash movements</b>		
Depreciation	670,568	462,468
Share of Net Result from Joint Ventures	(21,231)	8,139
Indirect Capital Grants from DHHS	(492,599)	0
<b>Movements included in investing and financing activities</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	0	17,250
<b>Movements in assets and liabilities</b>		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(39,951)	123,360
(Increase)/Decrease in Prepayments	(3,685)	(3,617)
(Increase)/Decrease in Inventories	551	(3,434)
Increase/(Decrease) in Payables	90,833	53,062
Increase/(Decrease) in Provisions	119,055	30,883
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,290,768</b>	<b>1,073,489</b>

**NOTE 17: FINANCIAL INSTRUMENTS**

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

Boort District Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Accommodation Bonds

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

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage Boort District Health's financial risk within the government policy parameters.

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

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

**Categorisation of financial instruments**

	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2015</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	1,950,157	0	1,950,157
Receivables	177,375	0	177,375
Other Financial Assets			
- Term Deposit	3,248,399	0	3,248,399
<b>Total Financial Assets (i)</b>	<b>5,375,931</b>	<b>0</b>	<b>5,375,931</b>
<b>Financial Liabilities</b>			
Payables	0	341,913	341,913
Other Financial Liabilities			
- Accommodation Bonds	0	1,231,149	1,231,149
- Other	0	5,409	5,409
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>1,578,471</b>	<b>1,578,471</b>

	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2014</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	1,453,624	0	1,453,624
Receivables	200,927	0	200,927
Other Financial Assets			
- Term Deposit	3,213,769	0	3,213,769
<b>Total Financial Assets (i)</b>	<b>4,868,320</b>	<b>0</b>	<b>4,868,320</b>
<b>Financial Liabilities</b>			
Payables	0	253,372	253,372
Other Financial Liabilities			
- Accommodation Bonds	0	1,419,023	1,419,023
- Other	0	4,787	4,787
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>1,677,182</b>	<b>1,677,182</b>

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

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

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

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

	Total interest				
	Net holding gain/(loss)	income/ (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
<b>2015</b>					
<b>Financial Assets</b>					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	0	0	0	0
Available for sale (i)	0	150,805	0	0	150,805
<b>Total Financial Assets</b>	0	150,805	0	0	150,805
<b>Financial Liabilities</b>					
At amortised cost (ii)	0	0	0	0	0
<b>Total Financial Liabilities</b>	0	0	0	0	0
	Total interest				
	Net holding gain/(loss)	income/ (expense)	Fee income / (expense)	Impairment loss	Total
	\$	\$	\$	\$	\$
<b>2014</b>					
<b>Financial Assets</b>					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	0	0	0	0
Available for sale (i)	0	140,797	0	0	140,797
<b>Total Financial Assets</b>	0	140,797	0	0	140,797
<b>Financial Liabilities</b>					
At amortised cost (ii)	0	0	0	0	0
<b>Total Financial Liabilities</b>	0	0	0	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.

**(c) Credit Risk**

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

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B and to obtain sufficient collateral or credit enhancements, where appropriate.

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

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

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



**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk**

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

	Financial Institutions (Min BBB credit rating) \$	Government agencies (AAA credit rating) \$	Other (min BBB credit rating) \$	Total \$
<b>2015</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	899,907	1,050,000	250	1,950,157
Loans and Receivables				
- Trade Debtors	0	0	121,420	121,420
- Other Receivables (i)	31,535	729	23,691	55,955
- Term Deposit	3,248,399	0	0	3,248,399
<b>Total Financial Assets</b>	<b>4,179,841</b>	<b>1,050,729</b>	<b>145,361</b>	<b>5,375,931</b>
<b>2014</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,453,624	0	0	1,453,624
Loans and Receivables				
- Trade Debtors	0	0	149,808	149,808
- Other Receivables	31,484	18,090	1,545	51,119
- Term Deposit	3,213,769	0	0	3,213,769
<b>Total Financial Assets</b>	<b>4,698,877</b>	<b>18,090</b>	<b>151,353</b>	<b>4,868,320</b>

(i) The total amounts here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

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

	Carrying Amount \$	Not Past due and not impaired \$	Past Due But Not Impaired				Impaired Financial Assets \$
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$	
<b>2015</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,950,157	1,950,157	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	121,420	105,286	6,345	5,631	4,158	0	0
- Other Receivables	55,955	55,955	0	0	0	0	0
- Term Deposit	3,248,399	3,248,399	0	0	0	0	0
<b>Total Financial Assets</b>	<b>5,375,931</b>	<b>5,359,797</b>	<b>6,345</b>	<b>5,631</b>	<b>4,158</b>	<b>0</b>	<b>0</b>
<b>2014</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,453,624	1,453,624	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	149,808	133,191	881	13,228	2,508	0	0
- Other Receivables	51,119	51,119	0	0	0	0	0
- Term Deposit	3,213,769	3,213,769	0	0	0	0	0
<b>Total Financial Assets</b>	<b>4,868,320</b>	<b>4,851,703</b>	<b>881</b>	<b>13,228</b>	<b>2,508</b>	<b>0</b>	<b>0</b>

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

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk (Continued)**

**Contractual financial assets that are neither past due or impaired**

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

**(d) Liquidity Risk**

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Service operates under the Government's fair payments policy of setting financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

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

The following table discloses the contractual maturity analysis for Boort 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 \$	Nominal Amount \$	Maturity Dates			
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$	1 - 5 Years \$
<b>2015</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	341,913	341,913	301,429	39,633	851	0
Other Financial Liabilities (i)						
- Accommodation Bonds	1,231,149	1,231,149	0	0	1,231,149	0
- Other	5,409	5,409	0	0	5,409	0
<b>Total Financial Liabilities</b>	<b>1,578,471</b>	<b>1,578,471</b>	<b>301,429</b>	<b>39,633</b>	<b>1,237,409</b>	<b>0</b>
<b>2014</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	253,372	253,372	253,372	0	0	0
Other Financial Liabilities (i)						
- Accommodation Bonds	1,419,023	1,419,023	0	0	1,419,023	0
- Other	4,787	4,787	0	0	4,787	0
<b>Total Financial Liabilities</b>	<b>1,677,182</b>	<b>1,677,182</b>	<b>253,372</b>	<b>0</b>	<b>1,423,810</b>	<b>0</b>

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

**(e) Market Risk**

Boort District Health'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 paragraphs below.

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(e) Market Risk**

**Currency Risk**

Boort District Health 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 Boort District Health's other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial liabilities the Health Service mainly undertakes financial liabilities with relatively even maturity profiles.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movements in interest rates on a daily basis.

**Other Price Risk**

The Health Service 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 Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
<b>2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1.65	1,950,157	0	1,949,952	205
Loans and Receivables					
- Trade Debtors	0.00	121,420	0	0	121,420
- Other Receivables	0.00	55,955	0	0	55,955
- Term Deposit	2.47	3,248,399	3,248,399	0	0
<b>Total Financial Assets</b>		<b>5,375,931</b>	<b>3,248,399</b>	<b>1,949,952</b>	<b>177,580</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables	0.00	341,913	0	0	341,913
Other Financial Liabilities					
- Accommodation Bonds	0.00	1,231,149	0	0	1,231,149
- Other	0.00	5,409	0	0	5,409
<b>Total Financial Liabilities</b>		<b>1,578,471</b>	<b>0</b>	<b>0</b>	<b>1,578,471</b>

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**  
**(e) Market Risk (Continued)**

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
<b>2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	2.60	1,453,624	0	1,453,419	205
Loans and Receivables					
- Trade Debtors	0.00	149,808	0	0	149,808
- Other Receivables	0.00	51,119	0	0	51,119
- Term Deposit	3.73	3,213,769	3,213,769	0	0
<b>Total Financial Assets</b>		<b>4,868,320</b>	<b>3,213,769</b>	<b>1,453,419</b>	<b>201,132</b>
<b>Financial Liabilities</b>					
<i>At amortised cost</i>					
Payables	0.00	253,372	0	0	253,372
Other Financial Liabilities					
- Accommodation Bonds	0.00	1,419,023	0	0	1,419,023
- Other	0.00	4,787	0	0	4,787
<b>Total Financial Liabilities</b>		<b>1,677,182</b>	<b>0</b>	<b>0</b>	<b>1,677,182</b>

**Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Boort District Health believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down 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 Boort District Health 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 \$	Equity \$	+1% Profit \$	Equity \$	-1% Profit \$	Equity \$	+1% Profit \$	Equity \$
<b>2015</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,950,157	(19,502)	(19,502)	19,502	19,502	0	0	0	0
Loans and Receivables									
-Trade Debtors	121,420	0	0	0	0	0	0	0	0
-Other Receivables	55,955	0	0	0	0	0	0	0	0
- Term Deposit	3,248,399	(32,484)	(32,484)	32,484	32,484	0	0	0	0
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	341,913	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
-Accommodation Bonds	1,231,149	0	0	0	0	0	0	0	0
-Other	5,409	0	0	0	0	0	0	0	0
		(51,986)	(51,986)	51,986	51,986	0	0	0	0

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(e) Market Risk (Continued)**

**Sensitivity Disclosure Analysis (Continued)**

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
2014	\$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial Assets</b>									
Cash and Cash Equivalents	1,453,624	(14,536)	(14,536)	14,536	14,536	0	0	0	0
Loans and Receivables									
-Trade Debtors	149,808	0	0	0	0	0	0	0	0
-Other Receivables	51,119	0	0	0	0	0	0	0	0
- Term Deposit	3,213,769	(32,138)	(32,138)	32,138	32,138	0	0	0	0
<b>Financial Liabilities</b>									
<i>At amortised cost</i>									
Payables	253,372	0	0	0	0	0	0	0	0
Other Financial Liabilities (i)									
-Accommodation Bonds	1,419,023	0	0	0	0	0	0	0	0
-Other	4,787	0	0	0	0	0	0	0	0
		(46,674)	(46,674)	46,674	46,674	0	0	0	0

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

**(f) Fair Value**

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

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

**NOTE 17: FINANCIAL INSTRUMENTS (Continued)**

**(f) Fair Value (Continued)**

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

**Comparison between carrying amount and fair value**

	<b>Total Carrying Amount 2015 \$</b>	<b>Fair Value 2015 \$</b>	<b>Total Carrying Amount 2014 \$</b>	<b>Fair Value 2014 \$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,950,157	1,950,157	1,453,624	1,453,624
Loans and Receivables				
- Trade Debtors	121,420	121,420	149,808	149,808
- Other Receivables	55,955	55,955	51,119	51,119
-Term Deposits	3,248,399	3,248,399	3,213,769	3,213,769
<b>Total Financial Assets</b>	<b>5,375,931</b>	<b>5,375,931</b>	<b>4,868,320</b>	<b>4,868,320</b>
<b>Financial Liabilities</b>				
<i>At amortised cost</i>				
Payables	341,913	341,913	253,372	253,372
Other Financial Liabilities (i)				
-Accommodation Bonds	1,231,149	1,231,149	1,419,023	1,419,023
-Other	5,409	5,409	4,787	4,787
<b>Total Financial Liabilities</b>	<b>1,578,471</b>	<b>1,578,471</b>	<b>1,677,182</b>	<b>1,677,182</b>

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

**NOTE 18: COMMITMENTS FOR EXPENDITURE**

**(a) Commitments other than public private partnerships**

**Capital Expenditure Commitments**

Payable:

Land and Buildings

**Total Capital Expenditure Commitments**

	<b>2015 \$</b>	<b>2014 \$</b>
Land and Buildings	14,000,000	0
<b>Total Capital Expenditure Commitments</b>	<b>14,000,000</b>	<b>0</b>

**Lease Commitments**

Commitments in relation to leases contracted for at reporting date

Operating Leases

**Total Lease Commitments**

**Operating Leases**

Cancellable operating leases for printers/copiers/faxes/scanners payable as follows:

**Total Operating Lease Commitments**

	<b>3,930</b>	<b>9,973</b>
<b>Total Operating Lease Commitments</b>	<b>3,930</b>	<b>9,973</b>

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

**(b) Commitments payable**

**Capital Expenditure Commitments Payable**

Not later than one year

**Total Capital Expenditure Commitments**

	<b>14,000,000</b>	<b>0</b>
<b>Total Capital Expenditure Commitments</b>	<b>14,000,000</b>	<b>0</b>

**Lease Commitments**

Not later than one year

Longer than 1 year but not longer than 5 years

**Total Lease Commitments**

	<b>3,195</b>	<b>6,042</b>
	<b>734</b>	<b>3,932</b>
<b>Total Lease Commitments</b>	<b>3,930</b>	<b>9,973</b>

**BOORT DISTRICT HEALTH**  
**Notes to the Financial Statements**  
30 June 2015

**NOTE 18: COMMITMENTS FOR EXPENDITURE (Continued)**

	2015	2014
	\$	\$
<b>Total Commitments (Inclusive of GST)</b>	14,003,930	9,973
Less GST Recoverable from the Australian Taxation Office	1,273,085	907
<b>Total Commitments (Exclusive of GST)</b>	<u>12,730,845</u>	<u>9,066</u>

**NOTE 19: CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There are no known contingent assets or contingent liabilities as at the date of this report. (2014: Nil).

**NOTE 20: OPERATING SEGMENTS**

	<b>HEALTH SERVICES</b>		<b>RACS</b>		<b>OTHER SERVICES</b>		<b>TOTAL</b>	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
External Segment Revenue	3,495,446	3,236,365	2,659,519	2,568,810	2,087,142	1,387,939	8,242,107	7,193,114
<b>Total Revenue</b>	<u>3,495,446</u>	<u>3,236,365</u>	<u>2,659,519</u>	<u>2,568,810</u>	<u>2,087,142</u>	<u>1,387,939</u>	<u>8,242,107</u>	<u>7,193,114</u>
<b>EXPENSES</b>								
External Segment Expenses	3,232,095	3,069,696	3,255,289	3,069,704	938,301	809,133	7,425,685	6,948,533
<b>Total Expenses</b>	<u>3,232,095</u>	<u>3,069,696</u>	<u>3,255,289</u>	<u>3,069,704</u>	<u>938,301</u>	<u>809,133</u>	<u>7,425,685</u>	<u>6,948,533</u>
<b>Net Result from ordinary activities</b>	<u>263,351</u>	<u>166,669</u>	<u>(595,770)</u>	<u>(500,894)</u>	<u>1,148,841</u>	<u>578,806</u>	<u>816,422</u>	<u>244,581</u>
Interest Income	0	0	0	0	150,805	140,797	150,805	140,797
<b>Net Result for Year</b>	<u>263,351</u>	<u>166,669</u>	<u>(595,770)</u>	<u>(500,894)</u>	<u>1,299,646</u>	<u>719,603</u>	<u>967,227</u>	<u>385,378</u>
<b>OTHER INFORMATION</b>								
Segment Assets	4,841,884	4,429,322	3,768,307	3,447,221	0	0	8,610,191	7,876,543
Unallocated Assets	0	0	0	0	3,019,151	2,761,898	3,019,151	2,761,898
<b>Total Assets</b>	<u>4,841,884</u>	<u>4,429,322</u>	<u>3,768,307</u>	<u>3,447,221</u>	<u>3,019,151</u>	<u>2,761,898</u>	<u>11,629,342</u>	<u>10,638,441</u>
Segment Liabilities	355,132	330,385	1,512,002	1,680,199	0	0	1,867,134	2,010,584
Unallocated Liabilities	0	0	0	0	1,131,433	964,309	1,131,433	964,309
<b>Total Liabilities</b>	<u>355,132</u>	<u>330,385</u>	<u>1,512,002</u>	<u>1,680,199</u>	<u>1,131,433</u>	<u>964,309</u>	<u>2,998,567</u>	<u>2,974,893</u>
Acquisition of property, plant and equipment and intangible assets	1,067,376	168,890	22,686	0	0	0	1,090,062	168,890
Depreciation	281,791	222,633	219,310	173,269	175,711	69,786	676,812	465,688
Non cash expenses other than depreciation	8,282	2,926	12,202	4,312	0	0	20,484	7,238

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

**Business Segments**

Health Services

**Services**

Acute Hospital services  
Aged Care services  
Primary Health services

Residential Aged Care Services (RACS)

Nursing Home facilities  
Hostel facilities

**Geographical Segment**

Boort District Health operates predominantly in Boort, Victoria. More than 90% of revenue, net surplus from ordinary activities and segments assets relate to operations in Boort, Victoria.

**NOTE 21: JOINTLY CONTROLLED OPERATIONS AND ASSETS**

Name of Entity	Principal Activity	Ownership Interest	
		2015	2014
		%	%
Loddon Mallee Rural Health Alliance	Information Systems	2.24	2.12

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

	2014	2014
	\$	\$
<b>Current Assets</b>		
Cash and Cash Equivalents	143,260	118,150
Receivables	1,974	3,842
Prepayments	2,468	3,935
<b>Total Current Assets</b>	<b>147,702</b>	<b>125,927</b>
<b>Non Current Assets</b>		
Property Plant and Equipment	10,551	10,057
<b>Total Non Current Assets</b>	<b>10,551</b>	<b>10,057</b>
<b>Total Assets</b>	<b>158,253</b>	<b>135,984</b>
<b>Current Liabilities</b>		
Payables	14,075	12,923
Accrued Expenses	3,749	3,863
<b>Total Current Liabilities</b>	<b>17,824</b>	<b>16,786</b>
<b>Total Liabilities</b>	<b>17,824</b>	<b>16,786</b>
<b>Net Assets</b>	<b>140,429</b>	<b>119,198</b>

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

<b>Revenues</b>		
Revenue from Operating Activities	186,059	132,893
Capital Purpose Income	0	14,956
<b>Total Revenue</b>	<b>186,059</b>	<b>147,849</b>
<b>Expenses</b>		
Information Technology and Administrative Expenditure	158,147	152,768
Capital Purpose Expenditure	16	0
Depreciation	6,244	3,220
<b>Total Expenses</b>	<b>164,407</b>	<b>155,988</b>
<b>Net Result</b>	<b>21,652</b>	<b>(8,139)</b>

**Commitments for Expenditure**

There are no known capital or leasing commitments for Loddon Mallee Rural Health Alliance as at the date of this report.



**NOTE 22a: RESPONSIBLE PERSON DISCLOSURES**

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

**Responsible Ministers:**

The Honourable David Davis, MLC, Minister for Health and Minister for Ageing  
The Honourable Mary Wooldridge, MP, Minister for Disability Services and Reform  
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services  
The Honourable Jenny Mikakos, MLC, Minister for Families and Children

Period
01/07/2014 - 03/12/2014
01/07/2014 - 03/12/2014
04/12/2014 - 30/06/2015
04/12/2014 - 30/06/2015

**Governing Boards**

Mrs E Barnes  
Mr K Jeffrey  
Mr M Nolan  
Mr A McDougal  
Mrs M Eicher  
Mrs G Smith  
Mr G Armfield  
Mr L Maxted  
Mr G Malone

01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015
01/07/2014 - 30/06/2015

**Accountable Officers**

Mrs V Poxon

01/07/2014 - 30/06/2015
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**Remuneration of Responsible Persons**

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

**Income Band**

\$0 - \$9,999  
\$20,000 - \$29,999  
\$50,000 - \$59,999  
\$60,000 - \$69,000  
\$150,000 - \$159,999

**Total Numbers**

2015 No.	2014 No.
9	9
0	0
0	0
0	0
1	1
10	10

**Total remuneration received or due and receivable by Responsible Persons from the reporting entity to:**

155,003	155,003
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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:

2015 \$	2014 \$
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Mrs M Eicher is the proprietor of Salute Oliva which provides good and services to the Health Service on normal commercial terms and conditions.

27	232
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**Note 22b: EXECUTIVE OFFICER DISCLOSURES**

The number of Executive Officers are shown in their relevant income bands;

**Income Band**

\$100,000 - \$109,999

**Total annualised employee equivalents (AEE) (i)**

**Total Remuneration**

2015 No.	2014 No.
1	0
1	0
106,650	0

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

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**Note 23: REMUNERATION OF AUDITORS**

**Victorian Auditor-General's Office**  
Audit or review of financial statement

2015	2014
\$	\$
14,800	14,450
<u>14,800</u>	<u>14,450</u>

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

There are no known events occurring after the balance sheet date that would materially effect the financial result.

**Note 25: GLOSSARY**

**Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions

**Amortisation**

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

**Associates**

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

**Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

**Commitments**

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

**Current grants**

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

**Depreciation**

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

**Effective interest method**

The effective interest method is used to calculate the amortised cost of a financial asset or liability 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 instrument, or, where appropriate, a shorter period.

**Employee benefits expenses**

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

**Ex gratia expenses**

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

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**Note 25: GLOSSARY (Continued)**

**Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

**Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

**Financial liability**

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

**Financial statements**

A complete set of financial statements comprises:

- (a) A statement of financial position as at the end of the period;
- (b) A statement of profit or loss and other comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

**Grants and other transfers**

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

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**Note 25: GLOSSARY (Continued)**

**General government sector**

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

**Intangible produced assets**

Refer to produced assets in this glossary.

**Intangible non-produced assets**

Refer to non-produced asset in this glossary.

**Interest expense**

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

**Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

**Investment properties**

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

**Joint ventures**

Joint ventures are contractual arrangements between the Department and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

**Liabilities**

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

**Net acquisition of non-financial assets (from transactions)**

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

**Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

**Net worth**

Assets less liabilities, which is an economic measure of wealth.

**Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

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**Note 25: GLOSSARY (Continued)****Non-produced assets**

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

**Non-profit institution**

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

**Payables**

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

**Produced assets**

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

**Public financial corporation sector**

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

**Public non-financial corporation sector**

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

**Receivables**

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

**Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

**Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

**Taxation income**

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

**Transactions**

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.