

## CASTLEMAINE HEALTH

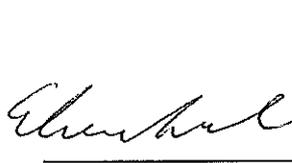
### **Board member's, accountable officer's and chief finance & accounting officer's declaration**

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

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

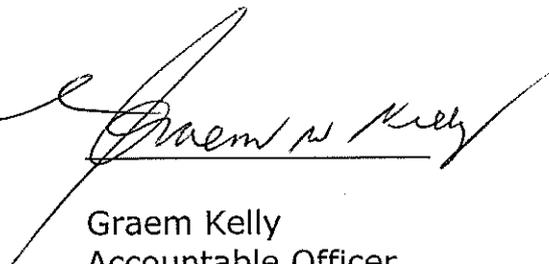
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



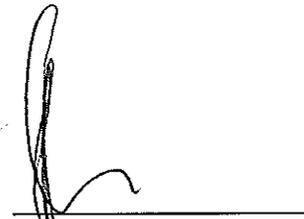
Glenn Sutherland  
President

Castlemaine  
30 August 2011



Graem Kelly  
Accountable Officer

Castlemaine  
30 August 2011



Laurence Smith  
Chief Finance &  
Accounting Officer

Castlemaine  
30 August 2011



# Castlemaine Health Annual Report 2011

## Comprehensive Operating Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Revenue from Operating Activities	2	36,421	34,034
Revenue from Non-operating Activities	2	343	213
Employee Benefits	3	(29,466)	(27,837)
Non Salary Labour Costs	3	(363)	(196)
Supplies & Consumables	3	(2,393)	(2,321)
Other Expenses From Continuing Operations	3	(4,400)	(3,861)
<b>Net Result Before Capital &amp; Specific Items</b>		<b>142</b>	<b>32</b>
Capital Purpose Income	2	366	358
Depreciation	4	(4,170)	(4,029)
Finance Costs	5	(39)	(45)
Expenditure using Capital Purpose Income	3	(86)	(615)
<b>NET RESULT FOR THE YEAR</b>		<b>(3,787)</b>	<b>(4,299)</b>
<b>Other Comprehensive Income</b>			
Net fair value revaluation on Non Financial Assets		-	-
<b>COMPREHENSIVE NET RESULT FOR THE YEAR</b>		<b>(3,787)</b>	<b>(4,299)</b>

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

# Castlemaine Health Annual Report 2011

## Balance Sheet

As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1,043	3,808
Receivables	7	1,336	1,049
Other Financial Assets	8	8,222	6,378
Inventories	9	176	218
Other Current Assets	10	39	12
<b>Total Current Assets</b>		<b>10,816</b>	<b>11,465</b>
<b>Non-Current Assets</b>			
Receivables	7	894	710
Property, Plant & Equipment	11	40,671	43,664
<b>Total Non-Current Assets</b>		<b>41,565</b>	<b>44,374</b>
<b>TOTAL ASSETS</b>		<b>52,381</b>	<b>55,839</b>
<b>Current Liabilities</b>			
Payables	12	1,599	1,592
Interest Bearing Liabilities	13	118	160
Provisions	14	6,582	6,305
Other Liabilities	15	6,768	6,477
<b>Total Current Liabilities</b>		<b>15,067</b>	<b>14,534</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	13	105	224
Provisions	14	1,187	1,272
<b>Total Non-Current Liabilities</b>		<b>1,292</b>	<b>1,496</b>
<b>TOTAL LIABILITIES</b>		<b>16,359</b>	<b>16,030</b>
<b>NET ASSETS</b>		<b>36,022</b>	<b>39,809</b>
<b>EQUITY</b>			
Property, Plant & Equipment Revaluation Reserve	16a	23,187	23,187
Restricted Specific Purpose Reserve	16a	10	10
Contributed Capital	16b	21,202	21,202
Accumulated Surpluses/(Deficits)	16c	(8,377)	(4,590)
<b>TOTAL EQUITY</b>		<b>36,022</b>	<b>39,809</b>
Contingent Assets & Contingent Liabilities	19		
Commitments for Expenditure	24		

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

# Castlemaine Health Annual Report 2011

## Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		Property, Plant & Equipment Revaluation Reserve	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total	
<b>Balance at 1 July 2009</b>		23,187	10	21,202	(291)	44,108	
Net result for the year	16c	-	-	-	(4,299)	(4,299)	
Other comprehensive income for the year		-	-	-	-	-	
Transfer to accumulated surplus		-	-	-	-	-	
<b>Balance at 30 June 2010</b>	16	23,187	10	21,202	(4,590)	39,809	
Net result for the year		-	-	-	(3,787)	(3,787)	
Other comprehensive income for the year		-	-	-	-	-	
Transfer to accumulated surplus		-	-	-	-	-	
<b>Balance at 30 June 2011</b>	16	23,187	10	21,202	(8,377)	36,022	

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

# Castlemaine Health Annual Report 2011

## Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		21,033	20,835
Patient and Resident Fees Received		9,781	9,095
GST Received from/(paid to) ATO		373	334
Recoupment from private practice for use of hospital facilities		405	332
Interest Received		343	407
Other Receipts		3,537	3,233
Employee Benefits Paid		(29,533)	(26,972)
Non Salary Labour Costs		(363)	(196)
Payments for Supplies & Consumables		(3,067)	(2,814)
Finance Costs		(39)	(45)
Other Payments		(2,920)	(5,233)
<b>Cash Generated from Operations</b>		<b>(450)</b>	<b>(1,024)</b>
Capital Grants from Government		246	290
Capital Donations and Bequests Received		113	117
Accommodation Bond Receipts		214	384
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	17	<b>123</b>	<b>(233)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Non-Financial Assets		(1,213)	(836)
Proceeds from Sale of Non-Financial Assets		39	241
(Purchase) Sale of Investments		(1,454)	712
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(2,628)</b>	<b>117</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(161)	(158)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(161)</b>	<b>(158)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(2,666)</b>	<b>(274)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>3,709</b>	<b>3,983</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6	<b>1,043</b>	<b>3,709</b>

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

**Note 1: Summary of Significant Accounting Policies**

**(a) Statement of compliance**

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

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

Castlemaine Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" health services under the AAS's.

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

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

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

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

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit and loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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In the application of AAS's management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

### (c) Reporting Entity

The financial report includes all the controlled activities of the Castlemaine Health.

Its principle address is:  
Cornish Street  
Castlemaine  
Victoria 3450

### (d) Principles of consolidation

#### Intersegment Transactions

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

#### Joint Ventures

Interests in jointly controlled assets are accounted for by recognising in Castlemaine Health's financial statements, its share of assets, liabilities and any revenue and expenses of such joint ventures. Details of the joint venture are set out in note 21.

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

#### Fund Accounting

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

#### Services Supported By Health Services Agreement and Services Supported By Hospital And Community Initiatives

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (Non HSA) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

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### Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of Castlemaine Health and share 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 2a to the financial statements.

### Net Result Before Capital & Specific Items

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

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

- ❖ Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- ❖ Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Non-current asset revaluation increments/decrements
  - Diminution in investments
  - Restructuring of operations (disaggregation/aggregation of health services)
  - Litigation settlements
  - Non-current assets lost or found
  - Forgiveness of loans
  - Reversals of provisions
  - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- ❖ Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (h).
- ❖ Depreciation and amortisation, as described in note 1 (g) and (j).
- ❖ Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (g), or doesn't meet asset recognition criteria and

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therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

### (f) Income Recognition

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

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

#### ***Government Grants***

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

#### ***Indirect Contributions***

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

#### ***Patient and Resident Fees***

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

#### ***Private Practice Fees***

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

#### ***Donations and Other Bequests***

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

#### ***Interest Revenue***

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

### (g) Expense recognition

#### ***Superannuation***

##### ***Defined contribution plans***

Contributions to defined contribution superannuation plans are expensed when incurred.

##### ***Defined benefit plans***

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the entity to the superannuation plan in

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respect of the services of current health service staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

### Superannuation

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

Fund	Contributions Paid or Payable for the year	
	2011	2010
	\$'000	\$'000
<b>Defined benefit plans:</b>		
Health Super Pty Ltd	189	188
<b>Defined contribution plans:</b>		
Health Super Pty Ltd	1,763	1,754
Hesta Super Fund	341	305
Other	45	43
<b>Total</b>	<b>2,338</b>	<b>2,290</b>

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

### *Termination Benefits*

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

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

### *On-Costs*

Employee benefits on-costs, such as workers compensation and superannuation are recognised separately from provision for employee benefits.

### **Depreciation**

Assets with a cost in excess of \$1,000 (2009-10 \$1000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful

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

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

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

	2011	2010
Buildings		
- Structure Shell Building Fabric	30 to 40 Years	30 to 40 Years
- Site Engineering Services and Central Plant	30 to 40 Years	30 to 40 Years
Central Plant		
- Fit Out	30 to 40 Years	30 to 40 Years
- Trunk Reticulated Building Systems	30 to 40 Years	30 to 40 Years
Plant & Equipment	Up to 15 Years	Up to 15 Years
Medical Equipment	Up to 15 Years	Up to 15 Years
Computers and Communication	Up to 15 Years	Up to 15 Years
Furniture and Fitting	Up to 15 Years	Up to 15 Years
Motor Vehicles	Up to 5 Years	Up to 5 Years

### Finance Costs

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

Finance costs include:

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

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

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

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

#### *Disposal of non-financial assets*

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

***Impairment of Non-Financial Assets***

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

- inventories; and
- financial assets.

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

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the 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.

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

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

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

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

***Impairment of Financial Assets***

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

An appropriate fair value as at 30 June 2011 for its portfolio of financial assets, was made by Castlemaine Health, with no impairment occurring.

**(i) Financial assets**

**Cash and Cash Equivalents**

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

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

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### **Receivables**

Receivables consist of:

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

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

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

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

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

### **Other Financial Assets**

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

Castlemaine 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.

Castlemaine 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.

### ***Financial assets at fair value through profit or loss***

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 18.

### ***Loans and receivables***

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

## Castlemaine Health Annual Report 2011

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

### (j) Non-financial assets

#### Inventories

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

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

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

#### Property, Plant and Equipment

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

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

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

#### Revaluations of Non-current Physical Assets

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

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

## Castlemaine Health Annual Report 2011

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

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

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

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

### (k) Liabilities

#### Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of these goods and services. The normal credit terms are usually nett 30 days.

#### Employee Benefits

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

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

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

##### *Long Service Leave*

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

**Current Liability – unconditional LSL** (representing 10 or more years of continuous service) is disclosed as a current liability even where the Castlemaine Health 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:

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- present value – component that the Castlemaine Health does not expect to settle within 12 months;
- and nominal value – component that the Castlemaine Health expects to settle within 12 months.

**Non-Current Liability – conditional LSL** (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

### **Interest Bearing Liabilities**

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method. Fair value is determined in the manner described in Note 18.

## **(l) Equity**

### **Contributed Capital**

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

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

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets.

### **Specific Restricted Purpose Reserve**

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

## **(m) Commitments**

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

## **(n) Contingent assets and contingent liabilities**

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

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### (o) Goods and Services Tax

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

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

Investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

### (p) Functional and Presentation Currency

The presentation currency of the Castlemaine Health is the Australian dollar, which has also been identified as the functional currency of the entity.

### (q) Rounding Of Amounts

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

### (r) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2011. Castlemaine Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.

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Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the health service is still assessing the detailed impact and whether to early adopt.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and Health Services known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASBs.	Beginning 1 Jan 2011	AASB 8 does not apply to Health Services therefore no impact is expected.

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Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a minimum funding requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.

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Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.

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Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Health Services Financial Statements
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impact of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

### (s) Category Groups

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

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

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

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

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

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

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

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Notes to the Financial Statements (continued)

Note 2: Revenue

	HSA 2011 \$'000	HSA 2010 \$'000	Non HSA 2011 \$'000	Non HSA 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
<b>Revenue from Operating Activities</b>						
Government Grants						
- Department of Health	20,371	19,607	-	-	20,371	19,607
- Department of Human Services	-	-	-	-	-	-
- State Government - Other						
- Other	1,129	589	-	-	1,129	589
- Commonwealth Government						
- Residential Aged Care Subsidy	5,419	5,141	-	-	5,419	5,141
<b>Total Indirect Contributions by Department of Health</b>	<b>26,919</b>	<b>25,337</b>	<b>-</b>	<b>-</b>	<b>26,919</b>	<b>25,337</b>
Indirect contributions by Department of Health						
- Insurance	534	407	-	-	534	407
- Long Service Leave	163	271	-	-	163	271
<b>Total Indirect Contributions by Department of Health</b>	<b>697</b>	<b>678</b>	<b>-</b>	<b>-</b>	<b>697</b>	<b>678</b>
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	1,763	1,681	-	-	1,763	1,681
- Residential Aged Care (refer note 2b)	2,886	2,389	-	-	2,886	2,389
- Residential Accommodation Payments	-	-	214	686	214	686
<b>Total Patient Fees and Resident Fees</b>	<b>4,649</b>	<b>4,070</b>	<b>214</b>	<b>686</b>	<b>4,863</b>	<b>4,756</b>
Business Unit & Specific Purpose Funds						
- Catering	-	-	981	928	981	928
- Laundry	-	-	77	62	77	62
- Other	-	-	377	350	377	350
<b>Total Business Unit &amp; Specific Purpose Funds</b>	<b>-</b>	<b>-</b>	<b>1,435</b>	<b>1,340</b>	<b>1,435</b>	<b>1,340</b>
Private Practice Recoupment for Use of Hospital Facilities	405	332	-	-	405	332
Other Revenue from Operating Activities	2,102	1,591	-	-	2,102	1,591
<b>Sub-Total Revenue from Operating Activities</b>	<b>34,772</b>	<b>32,008</b>	<b>1,649</b>	<b>2,026</b>	<b>36,421</b>	<b>34,034</b>
<b>Revenue from Non-Operating Activities</b>						
Interest	-	-	343	213	343	213
Property Income	-	-	-	-	-	-
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>213</b>	<b>343</b>	<b>213</b>
<b>Revenue from Capital Purpose Income</b>						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	-	246	290	246	290
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	-	-	(22)	(49)	(22)	(49)
Donations and Bequests	-	-	142	117	142	117
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>358</b>	<b>366</b>	<b>358</b>
<b>Total Revenue (refer to note 2a)</b>	<b>34,772</b>	<b>32,008</b>	<b>2,358</b>	<b>2,597</b>	<b>37,130</b>	<b>34,605</b>

Indirect contributions by Department of Health

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

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

Castlemaine Health Annual Report 2011

Notes to the Financial Statements (continued)

Note 2a: Analysis of Revenue by Source

	Admitted Patients 2011 \$'000	RAC incl. Mental Health 2011 \$'000	Aged Care 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
<b>Revenue from Services Supported by Health Services Agreement</b>					
Government Grants	17,219	8,571	555	574	26,919
Indirect contributions by Department of Health	697	-	-	-	697
Patient and Resident Fees (refer note 2b)	1,552	2,886	120	91	4,649
Facilities	-	-	-	405	405
Other Revenue from Operating Activities	2,102	214	-	-	2,316
	<b>21,570</b>	<b>11,671</b>	<b>675</b>	<b>1,070</b>	<b>34,986</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>					
Business Unit & Specific Purpose Funds	-	-	-	1,435	1,435
Capital Purpose Income (refer note 2)	-	-	-	366	366
Other	-	-	-	343	343
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,144</b>	<b>2,144</b>
<b>Total Revenue</b>	<b>21,570</b>	<b>11,671</b>	<b>675</b>	<b>3,214</b>	<b>37,130</b>

	Admitted Patients 2010 \$'000	RAC incl. Mental Health 2010 \$'000	Aged Care 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
<b>Revenue from Services Supported by Health Services Agreement</b>					
Government Grants					
- Department of Human Services	15,475	8,037	1,133	692	25,337
Indirect contributions by Department of Human Services	678	-	-	-	678
Patient and Resident Fees (refer note 2b)	1,446	2,389	114	121	4,070
Private Practice Recoupment for Use of Hospital Facilities	-	-	-	332	332
Other Revenue from Operating Activities	1,591	686	-	-	2,277
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>19,190</b>	<b>11,112</b>	<b>1,247</b>	<b>1,145</b>	<b>32,694</b>
<b>Revenue from Services Supported by Hospital and Community Initiatives</b>					
Business Unit & Specific Purpose Funds	-	-	-	1,340	1,340
Capital Purpose Income (refer note 2)	-	-	-	358	358
Other	-	-	-	213	213
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,911</b>	<b>1,911</b>
<b>Total Revenue</b>	<b>19,190</b>	<b>11,112</b>	<b>1,247</b>	<b>3,056</b>	<b>34,605</b>

Indirect contributions by Department of Health:

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

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## Notes to the Financial Statements (continued)

### Note 2b: Patient and Resident Fees

	2011 \$'000	2010 \$'000
<b>Patient and Resident Fees Raised</b>		
<b>Recurrent:</b>		
Acute		
– Inpatients	1,552	1,446
– Outpatients		
– Other	91	121
Residential Aged Care		
– Generic	2,886	2,389
Other	120	114
<b>Total Recurrent</b>	<b>4,649</b>	<b>4,070</b>

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

<b>Proceeds from Disposals of Non-Financial Assets</b>		
Motor Vehicles	39	241
<b>Total Proceeds from Disposal of Non-Financial Assets</b>	<b>39</b>	<b>241</b>
<b>Less: Written Down Value of Non-Financial Assets Sold</b>		
Motor Vehicles	61	290
<b>Total Written Down Value of Non-Financial Assets Sold</b>	<b>61</b>	<b>290</b>
<b>Net gains/(losses) on Disposal of Non-Financial Assets</b>	<b>(22)</b>	<b>(49)</b>

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Notes to the Financial Statements (continued)

Note 3: Expenses

	HSA 2011 \$'000	HSA 2010 \$'000	Non HSA 2011 \$'000	Non HSA 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
<b>Employee Benefits</b>						
Salaries & Wages	24,464	22,916	1,446	1,354	25,910	24,270
WorkCover Premium	419	430	25	25	444	455
Long Service Leave	731	787	43	35	774	822
Superannuation	2,208	2,187	130	103	2,338	2,290
<b>Total Employee Benefits</b>	<b>27,822</b>	<b>26,320</b>	<b>1,644</b>	<b>1,517</b>	<b>29,466</b>	<b>27,837</b>
<b>Non Salary Labour Costs</b>						
Fees for Visiting Medical Officers	102	89	-	-	102	89
Agency Costs - Other	261	107	-	-	261	107
<b>Total Non Salary Labour Costs</b>	<b>363</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>363</b>	<b>196</b>
<b>Supplies and Consumables</b>						
Drug Supplies	339	300	13	12	352	312
Medical, Surgical Supplies and Prosthesis	912	884	8	8	920	892
Pathology Supplies	83	73	-	-	83	73
Food Supplies	916	921	122	123	1,038	1,044
<b>Total Supplies and Consumables</b>	<b>2,250</b>	<b>2,178</b>	<b>143</b>	<b>143</b>	<b>2,393</b>	<b>2,321</b>
<b>Other Expenses from Continuing Operations</b>						
Domestic Services & Supplies	228	382	24	41	252	423
Fuel, Light, Power and Water	467	423	45	41	512	464
Insurance costs funded by DH	534	407	-	-	534	407
Motor Vehicle Expenses	153	121	18	14	171	135
Repairs & Maintenance	565	602	28	26	593	628
Maintenance Contracts	221	137	-	-	221	137
Patient Transport	183	131	-	-	183	131
Bad & Doubtful Debts	112	-	-	-	112	-
Other Administrative Expenses	1,784	1,471	10	29	1,794	1,500
Audit Fees						
- VAGO - Audit of Financial Statements	-	-	22	24	22	24
- Other	-	-	6	12	6	12
<b>Total Other Expenses from Continuing Operations</b>	<b>4,247</b>	<b>3,674</b>	<b>153</b>	<b>187</b>	<b>4,400</b>	<b>3,861</b>
<b>Expenditure using Capital Purpose Income</b>						
Other Expenses						
- Other	-	-	86	615	86	615
<b>Total Expenditure using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>615</b>	<b>86</b>	<b>615</b>
Depreciation and Amortisation (refer note 4)	-	-	4,170	4,029	4,170	4,029
Finance Costs (refer note 5)	-	-	39	45	39	45
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,209</b>	<b>4,074</b>	<b>4,209</b>	<b>4,074</b>
<b>Total Expenses</b>	<b>34,682</b>	<b>32,368</b>	<b>6,235</b>	<b>6,536</b>	<b>40,917</b>	<b>38,904</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

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

	Admitted Patients 2011 \$'000	RAC incl. Mental Health 2011 \$'000	Aged Care 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
<b>Services Supported by Health Services Agreement</b>					
Employee Benefits	15,730	9,561	1,191	1,340	27,822
Non Salary Labour Costs	363	-	-	-	363
Supplies & Consumables	1,547	606	94	3	2,250
Other Expenses from Continuing Operations	1,802	2,109	136	200	4,247
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>19,442</b>	<b>12,276</b>	<b>1,421</b>	<b>1,543</b>	<b>34,682</b>
<b>Services Supported by Hospital and Community Initiatives</b>					
Employee Benefits	-	-	-	1,644	1,644
Supplies & Consumables	-	-	-	143	143
Other Expenses from Continuing Operations	-	-	-	153	153
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,940</b>	<b>1,940</b>
<b>Expenditure using Capital Purpose Income</b>					
Other Expenses	-	-	-	86	86
<b>Sub-Total Expenditure using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>86</b>
Depreciation and Amortisation (refer note 4)	-	-	-	4,170	4,170
Finance Costs (refer note 5)	-	-	-	39	39
<b>Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,209</b>	<b>4,209</b>
<b>Total Expenses</b>	<b>19,442</b>	<b>12,276</b>	<b>1,421</b>	<b>7,778</b>	<b>40,917</b>

Castlemaine Health Annual Report 2011

Notes to the Financial Statements (continued)

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

	Admitted Patients 2010 \$'000	RAC incl. Mental Health 2010 \$'000	Aged Care 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
<b>Services Supported by Health Services Agreement</b>					
Employee Benefits	14,880	9,045	1,127	1,268	26,320
Non Salary Labour Costs	196	-	-	-	196
Supplies & Consumables	1,497	587	91	3	2,178
Other Expenses from Continuing Operations	1,533	1,794	116	231	3,674
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>18,106</b>	<b>11,426</b>	<b>1,334</b>	<b>1,502</b>	<b>32,368</b>
<b>Services Supported by Hospital and Community Initiatives</b>					
Employee Benefits	-	-	-	1,517	1,517
Supplies & Consumables	-	-	-	143	143
Other Expenses from Continuing Operations	-	-	-	158	158
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,818</b>	<b>1,818</b>
<b>Expenditure using Capital Purpose Income</b>					
Other Expenses	-	-	-	615	615
<b>Sub-Total Expenditure using Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>615</b>
Depreciation and Amortisation (refer note 4)	-	-	-	4,029	4,029
Finance Costs (refer note 5)	-	-	-	45	45
Specific Expenses (refer note 3c)	-	-	-	29	29
<b>Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,103</b>	<b>4,103</b>
<b>Total Expenses</b>	<b>18,106</b>	<b>11,426</b>	<b>1,334</b>	<b>8,038</b>	<b>38,904</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	2011 \$'000	2010 \$'000
Catering	1,101	1,035
Laundry	484	456
Other	348	327
<b>TOTAL</b>	<b>1,933</b>	<b>1,818</b>

### Note 4: Depreciation

	2011 \$'000	2010 \$'000
Depreciation		
Buildings	3475	3474
Plant & Equipment	590	460
Motor Vehicles	105	95
<b>Total Depreciation</b>	<b>4,170</b>	<b>4,029</b>
<b>Total Depreciation</b>	<b>4,170</b>	<b>4,029</b>

### Note 5: Finance Costs

Interest on Long Term Borrowings	39	45
<b>TOTAL</b>	<b>39</b>	<b>45</b>

### Note 6: Cash and Cash Equivalents

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

	2011 \$'000	2010 \$'000
Cash on Hand	3	2
Cash at Bank	1,040	2,001
Deposits at Call	-	1,805
<b>TOTAL</b>	<b>1,043</b>	<b>3,808</b>
<b>Represented by:</b>		
Cash for Health Service Operations (as per Cash Flow Statement)	744	3,395
Share of Cash of Joint Ventures (refer note 21)	299	314
<b>TOTAL (per Cash Flow Statement)</b>	<b>1,043</b>	<b>3,709</b>
Cash Funds Held in Trust	-	99
<b>TOTAL</b>	<b>1,043</b>	<b>3,808</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 7: Receivables

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	272	192
Trade Debtors	424	217
Patient Fees	453	300
Accrued investment Revenue	53	108
Accrued Revenue	144	128
Less Allowance for Doubtful Debts Patient Fees	(100)	(2)
	<u>1,246</u>	<u>943</u>
<b>Statutory</b>		
GST Receivable	90	35
Accrued Revenue - Department of Health	-	71
	<u>90</u>	<u>106</u>
<b>TOTAL CURRENT RECEIVABLES</b>	<u><b>1,336</b></u>	<u><b>1,049</b></u>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health	894	710
	<u>894</u>	<u>710</u>
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<u><b>894</b></u>	<u><b>710</b></u>
<b>TOTAL RECEIVABLES</b>	<u><u><b>2,230</b></u></u>	<u><u><b>1,759</b></u></u>
<b>(a) Movement in the Allowance for doubtful debts</b>		
Balance at beginning of year	2	14
Amounts written off during the year	-	12
Increase/(decrease) in allowance recognised in profit or loss	98	-
<b>Balance at end of year</b>	<u>100</u>	<u>2</u>

#### (b) Ageing analysis of receivables

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

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

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

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 8: Other Financial Assets

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
<i>Term Deposit</i>		
Australian Dollar Term Deposits	8,222	6,378
<b>TOTAL Current</b>	<u>8,222</u>	<u>6,378</u>
<b>Attributed to:</b>		
Monies Held in Trust		
Patient Monies	507	585
Accommodation Bonds (Refundable Entrance Fees)	5,555	5,292
Health Service Investments	1,454	-
Other Monies Held in Trust	706	501
<b>TOTAL</b>	<u>8,222</u>	<u>6,378</u>

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

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

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

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

### Note 9: Inventories

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
Pharmaceuticals - at cost	46	45
Catering Supplies - at cost	20	27
Housekeeping Supplies - at cost	13	17
Medical and Surgical Lines - at cost	91	121
Engineering Stores - at cost	2	2
Administration Stores - at cost	4	6
<b>TOTAL INVENTORIES</b>	<u>176</u>	<u>218</u>

### Note 10: Other Current Assets

Prepayments	39	12
<b>TOTAL</b>	<u>39</u>	<u>12</u>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 11: Property, Plant & Equipment

	2011 \$'000	2010 \$'000
<b>Land</b>		
- Land at fair value	3,391	3,391
<b>Total Land</b>	<u>3,391</u>	<u>3,391</u>
<b>Buildings</b>		
- Building works in progress at cost	62	-
Less Acc'd Depreciation	-	-
- Buildings at cost	164	-
Less Acc'd Depreciation	1	-
- Buildings at fair value	110,805	110,805
Less Acc'd Depreciation	76,731	73,257
<b>Total Buildings</b>	<u>34,299</u>	<u>37,548</u>
<b>Plant and Equipment</b>		
- Plant and Equipment at Fair Value	5,398	4,735
Less Acc'd Depreciation	3,123	2,530
<b>Total Plant and Equipment</b>	<u>2,275</u>	<u>2,205</u>
<b>Motor Vehicles</b>		
- Motor Vehicles at Fair Value	1,108	854
Less Acc'd Depreciation	402	334
<b>Total Motor Vehicles</b>	<u>706</u>	<u>520</u>
<b>TOTAL</b>	<u><u>40,671</u></u>	<u><u>43,664</u></u>

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

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
<b>Balance at 1 July 2009</b>	3,391	41,022	2,224	504	47,141
Additions	-	-	406	401	807
Disposals	-	-	-	(290)	(290)
Share of Net Result of Joint Ventures	-	-	35	-	35
Revaluation	-	-	-	-	-
Depreciation (note 4)	-	(3,474)	(460)	(95)	(4,029)
<b>Balance at 1 July 2010</b>	<u>3,391</u>	<u>37,548</u>	<u>2,205</u>	<u>520</u>	<u>43,664</u>
Additions	-	226	635	352	1,213
Disposals	-	-	-	(61)	(61)
Share of Net Result of Joint Ventures	-	-	25	-	25
Revaluation	-	-	-	-	-
Depreciation (note 4)	-	(3,475)	(590)	(105)	(4,170)
<b>Balance at 30 June 2011</b>	<u><u>3,391</u></u>	<u><u>34,299</u></u>	<u><u>2,275</u></u>	<u><u>706</u></u>	<u><u>40,671</u></u>

#### Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of land and buildings. The valuation, is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The effective date of the valuation is 30 June 2009.

#### Plant and equipment at fair value

A valuation of Castlemaine Health's plant and equipment was undertaken by management to determine the fair value of the plant and equipment. The effective date of the valuation is 30 June 2009.

## Castlemaine Health Annual Report 2011

### Notes to the Financial Statements (continued)

#### Note 12: Payables

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	988	638
Accrued Expenses	537	413
	<u>1,525</u>	<u>1,051</u>
<b>Statutory</b>		
Department of Health	74	541
	<u>74</u>	<u>541</u>
<b>TOTAL</b>	<u><u>1,599</u></u>	<u><u>1,592</u></u>

#### (a) Maturity analysis of payables

Please refer to note 18(c) for the aging analysis of payables

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

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

#### Note 13: Interest Bearing Liabilities

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
Australian Dollar Borrowings	118	160
	<u>118</u>	<u>160</u>
<b>Total Australian Dollars Borrowings</b>	<u>118</u>	<u>160</u>
<b>Total Current</b>	<u>118</u>	<u>160</u>
<b>NON CURRENT</b>		
Australian Dollar Borrowings	105	224
	<u>105</u>	<u>224</u>
<b>Total Australian Dollars Borrowings</b>	<u>105</u>	<u>224</u>
<b>Total Non-Current</b>	<u>105</u>	<u>224</u>
<b>Total Interest Bearing Liabilities</b>	<u><u>223</u></u>	<u><u>384</u></u>

The fixed loans are secured by deposits held with the Treasury Corporation Victoria and National Australia Bank, generated via Hostel resident ingoing contributions. The approved bank overdraft limit is \$500,000.

Finance costs of Castlemaine Health incurred during the year are accounted for as follows:

Amount of finance costs recognised as expenses	39	45
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There were no amounts of investment revenue earned on borrowed funds deducted from the finance costs.

#### (a) Maturity analysis of interest bearing liabilities

Please refer to note 18(c) for the ageing analysis of interest bearing liabilities.

#### (b) Nature and extent of risk arising from interest bearing liabilities

Please refer to note 18(c) for the nature and extent of risks arising from interest bearing liabilities.

#### (c) Defaults and breaches

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

Notes to the Financial Statements (continued)

Note 14: Employee Benefits and Related On-Costs Provisions

	2011 \$'000	2010 \$'000
<b>Current Provisions</b>		
Provisions (i)		
- Employee Benefits unconditional and expected to be settled within 12 months (ii)	3,229	3,011
- Employee Benefits unconditional and expected to be settled after 12 months (ii)	2,778	2,598
- Employee Termination Benefits unconditional and expected to be settled within 12 months (ii)	-	150
	<u>6,007</u>	<u>5,759</u>
Provisions related to		
- Employee Benefit On-costs unconditional and expected to be settled within 12 months (ii)	271	262
- Employee Benefit On-costs unconditional and expected to be settled after 12 months (ii)	304	284
	<u>575</u>	<u>546</u>
<b>Total Current Provisions</b>	<u><b>6,582</b></u>	<u><b>6,305</b></u>
<b>Non-Current Provisions</b>		
Employee Benefits (i) (iii)	1,070	1,147
Provisions related to Employee Benefit On-costs	117	125
<b>Total Non-Current Provisions</b>	<u><b>1,187</b></u>	<u><b>1,272</b></u>
<b>Total Provisions</b>	<u><b>7,769</b></u>	<u><b>7,577</b></u>
<b>(a) Employee Benefits and Related On Costs</b>		
<b>Current Employee Benefits</b>		
Unconditional LSL Entitlements	2,778	2,598
Annual leave Entitlements	2,387	2,326
Accrued Wages and Salaries	745	609
Accrued Days Off	97	76
Redundancy Provision	-	150
<b>Non-Current Employee Benefits</b>		
Conditional Long Service Leave Entitlements (iii)	1,070	1,147
<b>Total Employee Benefits</b>	<u><b>7,077</b></u>	<u><b>6,906</b></u>
<b>On-Costs</b>		
Current On-Costs	575	546
Non-Current On-Costs	117	125
<b>Total On-Costs</b>	<u><b>692</b></u>	<u><b>671</b></u>
<b>Total Employee Benefits and Related On-Costs</b>	<u><b>7,769</b></u>	<u><b>7,577</b></u>
<b>(b) Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	3,745	3,547
Provision made during the year		
- Revaluations		
- Expense recognising Employee Service	757	718
Settlement made during the year	(654)	(520)
<b>Balance at end of year</b>	<u><b>3,848</b></u>	<u><b>3,745</b></u>

Notes:

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

(ii) The amounts disclosed are nominal amounts.

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

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 15: Other Liabilities

	2011 \$'000	2010 \$'000
<b>CURRENT</b>		
Monies Held in Trust		
- Patient Monies Held in Trust	507	585
- Accommodation Bonds (Refundable Entrance Fees)	5,555	5,292
- Salary Packaging	-	173
- Other Monies in Trust	706	427
<b>Total Other Liabilities</b>	<b>6,768</b>	<b>6,477</b>
<b>Total Monies Held in Trust</b>		
Represented by the following assets:-		
Cash Assets (refer to Note 6)	-	99
Other Financial Assets (refer to Note 8)	6,768	6,378
<b>TOTAL</b>	<b>6,768</b>	<b>6,477</b>

### Note 16: Equity

	2011 \$'000	2010 \$'000
<b>(a) Reserves</b>		
<b>Property, Plant &amp; Equipment Revaluation Reserve</b>		
Balance at the beginning of the reporting period	23,187	23,187
Revaluation increment/(decrements)		
- Land	-	-
- Buildings	-	-
<b>Balance at the end of the reporting period</b>	<b>23,187</b>	<b>23,187</b>
Represented by:		
- Land	2,788	2,788
- Buildings	20,399	20,399
	<b>23,187</b>	<b>23,187</b>
<b>Restricted Specific Purpose Reserve</b>		
Balance at the beginning of the reporting period	10	10
Balance at the end of the reporting period	10	10
<b>Total Reserves</b>	<b>23,197</b>	<b>23,197</b>
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	21,202	21,202
Capital contribution received from Victorian Government	-	-
Balance at the end of the reporting period	<b>21,202</b>	<b>21,202</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	(4,590)	(291)
Net result for the year	(3,787)	(4,299)
Transfers to and from reserve	-	-
Balance at the end of the reporting period	<b>(8,377)</b>	<b>(4,590)</b>
<b>Total Equity at End of Financial Year</b>	<b>36,022</b>	<b>39,809</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2011 \$'000	2010 \$'000
<b>Net Result for the Year</b>	(3,787)	(4,299)
Depreciation	4,170	4,029
Provision for Doubtful Debts		
Share of Net Result of Joint Ventures	(25)	329
Net (Gain)/Loss from Sale of Plant and Equipment	22	49
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Inventories	42	3
(Increase)/Decrease in Receivables	(471)	(402)
(Increase)/Decrease in Prepayments	(27)	26
Increase/(Decrease) in Payables	7	440
Increase/(Decrease) in Employee Benefits	192	566
Increase/(Decrease) in Other Liabilities	-	(974)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>123</b>	<b>(233)</b>

### Note 18: Financial Instruments

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

Castlemaine 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 of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

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

#### Categorisation of financial instruments

	Carrying Amount 2011 \$'000	Carrying Amount 2010 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	1,043	3,808
Loans and receivables	1,246	943
Available for sale	8,222	6,378
<b>Total Financial Assets <sup>(i)</sup></b>	<b>10,511</b>	<b>11,129</b>
<b>Financial Liabilities</b>		
At Amortised Cost	8,590	8,453
<b>Total Financial Liabilities <sup>(ii)</sup></b>	<b>8,590</b>	<b>8,453</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)

Notes to the Financial Statements (continued)

Note 18: Financial Instruments

(b) Credit Risk

Credit risk arises from the contractual financial assets of the Health Service, which comprises 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 Services policy to only deal with entities with high credit ratings of a minimum Triple -B rating 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 Castlemaine Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Government agencies (BBB credit rating)	Other (not rated)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	-	-	1,043	1,043
Receivables					
- Trade Debtors	-	-	-	424	424
- Other Receivables (i)	-	-	-	822	822
Other Financial Assets					
- Term Deposit	-	-	-	8,222	8,222
<b>Total Financial Assets</b>	-	-	-	10,511	10,511
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	-	-	3,808	3,808
Receivables					
- Trade Debtors	-	-	-	217	217
- Other Receivables (i)	-	-	-	726	726
Other Financial Assets					
- Term Deposit	-	-	-	6,378	6,378
<b>Total Financial Assets</b>	-	-	-	11,129	11,129

(i) The total amounts disclosed here exclude statutory amounts.

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 18: Financial Instruments (Continued)

#### Ageing analysis of Financial Asset as at 30 June

	Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due But Not Impaired			
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months to 1 Year \$'000	1-5 Years \$'000
<b>2011</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	1,043	1,043	-	-	-	-
Receivables	1,246	629	213	318	86	-
Other financial assets	8,222	8,222	-	-	-	-
<b>Total Financial Assets</b>	<b>10,511</b>	<b>9,894</b>	<b>213</b>	<b>318</b>	<b>86</b>	<b>-</b>
<b>2010</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	3,808	3,808	-	-	-	-
Receivables	943	727	84	52	80	-
Other financial assets	6,378	6,378	-	-	-	-
<b>Total Financial Assets</b>	<b>11,129</b>	<b>10,913</b>	<b>84</b>	<b>52</b>	<b>80</b>	<b>-</b>

#### (c) Liquidity Risk

Liquidity risk is the risk of being unable to meet financial liabilities as they fall due. Castlemaine Health manages liquidity risk by monitoring cashflows and ensuring that maximum funds are available for investment and payment of financial liabilities. There has been no significant change in the Hospital's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from previous reporting period.

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

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

	Carrying Amount \$'000	Contractual Cash Flows \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months to 1 Year \$'000	1-5 Years \$'000
<b>2011</b>						
Trade Creditors and Accruals	1,599	1,599	887	638	74	-
Interest Bearing Liabilities	223	223	-	-	120	103
Accommodation Bonds	5,555	5,555	-	-	5,555	-
Other Financial Liabilities	1,213	1,213	-	-	1,213	-
<b>Total Financial Liabilities</b>	<b>8,590</b>	<b>8,590</b>	<b>887</b>	<b>638</b>	<b>6,962</b>	<b>103</b>
<b>2010</b>						
Trade Creditors and Accruals	1,592	1,592	432	638	522	-
Interest Bearing Liabilities	384	384	-	-	161	223
Accommodation Bonds	5,292	5,292	-	-	5,292	-
Other Financial Liabilities	1,185	1,185	-	-	1,185	-
<b>Total Financial Liabilities</b>	<b>8,453</b>	<b>8,453</b>	<b>432</b>	<b>638</b>	<b>7,160</b>	<b>223</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 18: Financial Instruments (Continued)

#### (d) Market Risk

Castlemaine 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 paragraph below.

#### Currency Risk

Castlemaine 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 might arise primarily through Castlemaine Health's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the hospital mainly undertakes financial liabilities with relatively even maturity profiles.

#### Price Risk

Castlemaine Health is exposed to price risk in respect of fee for service and contract services which are open to market competition. There has been no significant change in the Hospital's exposure, or its objectives, policies and processes for managing risk or the methods used to measure the risk from the previous reporting period.

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

	Weighted Average Interest Rates (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents		1,043	-	1,040	3
Receivables					
- Trade Debtors		424	-	-	424
- Other Receivables		822	-	-	822
Other financial assets					
- Other Financial Assets	5.80	8,222	8,222	-	-
		<b>10,511</b>	<b>8,222</b>	<b>1,040</b>	<b>1,249</b>
<b>Financial Liabilities</b>					
Payables		1,599	-	-	1,599
Interest Bearing Liabilities	6.40	223	223	-	-
Other Financial Liabilities					
- Accommodation Bonds		5,555	-	-	5,555
- Other Liabilities		1,213	-	-	1,213
		<b>8,590</b>	<b>223</b>	<b>-</b>	<b>8,367</b>
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	5.24	3,808	-	3,806	2
Receivables					
- Trade Debtors		217	-	-	217
- Other Receivables		726	-	-	726
Other financial assets					
- Term Deposits	5.92	4,865	-	4,865	-
- Other Financial Assets		1,513	-	-	1,513
		<b>11,129</b>	<b>-</b>	<b>8,671</b>	<b>2,458</b>
<b>Financial Liabilities</b>					
Payables		1,592	-	-	1,592
Interest Bearing Liabilities	6.40	384	384	-	-
Other Financial Liabilities					
- Accommodation Bonds		5,292	-	-	5,292
- Other Liabilities		1,185	-	-	1,185
		<b>8,453</b>	<b>384</b>	<b>-</b>	<b>8,069</b>

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 18: Financial Instruments (Continued) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management 's knowledge and experience of the financial markets, Castlemaine Health believes the following movements are 'reasonably possible' over the next twelve months.

- A shift of 100 basis points in market interest rates (AUD) from year end rates of 5%.

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

	Carrying Amount \$'000	Interest Rate Risk			
		-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
<b>2011</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,043	(10)	(10)	10	10
- Trade Debtors	1,246				
Other Financial Assets					
- Term Deposits	8,222	(82)	(82)	82	82
<b>Financial Liabilities</b>					
Payables	1,599				
Interest Bearing Liabilities	223	2	2	(2)	(2)
Other Financial Liabilities					
- Accommodation Bonds	5,555				
- Other Liabilities	1,213				
<b>2010</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	3,808	(38)	(38)	38	38
Receivables					
- Trade Debtors	217				
- Other Receivables	726				
Other financial assets					
- Term Deposits	4,865	(49)	(49)	49	49
- Other Financial Assets	1,513	(15)	(15)	15	15
<b>Financial Liabilities</b>					
Payables	1,592				
Interest Bearing Liabilities	384	4	4	(4)	(4)
Other Financial Liabilities					
- Accommodation Bonds	5,292				
- Other Liabilities	1,185				

Notes to the Financial Statements (continued)

Note 18: Financial Instruments (Continued)

(e) Fair Value

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

	Carrying Amount 2011 \$'000	Fair Value 2011 \$'000	Carrying Amount 2010 \$'000	Fair Value 2010 \$'000
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,043	1,043	3,808	3,808
Receivables				
- Trade Debtors	1,246	1,246	943	943
Other financial assets				
- Other Financial Assets	8,222	8,222	1,513	1,513
<b>Total Financial Assets</b>	<b>10,511</b>	<b>10,511</b>	<b>6,264</b>	<b>6,264</b>
<b>Financial Liabilities</b>				
Payables	1,599	1,599	1,592	1,592
Interest Bearing Liabilities	223	223	384	384
Other Financial Liabilities				
- Accommodation Bonds	5,555	5,555	5,292	5,292
- Other Liabilities	1,213	1,213	1,185	1,185
<b>Total Financial Assets</b>	<b>8,590</b>	<b>8,590</b>	<b>8,453</b>	<b>8,453</b>

Note 19: Contingent Assets & Contingent Liabilities

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

Castlemaine Health Annual Report 2011

Notes to the Financial Statements (continued)

Note 20: Segment Reporting

	RAC		Acute		Other		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>REVENUE</b>								
External Segment Revenue	11,657	10,426	21,570	19,190	-	-	33,227	29,616
Intersegment Revenue	-	-	-	-	-	-	-	-
Unallocated Revenues	-	-	-	-	3,546	4,776	3,546	4,776
<b>Total Revenue</b>	<b>11,657</b>	<b>10,426</b>	<b>21,570</b>	<b>19,190</b>	<b>3,546</b>	<b>4,776</b>	<b>36,773</b>	<b>34,392</b>
<b>EXPENSES</b>								
External Segment Expenses	(12,276)	(11,426)	(19,442)	(18,106)	-	-	(31,718)	(29,532)
Intersegment Expenses	-	-	-	-	-	-	-	-
Unallocated Expense	-	-	-	-	(9,146)	(9,327)	(9,146)	(9,327)
<b>Total Expenses</b>	<b>(12,276)</b>	<b>(11,426)</b>	<b>(19,442)</b>	<b>(18,106)</b>	<b>(9,146)</b>	<b>(9,327)</b>	<b>(40,864)</b>	<b>(38,859)</b>
<b>Net Result from ordinary activities</b>	<b>(619)</b>	<b>(1,000)</b>	<b>2,128</b>	<b>1,084</b>	<b>(5,600)</b>	<b>(4,551)</b>	<b>(4,091)</b>	<b>(4,467)</b>
Interest Expense	(39)	(45)	-	-	-	-	(39)	(45)
Interest Income	-	-	-	-	343	213	343	213
<b>Net Result for Year</b>	<b>(658)</b>	<b>(1,045)</b>	<b>2,128</b>	<b>1,084</b>	<b>(5,257)</b>	<b>(4,338)</b>	<b>(3,787)</b>	<b>(4,299)</b>
<b>OTHER INFORMATION</b>								
Segment Assets	28,848	30,969	-	-	-	-	28,848	30,969
Unallocated Assets	-	-	-	-	23,533	24,870	23,533	24,870
<b>Total Assets</b>	<b>28,848</b>	<b>30,969</b>	<b>-</b>	<b>-</b>	<b>23,533</b>	<b>24,870</b>	<b>52,381</b>	<b>55,839</b>
Segment Liabilities	6,062	8,684	-	-	-	-	6,062	8,684
Unallocated Liabilities	-	-	-	-	9,005	7,346	10,571	7,346
<b>Total Liabilities</b>	<b>6,062</b>	<b>8,684</b>	<b>-</b>	<b>-</b>	<b>9,005</b>	<b>7,346</b>	<b>16,633</b>	<b>16,030</b>
Acquisition of property, plant and equipment and intangible assets	-	-	-	-	1,213	807	1,213	807
Depreciation & amortisation expense	-	-	-	-	4,170	4,029	4,170	4,029

There are no eliminations required as no inter-segment revenue or expenses have been identified.

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

**Business Segments**  
Residential Aged Care Services (RACS)  
Acute and Sub-Acute Services

**Services**  
Provider of residential aged care beds  
Provider of acute and rehabilitation beds

**Geographical Segment**  
Castlemaine Health operates predominantly in the Shires of Mt Alexander & Macedon Ranges in the state of Victoria. More than 80% of revenue, net surplus from ordinary activities and segment assets relate to operations in the above-mentioned shires.

# Castlemaine Health Annual Report 2011

## Notes to the Financial Statements (continued)

### Note 21: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2011 %	2010 %
Loddon Mallee Rural Health Alliance	Information Systems	8.45	8.38

Castlemaine 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 asset categories:

<b>Current Assets</b>		
Cash and Cash Equivalents	298	314
Receivables	79	64
Other Current Assets	13	12
	<u>390</u>	<u>390</u>
<b>Non Current Assets</b>		
Property, Plant and Equipment	25	34
Other	-	-
<b>Total Non Current Assets</b>	<u>25</u>	<u>34</u>
<b>Total Assets</b>	<u>415</u>	<u>424</u>
<b>Current Liabilities</b>		
Payables	51	23
<b>Total Current Liabilities</b>	<u>51</u>	<u>23</u>
<b>Total Liabilities</b>	<u>51</u>	<u>23</u>
<b>NET ASSETS</b>	<u>364</u>	<u>401</u>

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

Revenue from Operating Activities	282	124
Expenditure	(421)	(246)
<b>Surplus before Capital &amp; Depreciation</b>	<u>(139)</u>	<u>(122)</u>
Depreciation	(15)	(6)
Capital Purpose Income	11	48
Expenditure Using Capital Purpose Income	(56)	(249)
<b>Total</b>	<u>(60)</u>	<u>(207)</u>
<b>CURRENT YEAR SURPLUS</b>	<u>(199)</u>	<u>(329)</u>

### Contingent Liabilities and Capital Commitments

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

Notes to the Financial Statements (continued)

Note 22: Responsible Persons Disclosures

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

Responsible Ministers:	Period
The Honourable Daniel Andrews, MLA, Minister for Health	01/07/2010 - 02/12/2010
The Honourable David Davis, MP, Minister for Health	02/12/2010 - 30/06/2011

Governing Boards	Period
Mr G Sutherland	01/07/2010 - 30/06/2011
Ms L Bower	01/07/2010 - 30/06/2011
Mr I McKenzie	01/07/2010 - 30/06/2011
Mr W O'Donnell	01/07/2010 - 30/06/2011
Mrs E Grainger	01/07/2010 - 30/06/2011
Mr J Jackson	01/07/2010 - 30/06/2011
Mr B Johnsen	01/07/2010 - 30/06/2011
Mr R Waller	01/07/2010 - 30/06/2011

Accountable Officer	Period
Mr G Kelly	01/07/2010 - 30/06/2011

Remuneration of Responsible Persons

The number of responsible persons are shown in their relevant income bands:

Income Band	2011	2010
	No.	No.
\$200,000-\$250,000	1	1
<b>Total Numbers</b>	<b>1</b>	<b>1</b>

<b>Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:</b>	<b>229,933</b>	<b>213,773</b>
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Other Transactions of Responsible Persons and their Related Parties.

R.Waller is a director of Waller Realty Pty Ltd which provides property services to Castlemaine Health on normal commercial terms and conditions.	27	2
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Amounts relating to responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Executive Officers' Remuneration

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

Income Band	Total Remuneration		Base Remuneration	
	2011	2010	2011	2010
	No.	No.	No.	No.
\$100,000-\$109,999	1	4	1	4
\$120,000-\$129,999	1			1
\$130,000-\$139,999	1	1		
\$140,000-\$149,999	1			
<b>Total Numbers</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>5</b>
<b>Total Remuneration</b>	<b>511,535</b>	<b>562,544</b>	<b>104,707</b>	<b>562,544</b>

Termination payout amounts have been included in the total remuneration amount for 2011.

Note 23: Events Occurring after Balance Sheet Date

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

Note 24: Commitments for Expenditure

Capital works in progress - remaining commitment to complete	172	-
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