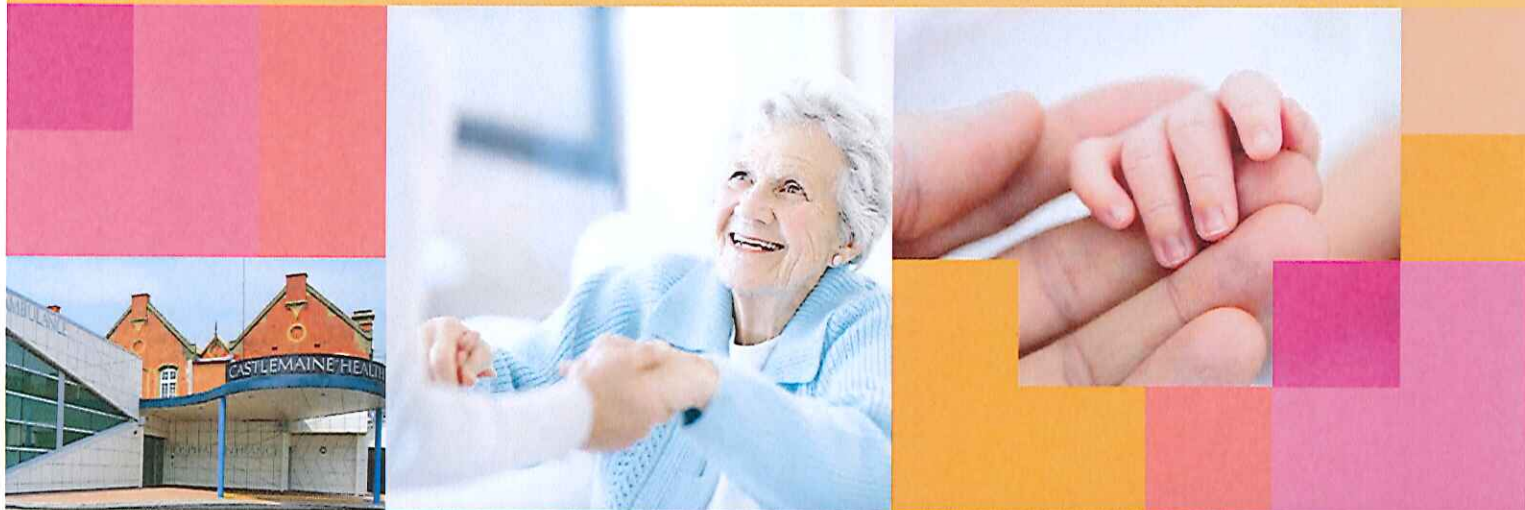
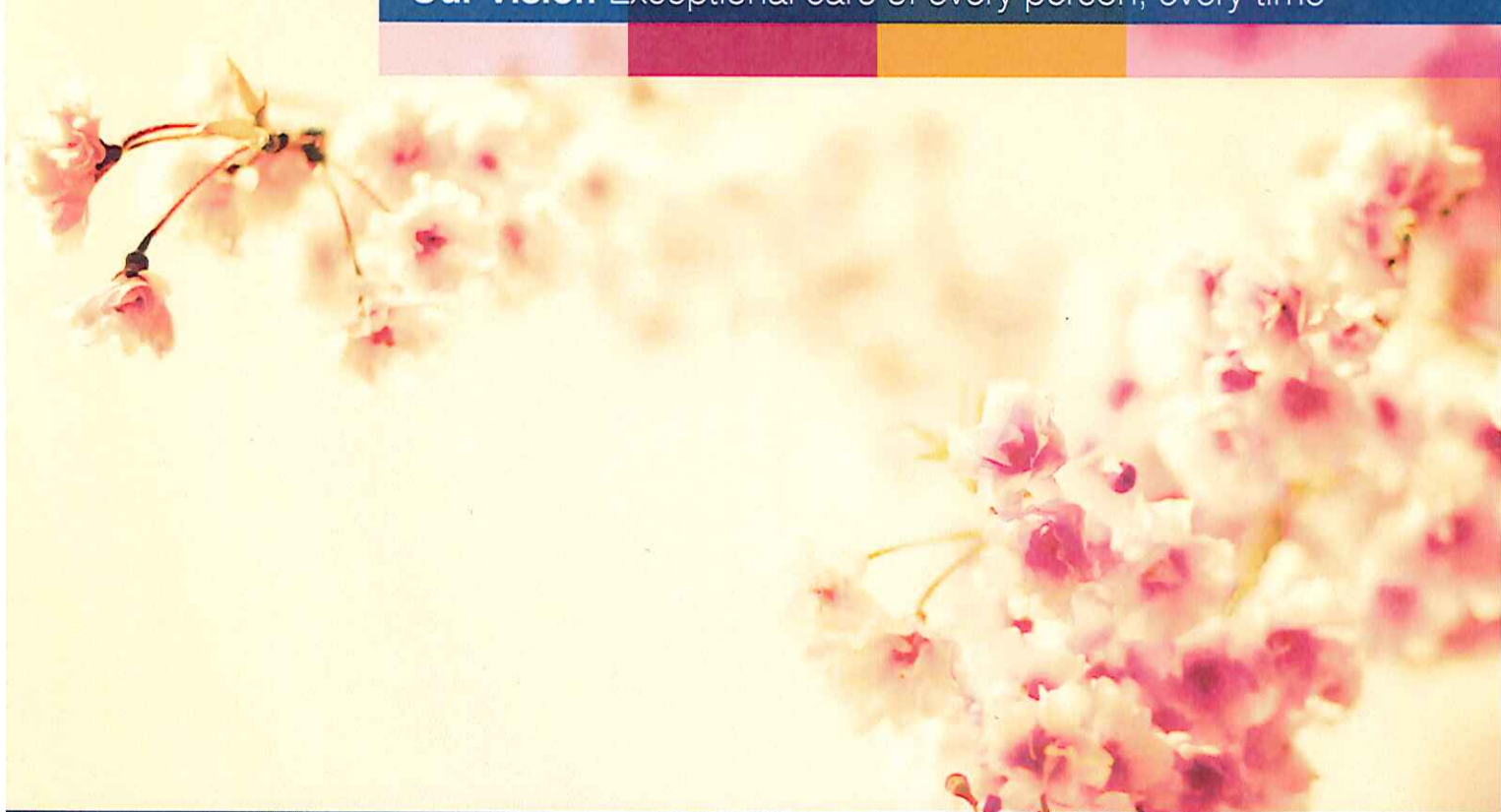


FINANCE REPORT 2015



Our Vision Exceptional care of every person, every time



CARE, QUALITY AND CHOICE

Castlemaine Health

The information contained on this page does not form part of the audited financial results for the year ended 30 June 2015 but is based on information contained within the audited statements.

Summary of Financial Results

For the Financial Year Ended 30 June 2014

	2015	2014	2013	2012	2011
	\$000	\$000	\$000	\$000	\$000
Total Revenue	42,744	46,673	40,662	38,541	37,130
Total Expenses	44,600	45,701	43,328	42,651	40,917
Net Result for the year (inc Capital & Specific Items)	(1,856)	972	(2,666)	(4,110)	(3,787)
Retained Surplus/Accumulated Deficit)	(16,039)	(14,183)	(15,155)	(12,487)	(8,377)
Total assets	63,201	60,054	47,634	48,382	52,381
Total Liabilities	25,409	20,210	18,438	16,888	16,359
Net Assets	37,792	39,844	29,196	31,494	36,022
Equity	53,831	54,027	44,351	43,981	44,399

Significant Changes in Financial Position

The Cash and Cash Equivalent balance held by Castlemaine Health increased during the year primarily as the result of a significant bequest received from the Malcolm James Archer Estate and a significant increase in residential aged care accommodation bonds received. Whilst these factors have increased the cash holdings of Castlemaine Health, the use of these funds is subject to restrictions and they are not available to support the operations of the organisation. Castlemaine Health received a loan from Government to support the cash requirements for operations with this amount shown as borrowings in the balance sheet. Castlemaine Health is striving to achieve operating surpluses to ensure the organisation can generate the cash needed to meet operating requirements into the future. During the year an asset stock take was undertaken to ensure that the Property Plant and Equipment held by Castlemaine Health is reflected accurately in the accounts of the organisation.

Operational and Budgetary Objectives and Factors Affecting Performance

Like all Health Services, Castlemaine Health is required to negotiate a Statement of Priorities with the Department of Health & Human Services each year. This document is a key accountability agreement between Castlemaine Health and the Minister for Health. It recognises that resources are limited and that the allocation of these scarce resources needs to be prioritised. The Statement incorporates both system-wide priorities set by the Government and locally generated agency-specific priorities.

The Board aimed for a breakeven result before capital items and depreciation in the Statement of Priorities for the 2014/15 financial year. Whilst the financial result before capital items and depreciation for the 2014/15 year was a deficit of \$0.477m, this represented a significant improvement on the previous year's deficit result of \$1.981m. Both the organisation and the Department of Health & Human Services focus on the result before capital and depreciation, as depreciation is not a funded item. Funding for capital redevelopment and major equipment purchases are sourced from the Government; such funding is allocated according to need and after consideration of a supporting submission.

Events Subsequent to Balance Date

There have been no events subsequent to balance date that will have a significant effect on the operations of the of the health service in subsequent years.

Financial sustainability performance

SOP Measure	Target	2014-15 actual
Finance		
Annual Operating Result (\$m)	0	(\$0.477)
Creditors	<60 days	86.60 days
Debtors	<60 days	29.56 days

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Castlemaine Health

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Castlemaine Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance & accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

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

MELBOURNE
9 September 2015



 John Doyle
Auditor-General

Castlemaine Health

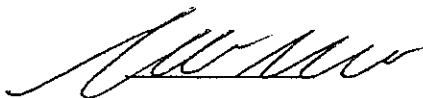
Board member's, accountable officer's and chief finance & accounting officer's declaration

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

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

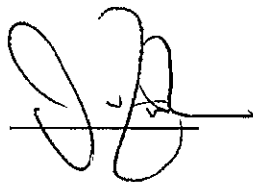
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



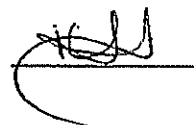
Carolyn Wallace
Chairperson

8-9-15



Ian Fisher
Chief Executive Officer

8-9-15



Kerry Healy
Executive Director Corporate Services

8-9-15

CASTLEMAINE HEALTH
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Revenue from Operating Activities	2	41,808	38,930
Revenue from Non-Operating Activities	2	286	441
Employee Expenses	3	(32,906)	(31,570)
Non Salary Labour Costs	3	(2,008)	(1,228)
Supplies and Consumables	3	(2,761)	(2,199)
Administration Expenses	3	(2,552)	(2,078)
Other Expenses	3	(2,344)	(4,277)
Net Result Before Capital and Specific Items		(477)	(1,981)
Capital Purpose Income	2	650	7,302
Depreciation	4	(2,040)	(3,967)
Finance Costs	5	67	(25)
Expenditure using Capital Purpose Income	3	(56)	(357)
NET RESULT FOR THE YEAR		(1,856)	972
Other Comprehensive Income			
Items that will not be re-classified to net result			
Changes in physical asset revaluation surplus		0	9,411
Changes to financial assets available for sale revaluation surplus		196	265
Other Comprehensive Income		196	9,676
COMPREHENSIVE RESULT		(1,660)	10,648

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

CASTLEMAINE HEALTH
BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Current Assets			
Cash and Cash Equivalents	6	11,063	6,232
Receivables	7	1,163	987
Investments and other Financial Assets	8	1,255	1,961
Inventories	9	349	145
Other Current Assets	10	61	61
Total Current Assets		13,891	9,386
Non-Current Assets			
Receivables	7	602	455
Property, Plant and Equipment	11	48,708	50,213
Total Non-Current Assets		49,310	50,668
TOTAL ASSETS		63,201	60,054
Current Liabilities			
Payables	12	2,799	2,558
Provisions	13	7,338	7,530
Borrowings - Current	16	250	0
Other Current Liabilities	15	12,520	8,936
Total Current Liabilities		22,907	19,024
Non-Current Liabilities			
Provisions	13	1,419	1,186
Borrowings - Non-Current	16	1,083	0
Total Non-Current Liabilities		2,502	1,186
TOTAL LIABILITIES		25,409	20,210
NET ASSETS		37,792	39,844
EQUITY			
Property, Plant and Equipment Revaluation Surplus	17(a)	32,598	32,598
Financial Asset Available for Sale Revaluation Surplus	17(a)	21	217
Restricted Specific Purpose Surplus	17(a)	10	10
Contributed Capital	17(b)	21,202	21,202
Accumulated Deficits	17(c)	(16,039)	(14,183)
TOTAL EQUITY		37,792	39,844

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

CASTLEMAINE HEALTH
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Assets Available for Sale Revaluation Surplus / (Deficit) \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Surpluses / (Deficits) \$'000	Total \$'000
Balance at 1 July 2013		23,187	(48)	10	21,202	(15,155)	29,196
Net result for the year		0	0	0	0	972	972
Other comprehensive income for the year	17(a)	9,411	265	0	0	0	9,676
Balance at 30 June 2014		32,598	217	10	21,202	(14,183)	39,844
Net result for the year		0	0	0	0	(1,856)	(1,856)
Other comprehensive income for the year	17(a)	0	(196)	0	0	0	(196)
Balance at 30 June 2015		32,598	21	10	21,202	(16,039)	37,792

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

CASTLEMAINE HEALTH
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		31,740	30,505
Patient and Resident Fees Received		5,207	4,932
GST received from / (paid to) ATO		37	81
Recoupment from Private Practice for use of Hospital Facilities		351	143
Interest Received		180	411
Other Receipts		3,013	4,011
Total Receipts		40,528	40,083
Employee Expenses Paid		(33,018)	(31,721)
Non Salary Labour Costs		(1,855)	(1,272)
Payments for Supplies and Consumables		(2,977)	(2,278)
Finance Costs		0	(25)
Other Payments		(3,709)	(5,702)
Total Payments		(41,559)	(40,998)
Cash Generated from Operations		(1,031)	(915)
Capital Grants from Government		417	7,056
Capital Donations and Other Non-Government		118	107
Capital - Other Payments		(19)	0
Accommodation Receipts		110	92
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	18	(405)	6,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(583)	(8,029)
Proceeds from Sale of Non-Financial Assets		39	213
Purchase of Investments		0	18
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		(544)	(7,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings (DHHS)		1,400	0
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		1,400	0
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		451	(1,458)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(1,127)	331
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6	(676)	(1,127)

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Castlemaine Health for the period ending 30 June 2015. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Castlemaine Health on 8th September 2015.

(b) Basis of accounting preparation and measurement

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

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

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

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

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

(b) Basis of Accounting Preparation and Measurement (Continued)

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are 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 with changes reflected in the comprehensive operating statement (fair value through profit and loss); and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result).
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

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

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

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

(b) Basis of Accounting Preparation and Measurement (Continued)

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

In addition, Castlemaine Health determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Valuer-General Victoria (VGV) is Castlemaine Health's independent valuation agency.

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

(c) Reporting Entity

The financial statements include all the controlled activities of Castlemaine Health.

Its principal address is:
142 Cornish Street
Castlemaine Vic 3450

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

Objectives and funding

Castlemaine Health's overall objective is to provide exceptional care of every person, every time by ensuring a well run and trusted organization that engages with the community to provide high quality health services.

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

(d) Principles of Consolidation

Intersegment Transactions

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

Jointly controlled operations

Interests in jointly controlled operations are not consolidated by Castlemaine Health, but are accounted for in accordance with the policy outlined in Note 1(k) Assets.

The Loddon Mallee Health Alliance (the Alliance) has been accounted for using the Joint Operations method under AASB 11 Joint Arrangements. The accounts have been based on the Unaudited Accounts of the Alliance.

(e) Scope and Presentation of Financial Statements

Fund Accounting

The 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 fundraising activities conducted solely in respect of these funds.

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

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

Residential Aged Care Service

The Castlemaine Health Residential Aged Care Service operations are an integral part of Castlemaine Health and share its resources. An apportionment of buildings has been made based on the valuation dated 30th June 2014. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2 and 3 to the financial statements.

Comprehensive operating statement

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital and Specific Items' to enhance the understanding of the financial performance of Castlemaine Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is

(e) Scope and Presentation of Financial Statements (Continued)

made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before

Capital and Specific Items' is used by the management of Castlemaine Health, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health Services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- 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(k).
- Depreciation, as described in note 1 (h).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

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

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information

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

(f) Change in accounting policies

Subsequent to the 2013-14 reporting period, the following new and revised Standards have been adopted for the first time in the current period with their financial impacts disclosed.

AASB 11 Joint Arrangements

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

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

The Loddon Mallee Rural Health Alliance (the Alliance) has been classified and accounted for as a joint operation.

The accounts have been based on the Unaudited Accounts of the Alliance.

AASB 12 Disclosure of Interests in Other Entities

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

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

AASB 2015-7 Amendments to Australian Accounting Standards

The Australian Accounting Standards Board issued an amending accounting standard AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value disclosures of Not-for-Profit Public Sector Entities on 13 July 2015. In accordance with FRD 7A Early adoption of authoritative accounting pronouncements, the Minister for Finance has approved the option for Victorian not-for-profit public sector entities to early adopt the amending accounting standard to enable them to benefit from some limited exemption in relation to fair value disclosures for the 2014-15 reporting period. The limited exemption is available to those entities whose assets are held primarily for their current service potential rather than to generate net cash inflows.

Castlemaine Health meets the criteria specified in AASB 2015-7 to benefit from the reduced disclosure requirements, so it has chosen to early adopt the amendments to Fair Value disclosure of Not-for-profit public sector entities.

(g) Income from transactions

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

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

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

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

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

Patient and Resident Fees

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

Donations and Other Bequests

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

Interest revenue

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

Sale of investments

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

(g) Income from transactions (continued)

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

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

(h) Expense recognition

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

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by Castlemaine Health are disclosed in Note 14: Superannuation.

Depreciation

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

(h) Expense recognition (Continued)

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

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

	2015	2014
Buildings		
- Structure Shell Building Fabric	45 to 50 years	45 to 50 years
- Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
- Fit Out	20 to 25 years	20 to 25 years
- Trunk Reticulated Building Systems	20 to 25 years	20 to 25 years
Plant & Equipment	3 to 10 years	3 to 10 years
Motor Vehicles	8 years	8 years

Please note: the estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Finance costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- 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.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

(h) Expense recognition (Continued)

Other operating expenses

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

Supplies and consumables

Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred.

The carrying amounts of any inventories held for distribution are expenses when distributed.

Bad and doubtful debts

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

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

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

Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

(i) Other comprehensive income

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

Net gain / (loss) on non-financial assets

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

Disposal of non-financial assets

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

Revaluation gains / (losses) of non-financial physical assets

Refer to Note 1(k) Revaluations of non-financial physical assets.

(j) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in "other comprehensive income" until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

(k) Assets

Cash and Cash Equivalents

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

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

Receivables

Receivables consist of:

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

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

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

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

Investments and other financial assets

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

Investments are classified in the following categories:

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

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.

(k) Assets (continued)

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.

Inventories

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

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

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

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

Cost is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis.

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

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 Property, plant and equipment.

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

(k) Assets (Continued)

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

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

Revaluations of non-current physical assets

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

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

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

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

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

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

Prepayments

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

(k) Assets (Continued)

Impairment of non-financial assets (Continued)

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

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

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

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

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

Investments in jointly controlled operations

In respect of any interest in jointly controlled operations, Castlemaine Health recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations Castlemaine Health recognises:

- the assets that it controls;
- the liabilities that it incurs;
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture.

(k) Assets (Continued)

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

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

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

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

In order to determine an appropriate fair value as at 30 June 2015 for its portfolio of financial assets, Castlemaine Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2015. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

(k) Assets (Continued)

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

Net gain/(loss) on financial instruments

Net Gain/(Loss) on financial instruments includes:

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

Revaluations of financial instruments at fair value

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

(l) Liabilities

Payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its borrowings as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

(I) Liabilities (Continued)

Provisions

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

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

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

Employee benefits

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

Wages and salaries, annual leave and accrued days off

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

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

Long service leave

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

(l) Liabilities (Continued)

Termination benefits

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

On-costs

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

Superannuation liabilities

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

(m) Equity

Contributed Capital

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

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

Financial asset available-for-sale revaluation surplus

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

Property, plant and equipment revaluation surplus

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

Specific restricted purpose surplus

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

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 20) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(o) Contingent assets and contingent liabilities

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

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

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

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

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

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

(q) AASs issued that are not yet effective

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

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

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

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.

(r) **Category Groups**

The 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 alcohol and drug treatment units or hospitals 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.

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

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

Note 2: Analysis of Revenue by Source

	Admitted Patients	Non-Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Revenue from Operating Activities						
Government Grants	11,409	6,830	10,855	1,320	1,641	32,055
Indirect Contributions by Department of Health	0	0	0	0	202	202
Patient and Resident Fees	654	649	3,558	195	140	5,196
Commercial Activities and SPF	0	0	0	0	853	853
Loddon Mallee Rural Health Alliance	0	0	0	0	663	663
Other Revenue from Operating Activities	13	11	9	84	2,722	2,839
Total Revenue from Operating Activities	12,076	7,490	14,422	1,599	6,221	41,808
Interest	0	0	125	0	161	286
Total Revenue from Non-Operating Activities	0	0	125	0	161	286
Government Grants - Capital	0	0	0	0	418	418
Capital Interest	0	0	110	0	0	110
Other Capital Purpose Income	0	0	0	0	122	122
Total Capital Purpose Income	0	0	110	0	540	650
Total Revenue	12,076	7,490	14,657	1,599	6,922	42,744

Indirect Contributions by Department of Health (1 July 2014 – 31 December 2014) / Department of Health and Human Services (1 January 2015 – 30 June 2015)
Department of Health / Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Note 2: Analysis of Revenue by Source

	Admitted Patients	Non Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Government Grants	14,990	2,884	9,849	1,257	822	29,802
Indirect Contributions by Department of Health	161	30	83	9	18	301
Patient and Resident Fees	1,159	173	3,254	113	8	4,707
Recoupment from Private Practice Fees for Use of Hospital Facilities	77	14	39	4	9	143
Loddon Mallee Rural Health Alliance	0	0	0	0	276	276
Other Revenue from Operating Activities	694	358	210	255	2,184	3,701
Total Revenue from Operating Activities	17,081	3,459	13,435	1,638	3,317	38,930
Capital Purpose Income	0	0	92	0	7,210	7,302
Interest	0	0	441	0	0	441
Total Revenue from Non-Operating Activities	0	0	533	0	7,210	7,743
TOTAL REVENUE	17,081	3,459	13,968	1,638	10,527	46,673

Indirect Contributions by Department of Health (1 July 2014 – 31 December 2014) / Department of Health and Human Services (1 January 2015 – 30 June 2015)

Department of Health / Department of Health and Human Services makes certain payments on behalf of the Health Service.

These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

NOTE 2a: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	2015 \$'000	2014 \$'000
Proceeds from Disposal of Non-Current Assets		
- Motor Vehicles	37	211
- Non Medical Equipment	2	2
Total Proceeds from Disposal of Non-Current Assets	<u>39</u>	<u>213</u>
Less: Written Down Value of Non-Current Assets Disposed		
- Motor Vehicles	(34)	(263)
- Non Medical Equipment	(9)	0
Total Written Down Value of Non-Current Assets Disposed	<u>(43)</u>	<u>(263)</u>
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	<u>(4)</u>	<u>(50)</u>

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Notes to the Financial Statements
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Note 3: ANALYSIS OF EXPENSE BY SOURCE	Admitted Patients	Non Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Employee Expenses	4,178	3,921	13,740	1,073	9,994	32,906
Non Salary Labour Costs	1,853	68	37	0	50	2,008
Supplies and Consumables	631	321	289	43	1,477	2,761
Administration Expenses	138	76	845	13	1,480	2,552
Other Expenses						
Loddon Mallee Rural Health Alliance	0	0	0	0	563	563
Other Expenses	128	72	780	11	790	1,781
Total Expenditure from Operating Activities	6,928	4,458	15,691	1,140	14,354	42,571
Expenditure for Capital Purposes	0	0	0	0	56	56
Depreciation (refer Note 4)	0	0	0	0	2,040	2,040
Finance Costs (refer note 5)	0	0	0	0	(67)	(67)
Total Other Expenses	0	0	0	0	2,029	2,029
TOTAL EXPENSES	6,928	4,458	15,691	1,140	16,383	44,600

Note 3: ANALYSIS OF EXPENSE BY SOURCE	Admitted Patients	Non Admitted Patients	Residential Aged Care Incl Mental Health	Aged Care	Other	TOTAL
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Employee Expenses	11,228	2,662	13,582	1,657	2,441	31,570
Non Salary Labour Costs	1,081	32	61	44	10	1,228
Supplies and Consumables	869	96	836	55	343	2,199
Administration Expenses	1,273	231	422	52	100	2,078
Other Expenses	2,585	468	857	107	260	4,277
Total Expenditure from Operating Activities	17,036	3,489	15,758	1,915	3,154	41,352
Expenditure for Capital Purposes	0	0	0	0	357	357
Depreciation (refer Note 4)	0	0	0	0	3,967	3,967
Finance Costs (refer note 5)	0	0	0	0	25	25
Total Other Expenses	0	0	0	0	4,349	4,349
TOTAL EXPENSES	17,036	3,489	15,758	1,915	7,503	45,701

CASTLEMAINE HEALTH
Notes to the Financial Statements
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NOTE 3a: ANALYSIS OF REVENUE AND EXPENSES BY INTERNALLY MANAGED AND RESTRICTED SPECIAL PURPOSE FUNDS

	Expenses		Revenue	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Commercial Activities				
Meals on Wheels	256	0	222	0
Laundry	672	392	693	97
Cafeteria	320	213	241	207
Properties/Health Club	236	34	360	256
Other	0	1,112	0	197
TOTAL	1,484	1,751	1,516	757

NOTE 4: DEPRECIATION

	2015	2014
	\$'000	\$'000
Buildings	1,261	3,270
Plant and Equipment	654	589
Motor Vehicles	125	108
TOTAL DEPRECIATION	2,040	3,967

NOTE 5: FINANCE COSTS

	2015	2014
	\$'000	\$'000
Interest/ Discount on Borrowings	(67)	4
Finance Charges on Finance Leases	0	21
TOTAL FINANCE COSTS	(67)	25

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.

	2015	2014
	\$'000	\$'000
Cash on Hand	4	4
Cash at Bank	7,898	1,763
Deposits at call	3,161	634
Short term money market	0	3,831
TOTAL CASH AND CASH EQUIVALENTS	11,063	6,232
Represented by:		
Cash for Health Service Operations (as per cash flow statement)	(676)	(1,127)
Cash for Monies Held in Trust	11,737	6,975
Cash for Loddon Mallee Rural Health Alliance	2	384
TOTAL CASH AND CASH EQUIVALENTS	11,063	6,232

CASTLEMAINE HEALTH
Notes to the Financial Statements
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NOTE 7: RECEIVABLES

	2015 \$'000	2014 \$'000
CURRENT		
Contractual		
Trade Debtors	282	433
Patient Fees	493	350
Accrued Investment Income	21	25
Accrued Revenue	340	37
Loddon Mallee Rural Health Alliance - Receivables	2	7
Less Allowance for Doubtful Debts		
- Patient Fees	(56)	0
- Loddon Mallee Rural Health Alliance doubtful debts	0	(1)
	<u>1,082</u>	<u>851</u>
Statutory		
GST Receivable	77	106
Loddon Mallee Rural Health Alliance - GST Receivable	4	9
Accrued Revenue - Department of Health and Human Services	0	21
	<u>81</u>	<u>136</u>
TOTAL CURRENT RECEIVABLES	<u>1,163</u>	<u>987</u>
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	602	455
TOTAL NON-CURRENT RECEIVABLES	<u>602</u>	<u>455</u>
TOTAL RECEIVABLES	<u>1,765</u>	<u>1,442</u>
(a) Movement in Allowance for doubtful debts		
Balance at beginning of year	(1)	(2)
Increase/(decrease) in allowance recognised in profit or loss	(55)	1
Balance at end of year	<u>(56)</u>	<u>(1)</u>

(b) Ageing analysis of contractual receivables

Please refer to note 19(b) for the ageing analysis of contractual receivables.

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

Please refer to note 19(b) for the nature and extent of credit risk arising from contractual receivables.

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Notes to the Financial Statements
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NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS

	Operating Fund		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CURRENT				
<i>Loans and receivables</i>				
Australian Dollar Term Deposits > 3 months	500	0	500	0
Loddon Mallee Rural Health Alliance - Investments	472	0	472	0
<i>Available for sale</i>				
Australian Listed Equity Securities	283	1,961	283	1,961
TOTAL CURRENT	<u>1,255</u>	<u>1,961</u>	<u>1,255</u>	<u>1,961</u>
TOTAL	<u>1,255</u>	<u>1,961</u>	<u>1,255</u>	<u>1,961</u>
Represented by:				
Loddon Mallee Rural Health Alliance Investments	472	0	472	0
Monies Held in Trust				
- Accommodation Bonds (Refundable Entrance Fees)	783	1,961	783	1,961
TOTAL	<u>1,255</u>	<u>1,961</u>	<u>1,255</u>	<u>1,961</u>

(b) Ageing analysis of other investments and financial assets

Please refer to note 19(b) for the ageing analysis of investments and other financial assets.

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

Please refer to note 19(b) for the nature and extent of credit risk arising from investments and other financial assets.

NOTE 9: INVENTORIES

	2015	2014
	\$'000	\$'000
CURRENT		
Pharmaceuticals - at cost	39	38
Catering Supplies - at cost	9	32
Housekeeping Supplies - at cost	139	11
Medical and Surgical Lines - at cost	87	59
Administration Stores - at cost	75	5
TOTAL INVENTORIES	<u>349</u>	<u>145</u>

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

NOTE 10: OTHER CURRENT ASSETS

	2015	2014
	\$'000	\$'000
CURRENT		
Prepayments	52	46
Loddon Mallee Rural Health Alliance - Prepayments	9	15
TOTAL OTHER ASSETS	<u>61</u>	<u>61</u>

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2015 \$'000	2014 \$'000
Land		
- Land at Fair Value	3,319	3,319
Total Land	<u>3,319</u>	<u>3,319</u>
Buildings		
- Buildings at Valuation	43,053	42,987
Less Accumulated Depreciation	(1,261)	0
Total Buildings	<u>41,792</u>	<u>42,987</u>
Plant and Equipment		
- Plant & Equipment Under Construction	0	212
- Plant & Equipment Loddon Mallee Rural Health Alliance	38	38
- Plant and Equipment at fair value	7,472	7,612
Less Accumulated Depreciation	(4,357)	(4,467)
Total Plant and Equipment	<u>3,153</u>	<u>3,395</u>
Motor Vehicles		
- Motor Vehicles at fair value	1,049	1,113
Less Accumulated Depreciation	(605)	(601)
Total Motor Vehicles	<u>444</u>	<u>512</u>
TOTAL	<u>48,708</u>	<u>50,213</u>

CASTLEMAINE HEALTH

Notes to the Financial Statements

30 June 2015

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2013	3,391	30,129	2,858	606	36,984
Additions	0	6,644	1,126	64	7,834
Disposals	0	0	0	(50)	(50)
Depreciation (note 4)	0	(3,270)	(589)	(108)	(3,967)
Revaluation	(72)	9,484	0	0	9,412
Balance at 30 June 2014	3,319	42,987	3,395	512	50,213
Additions	0	66	614	91	771
Net Disposals	0	0	(424)	(34)	(458)
Depreciation (note 4)	0	(1,261)	(654)	(125)	(2,040)
Transfer to inventory	0	0	(95)	0	(95)
Assets Recognised for the first time	0	0	317	0	317
Balance at 30 June 2015	3,319	41,792	3,153	444	48,708

Land and buildings carried at valuation

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

The effective date of the valuation is 30 June 2014.

Plant and equipment at fair value

A stocktake of Castlemaine Health's plant and equipment was undertaken in March 2015 by Dominion Group.

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 this valuation is 30 June 2015.

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

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 ^a	Level 2 ^b	Level 3 ^b
Land at fair value				
Total of land at fair value	3,319	-	2,033	1,286
Buildings at fair value				
Total of buildings at fair value	41,792	-	736	41,056
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	444	-	-	444
- Plant and equipment	3,153	-	-	3,153
Total of plant, equipment and vehicles at fair value	3,597	-	-	3,597
	48,708	-	2,769	45,939

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 ^a	Level 2 ^a	Level 3 ^a
Land at fair value				
Total of land at fair value	3,319	-	2,033	1,286
Buildings at fair value				
Total of buildings at fair value	42,987	-	736	42,251
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	512	-	-	512
- Plant and equipment	3,395	-	-	3,395
Total of plant, equipment and vehicles at fair value	3,907	-	-	3,907
	50,213	-	2,769	47,444

There have been no transfers between levels during the period.

Non-specialised land, non-specialised buildings and artwork

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers, Countrywide Valuers, to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

For artwork, valuation of the assets is determined by a comparison to similar examples of the artists work in existence throughout Australia and research on price paid for similar examples offered at auction or through art galleries in recent years.

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

Specialised land and specialised buildings

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

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

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

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2015.
For all assets measured at fair value, the current use is considered the highest and best use.

(d) Reconciliation of Level 3 fair value as at 30th June 2015

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Opening Balance	1,286	42,251	3,395	512	47,444
Additions	0	66	614	91	771
Transfers in (out) of Level 3	0	0		0	0
Gains or losses recognised in net result					
- Assets recognised for the first time	0	0	317	0	317
- Depreciation	0	(1,261)	(654)	(125)	(2,040)
- Transfer to Inventory	0	0	(95)	0	(95)
- Net Disposals	0	0	(424)	(34)	(458)
Closing Balance	1,286	41,056	3,153	444	45,939

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

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Opening Balance	3,391	30,129	2,858	606	36,984
Additions	0	6,644	1,126	64	7,834
Transfers in (out) of Level 3	(2,033)	(736)	0	0	(2,769)
Gains or losses recognised in net result					
- Depreciation	0	(3,270)	(589)	(108)	(3,967)
- Net Disposals	0	0	0	(50)	(50)
Revaluation	(72)	9,484	0	0	9,412
Closing Balance	1,286	42,251	3,395	512	47,444

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

2015	Valuation technique	Significant unobservable inputs
Specialised Land (i)	Market Approach	Community Service Obligation (CSO) adjustment
Specialised Buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit Useful life of PPE
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles

- (i) CSO adjustment of 20% was applied by the Valuer to reduce the market approach value for crown land of 10-16 Odgers Rd (main Hospital site).

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NOTE 12: PAYABLES

	2015 \$'000	2014 \$'000
CURRENT		
Contractual		
Trade Creditors	1,442	825
Loddon Mallee Rural Health Alliance - Creditors	50	49
Accrued Expenses - Other	665	0
Loddon Mallee Rural Health Alliance - Accrued Expenses	13	901
	<u>2,170</u>	<u>1,775</u>
Statutory		
GST Payable	33	40
FBT Payable	17	13
Taxes Payable	541	346
Department of Health	38	350
Other Amounts payable to Governments and Agencies	0	34
TOTAL PAYABLES	<u>2,799</u>	<u>2,558</u>

(a) Maturity analysis of payables

Please refer to Note 19c for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to note 19c for the nature and extent of risks arising from contractual payables.

NOTE 13: PROVISIONS

	2015 \$'000	2014 \$'000
Current Provisions		
Employee Benefits (i)		
Annual Leave		
- unconditional and expected to be settled within 12 months (ii)	2,034	2,074
- unconditional and expected to be settled after 12 months (iii)	332	338
Long Service Leave		
- unconditional and expected to be settled within 12 months (ii)	336	379
- unconditional and expected to be settled after 12 months (ii)	2,580	2,777
Accrued Days Off		
- unconditional and expected to be settled within 12 months (ii)	78	83
Accrued Salaries and Wages		
- unconditional and expected to be settled within 12 months (ii)	1,213	1,420
	<u>6,573</u>	<u>7,071</u>
Provisions related to employee benefit on-costs (i)		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	348	417
- unconditional and expected to be settled after 12 months (present value) (iii)	417	42
	<u>765</u>	<u>459</u>
Total Current Provisions	<u>7,338</u>	<u>7,530</u>
Non-Current Provisions		
Long Service Leave	1,241	1,027
Long Service Leave related to employee benefit on-costs	178	159
Total Non-Current Provisions	<u>1,419</u>	<u>1,186</u>
Total Provisions	<u>8,757</u>	<u>8,716</u>

CASTLEMAINE HEALTH
Notes to the Financial Statements
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NOTE 13: PROVISIONS (Continued)

(a) Employee Benefits and Related On-Costs

	2015 \$'000	2014 \$'000
Current Employee Benefits and related on-costs		
Unconditional Long Service Leave Entitlements	3,334	3,316
Annual Leave Entitlements	2,705	2,712
Accrued Salaries and Wages	1,213	1,419
Accrued Days Off	86	83
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (iii)	1,419	1,186
Total Employee Benefits and Related On-Costs	8,757	8,716

Notes:

(i) Provisions for employee benefits consist of amounts for 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.

(b) Movements in provisions

	2015 \$'000	2014 \$'000
Movement in Long Service Leave		
Balance at start of year	4,502	4,414
Provision made during the year		
- Revaluations	44	(11)
- Expense recognising Employee Service	592	646
Settlement made during the year	(385)	(547)
Balance at end of year	4,753	4,502

NOTE 14: SUPERANNUATION

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

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

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

Fund	Paid Contributions for the Year		Outstanding Contributions at Year End	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Defined Benefit Plans:</u> Health Super	76	99	3	0
<u>Defined Contribution Plans:</u> Health Super	2,037	1,992	82	0
HESTA	703	572	28	0
Other	59	0	6	0
Total	2,875	2,663	119	0

CASTLEMAINE HEALTH
Notes to the Financial Statements
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NOTE 15: OTHER CURRENT LIABILITIES

	2015 \$'000	2014 \$'000
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust	361	408
- Accommodation Bonds (Refundable Entrance Fees)	10,351	8,227
- Malcolm James Archer Bequest	1,645	0
- Other Monies in Trust	163	301
	<u>12,520</u>	<u>8,936</u>
TOTAL CURRENT	<u>12,520</u>	<u>8,936</u>
 * Total Monies Held in Trust Represented by the following assets:		
Cash Assets (refer to Note 6)	11,737	6,975
Investments and other Financial Assets (refer to Note 8)	783	1,961
	<u>12,520</u>	<u>8,936</u>
TOTAL	<u>12,520</u>	<u>8,936</u>

NOTE 16: BORROWINGS

	2015 \$'000	2014 \$'000
CURRENT		
DHHS Loan - Current	250	0
NON-CURRENT		
DHHS Loan - Non-Current	1083	0
	<u>1333</u>	<u>0</u>
TOTAL	<u>1333</u>	<u>0</u>

The DHHS Loan is an unsecured loan which bears no interest.

(a) Maturity Analysis of borrowings

Please refer to note 19(c) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to note 19(c) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

CASTLEMAINE HEALTH
Notes to the Financial Statements
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NOTE 17: EQUITY

	2015 \$'000	2014 \$'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus ¹		
Balance at beginning of the reporting period		
- Land	2,716	2,788
- Buildings	29,882	20,399
Revaluation Increment/(Decrement)		
- Land	0	(72)
- Buildings	0	9,483
Balance at the end of the reporting period	32,598	32,598
Represented by:		
- Land	2,716	2,716
- Buildings	29,882	29,882
	32,598	32,598
 (1) The property, plant and equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.		
Financial Assets Available-for-Sale Revaluation Surplus		
Balance at beginning of the reporting period	217	(48)
Valuation gain / (loss) recognised	(196)	265
Balance at the end of the reporting period	21	217
 Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	10	10
Transfer to and from Restricted Specific Purpose Surplus	0	0
Balance at the end of the reporting period	10	10
 Total Surpluses	32,629	32,825
 (b) Contributed Capital		
Balance at the beginning of the reporting period	21,202	21,202
Capital Contribution received from Victorian Government	0	0
Balance at the end of the reporting period	21,202	21,202
 (c) Accumulated Surpluses / (Deficits)		
Balance at the beginning of the reporting period	(14,183)	(15,155)
Transfer to and from Restricted Specific Purpose Reserve	0	0
Net Result for the Year	(1,856)	972
Balance at the end of the reporting period	(16,039)	(14,183)
 (d) Total Equity at end of financial year	37,792	39,844

CASTLEMAINE HEALTH
Notes to the Financial Statements
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**NOTE 18: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW)
FROM OPERATING ACTIVITIES**

	2015	2014
	\$'000	\$'000
NET RESULT FOR THE YEAR	(1,856)	972
Non-cash movements		
Depreciation	2,040	3,967
Asset Adjustments (Stocktake)	4	0
Share of Joint Operation Assets	(89)	274
Discount on DHHS Loan	(67)	0
Movement in Revaluation Reserve	(196)	0
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non-financial physical assets	4	50
Movements in assets and liabilities		
Change in operating assets & liabilities		
(Increase)/Decrease in Receivables	(323)	827
(Increase)/Decrease in Prepayments	0	5
(Increase)/Decrease in Inventories	(204)	5
Increase/(Decrease) in Payables	241	352
Increase/(Decrease) in Provisions	41	(112)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(405)	6,340

NOTE 19: 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 to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

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

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

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

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(a) Financial risk management objectives and policies (continued)

Categorisation of financial instruments

	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Assets - Available For Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
2015				
Contractual Financial Assets				
Cash and cash equivalents	11,063	0	0	11,063
Loans and Receivables	1,082	0	0	1,082
Investments and other Available for sale	972	283	0	1,255
Total Financial Assets (i)	13,117	283	0	13,400
Financial Liabilities				
At amortised cost	1,333	0	14,690	16,023
Total Financial Liabilities(ii)	1,333	0	14,690	16,023

Categorisation of financial instruments

	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Assets - Available For Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
2014				
Contractual Financial Assets				
Cash and cash equivalents	6,232	0	0	6,232
Loans and Receivables	851	0	0	851
Available for Sale	0	1,961	0	1,961
Total Financial Assets (i)	7,083	1,961	0	9,044
Financial Liabilities				
At amortised cost	0	0	11,057	11,057
Total Financial Liabilities(ii)	0	0	11,057	11,057

- (i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit receivable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

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

	Net holding gain/(loss) 2015 \$'000	Net holding gain/(loss) 2014 \$'000
Financial Assets		
Cash and cash equivalents(i)	391	441
Total Financial Assets	391	441
Financial Liabilities		
At amortised cost (ii)	0	25
Total Financial Liabilities	0	25

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result; and

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

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

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

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B 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'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 (AA credit rating) \$'000	Other (min BBB credit rating) \$'000	Total \$'000
2015			
Financial Assets			
Cash and Cash Equivalents	8,004	3,059	11,063
Receivables ⁽ⁱ⁾			
- Trade Debtors	0	1,082	1,082
Other Financial Assets			
- Term Deposit	0	500	500
- Loddon Mallee Rural Health Alliance - Investments	0	472	472
- Equity Securities	0	283	283
Total Financial Assets	8,004	5,396	13,400
2014			
Financial Assets			
Cash and Cash Equivalents	0	6,232	6,232
Receivables ⁽ⁱ⁾			
- Trade Debtors	0	851	851
Other Financial Assets			
- Equity Securities	0	1,961	1,961
Total Financial Assets		9,044	9,044

CASTLEMAINE HEALTH

Notes to the Financial Statements

30 June 2015

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk (continued)

Ageing analysis of financial assets as at 30 June

	Carrying Amount	Not Past due and not Impaired	Past Due But Not Impaired				Impaired Financial Assets
	\$'000	\$'000	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years	\$'000
2015							
Financial Assets							
Cash and Cash Equivalents	11,063	11,063	0	0	0	0	0
Receivables (i)							
- Trade Debtors	1,082	820	12	151	99	0	0
Other Financial Assets							
- Term Deposit	500	500					
- Loddon Mallee Rural Health Alliance Investments	472	472					
- Equity Securities	283	283	0	0	0	0	0
Total Financial Assets	13,400	13,138	12	151	99	0	0
2014							
Financial Assets							
Cash and Cash Equivalents	6,232	6,232	0	0	0	0	0
Receivables (i)							
- Trade Debtors	851	71	552	77	151	0	0
Other Financial Assets							
- Equity Securities	1,961	1,961	0	0	0	0	0
Total Financial Assets	9,044	8,264	552	77	151	0	0

Contractual financial assets that are neither past due or impaired

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

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

(c) Liquidity Risk

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

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

- Monitoring cashflows and ensuring that maximum funds are available for investment and payment of financial liabilities.

There has been no significant change in the Health Service's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from previous reporting periods.

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.

CASTLEMAINE HEALTH

Notes to the Financial Statements

30 June 2015

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
			Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
			\$'000	\$'000	\$'000	\$'000
2015						
Financial Liabilities						
Payables	2,170	2,170	1,606	564	0	0
Other Financial Liabilities (i)						
- Accommodation Bonds	10,351	10,351	0	0	10,351	0
- DHHS Loan	1,333	1,333	0	62	188	1,083
- Other	2,169	2,169	0	0	523	1,646
Total Financial Liabilities	16,023	16,023	1,606	626	11,062	2,729
2014						
Financial Liabilities						
Payables	2,121	2,121	2,121	0	0	0
Other Financial Liabilities (i)						
- Accommodation Bonds	8,227	8,227	0	0	8,227	0
- Other	709	709	0	0	709	0
Total Financial Liabilities	11,057	11,057	2,121	0	8,936	0

(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 paragraphs 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 Health Service mainly undertake financial liabilities with relatively even maturity profiles.

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

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

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

Other Price Risk

The Health Service is exposed to 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 Health Service's exposure, or its objectives, policies and processes for managing risk or the methods used to measure the risk from the previous reporting period.

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

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

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non - Interest Bearing \$'000
2015					
Financial Assets					
Cash and Cash Equivalents	3.17	11,063	3,661	6,888	514
Receivables (i)					
- Trade Debtors		1,082	0	0	1,082
Other Financial Assets					
- Term Deposit		500	500	0	
- Loddon Mallee Rural Health Alliance Investments		472	0	0	472
- Equity Securities	3.14	283	0	283	0
Total Financial Assets		13,400	4,161	7,171	2,068
Financial Liabilities					
Payables (i)		2,170	0	0	2,170
Other Financial Liabilities					
- Accommodation Bonds		10,351	0	0	10,351
- DHHS Loan		1,333	0	0	1,333
- Other Liabilities		2,169	0	0	2,169
Total Financial Liabilities		16,023	0	0	16,023

Sensitivity Disclosure Analysis

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

- A shift of +1% and -1% in market interest rates (AUD) from year-end rates of 3.5%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%; and
- A movement of 15% up and down (2014 15%) for the top ASX 200 index.

The following table discloses the impact on net operating result and equity for each category of interest bearing 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
2015					
Financial Assets					
Cash and Cash Equivalents	11,063	(111)	(111)	111	111
Receivables					
- Trade Debtors	1,082	(11)	(11)	11	11
Other Financial Assets					
- Term Deposit	500	(5)	(5)	5	5
- Loddon Mallee Rural Health Alliance Investmer	472	(5)	(5)	5	5
- Equity Securities	283	(3)	(3)	3	3
Financial Liabilities					
Payables	2,170	0	0	0	0
Other Financial Liabilities					
- Accommodation Bonds	10,351	0	0	0	0
- DHHS Loan	1,333	0	0	0	0
- Other Liabilities	3,501	0	0	0	0
		(135)	(135)	135	135

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015
NOTE 19: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

	Carrying Amount	Interest Rate Risk			
		-1%	Equity	+1%	Equity
2014	\$'000	Profit \$'000	\$'000	Profit \$'000	\$'000
Financial Assets					
Cash and Cash Equivalents	6,232	(62)	(62)	62	62
Receivables					
- Trade Debtors	851	0	0	0	0
Other Financial Assets					
- Equity Securities	1,961	(20)	(20)	20	20
Financial Liabilities					
Payables	2,121	0	0	0	0
Other Financial Liabilities					
- Accommodation Bonds	8,227	0	0	0	0
- Other Liabilities	709	0	0	0	0
		(82)	(82)	82	82

(e) Fair Value

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

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

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

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

Comparison between carrying amount and fair value

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2015 \$'000	2015 \$'000	2014 \$'000	2014 \$'000
Financial Assets				
Cash and Cash Equivalents	11,063	11,063	6,232	6,232
Receivables (i)				
- Trade Debtors	1,082	1,082	851	851
Other Financial Assets				
- Term Deposit	500	500	0	0
- Loddon Mallee Rural Health Alliance Investments	472	472	0	0
- Equity Securities	283	283	1,961	1,961
Total Financial Assets	13,400	13,400	9,044	9,044
Financial Liabilities				
Payables	2,170	2,170	2,121	2,121
Other Financial Liabilities (i)				
- Accommodation Bonds	10,351	10,351	8,227	8,227
- DHHS Loan	1,333	1,333		
- Other Liabilities	2,169	2,169	709	709
Total Financial Liabilities	16,023	16,023	11,057	11,057

NOTE 20: COMMITMENTS FOR EXPENDITURE

There are no known commitments for expenditure for Castlemaine Health as at the date of this report. There were no known commitments for expenditure reported in the 2014 Financial Statements.

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent assets or liabilities for Castlemaine Health as at the date of this report. There were no known contingent assets or liabilities in the 2014 Financial Statements.

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Notes to the Financial Statements
30 June 2015

NOTE 22: OPERATING SEGMENTS

	RAC		OTHER		TOTAL	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE						
External Segment Revenue	14,422	13,251	27,050	23,915	41,472	37,166
Unallocated Revenues	261	0	723	9,066	984	9,066
Total Revenue	14,683	13,251	27,773	32,981	42,456	46,232
EXPENSES						
External Segment Expenses	(10,533)	(9,794)	(13,272)	(14,876)	(23,805)	(24,670)
Internal Segment Expenses	(5,158)	(5,427)	(6,581)	(5,606)	(11,739)	(11,033)
Unallocated Expense	0	0	(4,714)	(9,998)	(9,054)	(9,998)
Total Expenses	(15,691)	(15,221)	(24,567)	(30,480)	(44,598)	(45,701)
Net Result from ordinary activities	(1,008)	(1,970)	3,206	2,501	(2,142)	531
Interest Expense	0	0	0	0	0	0
Interest Income	286	441	0	0	286	441
Net Result for Year	(722)	(1,529)	3,206	2,501	(1,856)	972
OTHER INFORMATION						
Segment Assets	24,270	32,394	17,917	0	42,187	32,394
Unallocated Assets	0	0	21,014	27,660	21,014	27,660
Total Assets	24,270	32,394	38,931	27,660	63,201	60,054
Segment Liabilities	10,712	8,936	0	0	10,712	8,936
Unallocated Liabilities	0	0	14,697	11,274	14,697	11,274
Total Liabilities	10,712	8,936	14,697	11,274	25,409	20,210
Acquisition of property, plant and equipment and intangible assets	0	0	583	7,727	583	7,727
Depreciation expense	0	0	2,040	3,956	2,040	3,956

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

Business Segments	Services
Residential Aged Care Services (RACS)	Provider of residential aged care beds
Acute and Sub-Acute Services	Provider of acute and rehabilitation beds

Geographical Segment

Castlemaine Health operates predominantly in the Municipalities of Mt Alexander & Macedon Ranges in the State of Victoria. More than

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 23: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest	
		2015 %	2014 %
Loddon Mallee Rural Health Alliance	Information Systems	7.98	8.13

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 categories:

	2015 \$'000	2014 \$'000
Current Assets		
Cash and Cash Equivalents	2	384
Investments	472	0
Receivables	6	16
Other	9	15
Total Current Assets	489	415
Non Current Assets		
Property Plant and Equipment	38	38
Total Non Current Assets	38	38
Total Assets	527	453
Current Liabilities		
Payables	63	64
Total Current Liabilities	63	64
Total Liabilities	63	64
Share of Joint Operations's Net Assets	464	389

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

Revenues		
Operating Activities	663	276
Non-Operating Activities	0	57
Total Revenue	663	333
Expenses		
Information Technology and Administrative Expenses	563	595
Depreciation	22	12
Total Expenses	585	607
Net Result	78	(274)
Movements in Carrying Amount of Interests in the Joint Operation		
Carrying amount at the beginning of the year	389	436
Share of Joint Operation Net Result	78	(274)
Member Contribution to Joint Operation	0	252
Change in membership	(3)	(25)
	464	389

CASTLEMAINE HEALTH
Notes to the Financial Statements
30 June 2015

NOTE 24: RESPONSIBLE PERSON DISCLOSURES

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

Responsible Ministers:

	Period
The Honourable David Davis, MLC, Minister for Health and Ageing	01/07/2014 - 03/12/2014
The Honourable Mary Wooldrige, MLA, Minister for Mental Health	01/07/2014 - 03/12/2014
The Honourable Jill Hennessey MP, Minister for Health, Minister for Ambulance Services	04/12/2014 - 30/06/2015
The Honourable Martin Foley MP, Minister for Housing, Disability and Ageing, and Minister for Mental Health	04/12/2014 - 30/06/2015

Governing Boards

Mr G Sutherland	01/07/2014 - 30/06/2015
Mr I McKenzie	01/07/2014 - 30/06/2015
Dr L Fitzgerald (Retired 31/10/14)	01/07/2014 - 31/10/2014
Mrs E Grainger	01/07/2014 - 30/06/2015
Ms C Wallace	01/07/2014 - 30/06/2015
Ms S Fraser	01/07/2014 - 30/06/2015
Mr A Sevdalis	01/07/2014 - 30/06/2015
Ms J Cropley	01/07/2014 - 30/06/2015
Mr G Fehring	01/07/2014 - 30/06/2015
Mr R Caspi	01/07/2014 - 30/06/2015
Ms K Hamond	01/07/2014 - 30/06/2015

Accountable Officers

Mr I Fisher	01/07/2014 - 30/06/2015
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Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

\$220,000-\$229,999

Total Numbers

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

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

Total Remuneration	
2015	2014
No.	No.
11	9
1	1
12	10
\$229,303	\$180,262

It should be noted that no Board of Management persons are remunerated.

Other Transactions of Responsible Persons and their Related Parties

Ms C Wallace was a Director of the Mt Alexander Shire for a portion of the year. Net transactions with Mt Alexander Shire are:

Mr L Fitzgerald is a Department Head at LaTrobe University Bendigo. Net transactions with LaTrobe University Bendigo are:

2015	2014
\$'000	\$'000
508	481
0	133

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Notes to the Financial Statements
30 June 2015

NOTE 24b: EXECUTIVE OFFICER DISCLOSURES

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

\$0 - \$89,999
 \$130,000 - \$139,999
 \$140,000 - \$149,999

Total number of executives

Total annualised employee equivalent (AEE)

(Based on working 38 ordinary hours per week over the reporting period)

Total Remuneration

Total Remuneration		Base Remuneration	
2015	2014	2015	2014
No.	No.	No.	No.
1	0	1	0
1	1	1	2
2	1	2	0
4	2	4	2
3.36	2	3.36	2
513,662	251,645	502,557	230,339

NOTE 25: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 26: ECONOMIC DEPENDENCY

The financial performance and position of Castlemaine Health has improved since the prior year, with the health service reporting a deficit net result before capital and specific items of \$477,000 (2014: \$1,981,000), a net current asset position of -\$9,016,000 (2014: -\$9,638,000), resulting in a current asset ratio of 0.61 (2014: 0.49) and a continued cash outflow from operations of \$1,031,000 (2014: \$915,000).

Whilst the financial performance and position of Castlemaine Health has improved, the current asset ratio and cash position do not enable an independent status of going concern. As a result, Castlemaine Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Castlemaine Health adequate cashflow to meet its current and future obligations up to 30 September 2016. A letter was also obtained for the previous financial year. On this basis, the financial statements have been prepared on a going concern basis.

NOTE 27: REMUNERATION OF AUDITORS

	2015	2014
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit or review of financial statements	24	23
	24	23