



FINANCIAL STATEMENTS 2012 - 2013



INDEPENDENT AUDITOR'S REPORT

To the Board Members, Tallangatta Health Service

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of Tallangatta Health Service which comprises the 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 and Accounting Officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Tallangatta Health Service 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 Tallangatta Health Service as at 30 June 2013 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*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Tallangatta Health Service for the year ended 30 June 2013 included both in Tallangatta Health Service's annual report and on the website. The Board Members of Tallangatta Health Service are responsible for the integrity of Tallangatta Health Service's website. I have not been engaged to report on the integrity of Tallangatta Health Service's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
9 September 2013


for John Doyle
Auditor-General

TALLANGATTA HEALTH SERVICE


Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration

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

We further state that, in our opinion the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2013 and the financial position of Tallangatta Health Service at 30 June 2013.

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

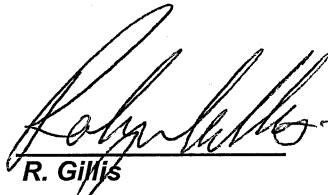
We authorise the attached financial statements for issue on this day.



A. Brown

Board Member

Tallangatta
9th September 2013



R. Gillis

Accountable Officer

Tallangatta
9th September 2013



R. Bramich

Chief Finance & Accounting
Officer

Tallangatta
9th September 2013

TALLANGATTA HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	TOTAL 2013 \$	TOTAL 2012 \$
Revenue from Operating Activities	2	8,083,524	7,635,018
Revenue from Non-Operating Activities	2	240,668	275,724
Employee Expenses	3	(6,735,216)	(6,406,092)
Non Salary Labour Costs	3	(464,165)	(630,145)
Supplies and Consumables	3	(280,926)	(263,847)
Other Expenses	3	(1,145,936)	(1,239,970)
Net Result Before Capital & Specific Items		(302,051)	(629,312)
Capital Purpose Income	2	278,204	499,669
Depreciation and Amortisation	4	(1,188,226)	(1,162,998)
Expenditure using Capital Purpose Income	3	(132)	(45,182)
NET RESULT FOR THE YEAR		(1,212,205)	(1,337,823)
COMPREHENSIVE RESULT FOR THE YEAR		(1,212,205)	(1,337,823)

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

TALLANGATTA HEALTH SERVICE
BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	435,928	447,138
Receivables	6	405,015	243,856
Investments and other Financial Assets	7	3,676,386	4,490,004
Prepayments		54,602	32,816
Total Current Assets		4,571,931	5,213,814
Non-Current Assets			
Receivables	6	131,254	129,434
Property, Plant & Equipment	8	9,280,882	9,870,400
Total Non-Current Assets		9,412,136	9,999,834
TOTAL ASSETS		13,984,067	15,213,648
LIABILITIES			
Current Liabilities			
Payables	9	1,098,397	360,505
Provisions	10	1,543,479	1,486,373
Other Liabilities	11	2,572,810	3,353,479
Total Current Liabilities		5,214,686	5,200,357
Non-Current Liabilities			
Provisions	10	1,689,240	177,466
Total Non-Current Liabilities		1,689,240	177,466
TOTAL LIABILITIES		6,903,926	5,377,823
NET ASSETS		7,080,141	9,835,825
EQUITY			
Property, Plant & Equipment Revaluation Surplus	12a	6,424,949	6,424,949
Contributed Capital	12b	7,420,722	7,420,722
Accumulated Surpluses/(Deficits)	12c	(5,222,051)	(4,009,846)
TOTAL EQUITY		8,623,620	9,835,825
Contingent Assets and Contingent Liabilities	16		
Commitments for Expenditure	15		

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

TALLANGATTA HEALTH SERVICE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	Property, Plant & Equipment Revaluation Surplus \$	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total \$
Balance at 1 July 2011		6,424,949	7,420,722	(2,672,023)	11,173,648
Net Result for the year		-	-	(1,337,823)	(1,337,823)
Balance at 30 June 2012		6,424,949	7,420,722	(4,009,846)	9,835,825
Net Result for the year		-	-	(1,212,205)	(1,212,205)
Balance at 30 June 2013	12	6,424,949	7,420,722	(5,222,051)	8,623,620

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

**TALLANGATTA HEALTH SERVICE
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		6,685,354	6,164,098
Patient and Resident Fees Received		1,091,920	889,837
Interest Received		214,230	306,167
Donations and Bequests Received		11,866	-
Other Receipts		832,439	792,470
GST Received from/(Paid to) ATO		198,946	245,787
Employee Expenses Paid		(6,709,815)	(6,237,813)
Non Salary Labour Costs		(464,165)	(630,145)
Payments for Supplies & Consumables		(280,926)	(263,847)
Other Payments		(1,303,504)	(1,424,687)
Cash Generated from Operations		276,345	(158,133)
Capital Grants from Government		263,038	469,771
Capital Donations and Bequests Received		21,470	15,973
NET CASH INFLOW FROM OPERATING ACTIVITIES	13	560,853	327,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(627,830)	(653,609)
Proceeds from Sale of Non-Financial Assets		22,818	13,636
Net Proceeds from Sale of Investments		32,949	119,417
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(572,063)	(520,556)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(11,210)	(192,945)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		447,138	640,083
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	435,928	447,138

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

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Tallangatta Health Service for the period ending 30 June 2013. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

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

The annual financial statements were authorised for issue by the Board of the Health Service on September 9, 2013

(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 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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

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

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

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

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent 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;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

In the application of AAS's management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on 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.

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

(c) Reporting Entity

The financial statements include all the controlled activities of Tallangatta Health Service. Its principal address is:
Barree Street
Tallangatta, Victoria, 3700

A description of the nature of Health Service'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

Tallangatta Health Service's overall objective is to provide high quality and effective health services, as well as improve the quality of life to Victorians.

Tallangatta Health Service is predominantly funded by accrual based grant funding for the provision of outputs.

(d) Scope and Presentation of Financial Statements

Fund Accounting

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

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

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

Residential Aged Care Service

The Lakeview Nursing Home operations are an integral part of the Hospital and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation.

The Lakeview Nursing Home and Bolga Court Hostel have the same Committee of Management and are substantially funded from Commonwealth bed-day subsidies.

Comprehensive Operating Statement

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

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works or plant and equipment. It also includes donations of plant and equipment. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Voluntary departure packages
 - Non-Current asset revaluation increments/decrements
- Impairment of financial and non-financial assets including all impairment losses (and reversal of previous impairment losses)
- Depreciation and amortisation
- 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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

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

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 equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

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.

(e) Income recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent it is probable that the economic benefits will flow to the Health Service and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

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

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

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

Indirect Contributions from the Department of Health

Insurance is recognised as revenue following advice from the Department of Health.

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

Patient and Resident Fees

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

Donations and Bequests

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

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into 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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

(f) 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 plans

In relation to defined contribution (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.

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

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

Defined Contribution Plans	Paid Contributions		Contributions Outstanding	
	for the year		at Year End	
	2013	2012	2013	2012
	\$	\$	\$	\$
Health Super	339,183	318,013	-	-
Hesta	156,590	149,578	-	-
Other	22,786	14,240	-	-
Total	518,559	481,831	-	-

There are no employees who are members of defined benefit plans.

Depreciation

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

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

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

	2013	2012
Buildings		
- Structure Shell Building Fabric	Up to 60 years	Up to 60 years
- Site Engineering Services and Central Plant	Up to 30 years	Up to 30 years
Central Plant		
- Fit Out	Up to 30 years	Up to 30 years
- Trunk Reticulated Building Systems	Up to 40 years	Up to 40 years
Plant & Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers & Communications	Up to 15 years	Up to 15 years
Furniture & Fittings	Up to 15 years	Up to 15 years
Motor Vehicles	Up to 7 years	Up to 7 years
Leasehold Improvements	Up to 10 years	Up to 10 years

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (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 services 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 expensed when distributed.

Bad and doubtful debts

Refer to Note 1 (i) *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.

(g) Other comprehensive income

Other comprehensive income measures 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:

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

Refer to Note 1 (i) *Revaluations of non-current physical assets*.

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 of the carrying value of the asset at that time.

Net Gain/(Loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (i)); and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instrument at fair value

Refer to note 1 (h) Financial instruments.

Other gains / (losses) from other comprehensive income

Other gains / (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates: and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(h) 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 the the Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

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, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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 value 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.

(i) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

- Contractual receivables, which includes of mainly debtors in relation to goods and services and accrued investment income.
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and 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 an impairment loss has occurred. Bad debts are written off when identified.

Investment and Other Financial Assets

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

Investments are classified in the following categories:

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

The Health Service 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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

The Health Service 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

The value of supplies held at balance date is not considered to be material. The cost of supplies is charged to operating expenses when incurred.

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.

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 land, public announcements or commitments made in relation to the intended use of the land. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

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

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

Revaluations of Non-Current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD103D 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 class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation surplus are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

Non-financial Physical Assets Classified as Held for Sale

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

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

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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

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

- non-current physical assets held for sale.

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

In respect of any interest in jointly controlled assets, the Health Service 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, the health service 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.

Impairment of Financial Assets

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

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.

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

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

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.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

(j) 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.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

The normal credit terms are usually Net 30 days.

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

Provisions

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

The amount recognised as a 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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, 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, Sick Leave and Accrued Days Off

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

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

Long Service Leave

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

Current Liability - unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability even where the Health Service does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should the employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

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

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

Termination Benefits

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

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

On-Costs

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

Superannuation Liabilities

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

(k) Leases

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

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

Operating Leases

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

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

(l) Equity

Contributed Capital

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

Property, Plant & Equipment Revaluation Surplus

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

Specific Restricted Purpose Reserve

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

(m) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note 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.

(n) Contingent Assets and Contingent Liabilities

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

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

(o) Goods and Services Tax

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

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

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 an operating cash flow.

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

(p) Rounding

All amounts shown in the Financial Statements are expressed to the nearest dollar.

(q) Category Groups

The Health Service 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.

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

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

Residential Aged Care (RAC) referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program.

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above. Health and Community Initiatives also falls in this category group.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

(s) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 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 2013, 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. The Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Date Applicable	Impact on Entities Annual Statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 Jan 2015	Detail of impact is still being assessed.
AASB 10 Consolidated Financial Statements	This standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines "control" as requiring exposure or rights to variable returns through power over an investee, which may broaden the concept of control for public sector entities.	Beginning 1 Jan 2014	Subject to AASB's final deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the Health Service will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	This standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations and any modifications made to AASB 11 for not-for-profit entities, the Health Service will need to assess the nature of arrangements with other entities in determining whether a joint venture arrangement exists in light of AASB 11.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

Standard / Interpretation	Summary	Date Applicable	Impact on Entities Annual Statements
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	Beginning 1 Jan 2014	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. There is anticipated to be no impact on the result of the health service as it is not required to report on defined benefit superannuation funds.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.

TALLANGATTA HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 1: Statement of Significant Accounting Policies (Continued)

Standard / Interpretation	Summary	Date Applicable	Impact on Entities Annual Statements
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2014	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	Beginning 1 January 2014	This Standard is not applicable as no budget disclosure is required.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note: 2 Revenue

	HSA 2013 \$	HSA 2012 \$	H&CI 2013 \$	H&CI 2012 \$	Total 2013 \$	Total 2012 \$
Revenue from Operating Activities						
Government Grants						
- Department of Health	4,107,907	4,551,878	-	-	4,107,907	4,551,878
- State Government - Other	-	2,273	-	-	-	2,273
- Commonwealth Government						
- Residential Aged Care Subsidy	1,864,990	1,298,661	-	-	1,864,990	1,298,661
- Commonwealth Grant - Health Network Funding Adjustment	51,262	-	-	-	51,262	-
- Other	-	-	-	56,932	-	56,932
Total Government Grants	6,024,159	5,852,812	-	56,932	6,024,159	5,909,744
Indirect Contributions by Department of Health						
- Insurance	3,580	15,355	-	-	3,580	15,355
- Long Service Leave	1,820	37,959	-	-	1,820	37,959
Total Indirect Contributions by Department of Health	5,400	53,314	-	-	5,400	53,314
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	210,534	198,385	-	-	210,534	198,385
- Residential Aged Care (refer note 2b)	958,163	704,013	-	-	958,163	704,013
	1,168,697	902,398	-	-	1,168,697	902,398
Other Revenue from Operating Activities						
- Medical Centre	-	-	469,402	491,247	469,402	491,247
- Donations and Bequests	11,866	-	-	-	11,866	-
- Other	392,945	267,862	11,055	10,453	404,000	278,315
Sub-Total Revenue from Operating Activities	7,603,067	7,076,386	480,457	558,632	8,083,524	7,635,018
Revenue from Non-Operating Activities						
Interest	240,668	275,724	-	-	240,668	275,724
Sub-Total Revenue from Non-Operating Activities	240,668	275,724	-	-	240,668	275,724
Revenue from Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	263,038	469,771	-	-	263,038	469,771
Commonwealth Government Capital Grants	-	22,240	-	-	-	22,240
Net Loss on Disposal of Non-Financial Assets (refer note 2c)	(6,304)	(8,315)	-	-	(6,304)	(8,315)
Donations & Bequests	21,470	15,973	-	-	21,470	15,973
Sub-Total Revenue from Capital Purpose Income	278,204	499,669	-	-	278,204	499,669
Total Revenue (refer note 2a)	8,121,939	7,851,779	480,457	558,632	8,602,396	8,410,411

Indirect contributions by Department of Health (DH)

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

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

Note 2a: Analysis of Revenue by Source

	Admitted Patients 2013 \$	RAC 2013 \$	Aged Care 2013 \$	Primary Health 2013 \$	Other 2013 \$	Total 2013 \$
Revenue from services supported by Health Services Agreement						
Government Grants	2,922,277	2,349,028	557,007	195,847	-	6,024,159
Indirect Contributions by Department of Health	2,583	2,191	417	209	-	5,400
Patient and Resident Fees (refer note 2b)	210,534	958,163	-	-	-	1,168,697
Donations and Bequests (non-capital)	1,376	10,000	-	490	-	11,866
Other Revenue from Operating Activities	125,953	14,002	199,309	53,681	11,055	404,000
Interest	21,155	214,215	3,532	1,766	-	240,668
Capital Purpose Income (refer note 2)	278,204	-	-	-	-	278,204
Sub-Total Revenue from Services Supported by Health Service Agreement	3,562,082	3,547,599	760,265	251,993	11,055	8,132,994
Revenue from Services Supported by Hospital and Community Initiatives						
Medical Centre Income	-	-	-	-	469,402	469,402
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	469,402	469,402
Total Revenue	3,562,082	3,547,599	760,265	251,993	480,457	8,602,396

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 2a: Analysis of Revenue by Source (continued)

	Admitted Patients 2012 \$	RAC 2012 \$	Aged Care 2012 \$	Primary Health 2012 \$	Other 2012 \$	Total 2012 \$
Revenue from services supported by Health Services Agreement						
Government Grants	3,290,715	1,878,703	545,477	194,849	-	5,909,744
Indirect Contributions by Department of Health	25,333	20,183	5,963	1,835	-	53,314
Patient and Resident Fees (refer note 2b)	198,385	704,013	-	-	-	902,398
Other Revenue from Operating Activities	80,331	11,749	160,971	14,811	10,453	278,315
Interest	21,261	246,090	6,403	1,970	-	275,724
Capital Purpose Income (refer note 2)	477,429	22,240	-	-	-	499,669
Sub-Total Revenue from Services Supported by Health Service Agreement	4,093,454	2,882,978	718,814	213,465	10,453	7,919,164
Revenue from Services Supported by Hospital and Community Initiatives						
Medical Centre Income	-	-	-	-	491,247	491,247
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	491,247	491,247
Total Revenue	4,093,454	2,882,978	718,814	213,465	501,700	8,410,411

Note 2b Patient and Resident Fees

	2013 \$	2012 \$
Recurrent		
Acute		
- Inpatients	210,534	198,385
Residential Aged Care		
- Generic	830,834	628,963
- Residential Accommodation Payments	127,329	75,050
Total Patient and Resident Fees	1,168,697	902,398

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

	2013 \$	2012 \$
Proceeds from Disposal of Non Current Assets		
Motor Vehicles	22,818	13,636
Plant and Equipment	-	-
Total Proceeds from Disposal of Non Current Assets	22,818	13,636
Less: Written Down Value of Non Current Assets Sold		
Motor Vehicles	29,122	21,951
Plant and Equipment	-	-
Total Written Down Value of Non Current Assets Sold	29,122	21,951
Net gains/(losses) on disposal of Non Current Assets	(6,304)	(8,315)

Note 3: Expenses

	HSA 2013 \$	HSA 2012 \$	H&CI 2013 \$	H&CI 2012 \$	Total 2013 \$	Total 2012 \$
Employee Expenses						
Salaries and Wages	5,793,402	5,457,624	194,091	214,936	5,987,493	5,672,560
WorkCover Premium	62,405	57,715	2,893	4,815	65,298	62,530
Long Service Leave	158,685	186,614	5,181	2,557	163,866	189,171
Superannuation	509,369	470,736	9,190	11,095	518,559	481,831
Total Employee Benefits	6,523,861	6,172,689	211,355	233,403	6,735,216	6,406,092
Non Salary Labour Costs						
Fees for Visiting Medical Officers	-	-	368,912	459,213	368,912	459,213
Agency Costs - Nursing	34,975	25,424	-	-	34,975	25,424
Fee for Service Contractors	60,278	145,508	-	-	60,278	145,508
Total Non Salary Labour Costs	95,253	170,932	368,912	459,213	464,165	630,145
Supplies & Consumables						
Drug Supplies	9,691	19,458	-	-	9,691	19,458
Medical, Surgical Supplies and Prosthesis	73,432	70,298	2,223	505	75,655	70,803
Food Supplies	195,580	173,586	-	-	195,580	173,586
Total Supplies & Consumables	278,703	263,342	2,223	505	280,926	263,847
Other Expenses from Continuing Operations						
Domestic Services & Supplies	130,630	133,562	68	209	130,698	133,771
Fuel, Light, Power and Water	286,748	242,658	430	742	287,178	243,400
Insurance costs funded by the Department of Health	3,580	15,355	-	-	3,580	15,355
Motor Vehicle Expenses	52,647	51,566	-	-	52,647	51,566
Repairs & Maintenance	73,179	94,864	343	2,001	73,522	96,865
Maintenance Contracts	32,816	40,918	-	-	32,816	40,918
Patient Transport	12,349	20,622	-	-	12,349	20,622
Bad & Doubtful Debts	1,976	-	-	-	1,976	-
Other Administrative Expenses	503,056	581,741	25,990	35,402	529,046	617,143
Audit Fees						
- VAGO - Audit of financial statements	15,015	14,440	-	-	15,015	14,440
- Other	7,109	5,890	-	-	7,109	5,890
Total Other Expenses from Continuing Operations	1,119,105	1,201,616	26,831	38,354	1,145,936	1,239,970
Expenditure using Capital Purpose Income						
Other Expenses - Repairs & Maintenance	132	45,182	-	-	132	45,182
Total Expenditure using Capital Purpose Income	132	45,182	-	-	132	45,182
Depreciation and Amortisation (refer note 4)	1,188,226	1,162,998	-	-	1,188,226	1,162,998
Total Expenses	9,205,280	9,016,759	609,321	731,475	9,814,601	9,748,234

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 3a: Analysis of Expenses by Source

	Admitted Patients 2013 \$	RAC 2013 \$	Aged Care 2013 \$	Primary Health 2013 \$	Other 2013 \$	Total 2013 \$
Services Supported by Health Service Agreement						
Employee Expenses	2,185,418	3,140,762	850,457	347,224	-	6,523,861
Non Salary Labour Costs	29,639	27,705	1,582	36,327	-	95,253
Supplies & Consumables	114,644	162,402	1,131	526	-	278,703
Other Expenses from Continuing Operations	572,744	426,511	88,108	31,742	-	1,119,105
Depreciation and Amortisation (refer note 4)	523,300	474,945	130,612	59,369	-	1,188,226
Sub-Total from Services Supported by Health Service Agreement	3,425,745	4,232,325	1,071,890	475,188	-	9,205,148
Services Supported by Hospital and Community Initiatives						
Employee Expenses	-	-	-	-	211,355	211,355
Non Salary Labour Costs	-	-	-	-	368,912	368,912
Supplies & Consumables	-	-	-	-	2,223	2,223
Other Expenses from Continuing Operations	-	-	-	-	26,831	26,831
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	609,321	609,321
Expenditure using Capital Purpose Income						
Other Expenses	66	66	-	-	-	132
Total Expenditure using Capital Purpose Income	66	66	-	-	-	132
TOTAL EXPENSES	3,425,811	4,232,391	1,071,890	475,188	609,321	9,814,601

	Admitted Patients 2012 \$	RAC 2012 \$	Aged Care 2012 \$	Primary Health 2012 \$	Other 2012 \$	Total 2012 \$
Services Supported by Health Service Agreement						
Employee Expenses	2,903,854	2,139,942	835,014	293,879	-	6,172,689
Non Salary Labour Costs	68,359	18,679	6,152	77,742	-	170,932
Supplies & Consumables	123,443	138,755	621	523	-	263,342
Other Expenses from Continuing Operations	551,309	466,877	146,737	36,693	-	1,201,616
Depreciation and Amortisation (refer note 4)	521,110	444,385	139,414	58,089	-	1,162,998
Sub-Total from Services Supported by Health Service Agreement	4,168,075	3,208,638	1,127,938	466,926	-	8,971,577
Services Supported by Hospital and Community Initiatives						
Employee Expenses	-	-	-	-	233,403	233,403
Non Salary Labour Costs	-	-	-	-	459,213	459,213
Supplies & Consumables	-	-	-	-	505	505
Other Expenses from Continuing Operations	-	-	-	-	38,354	38,354
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	731,475	731,475
Expenditure using Capital Purpose Income						
Other Expenses	22,591	22,591	-	-	-	45,182
Total Expenditure using Capital Purpose Income	22,591	22,591	-	-	-	45,182
TOTAL EXPENSES	4,190,666	3,231,229	1,127,938	466,926	731,475	9,748,234

Note 4: Depreciation and Amortisation

	2013 \$	2012 \$
Depreciation		
Buildings	909,527	897,287
Plant & Equipment	235,544	221,822
Medical Equipment	25,175	27,030
Land Improvements	17,980	16,859
	1,188,226	1,162,998

Note 5: Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, 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

Cash on Hand	500	500
Cash at Bank	209,581	276,981
Short Term Money Market	225,847	169,657
Total	435,928	447,138
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	435,928	447,138
	435,928	447,138

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 6: Receivables	2013 \$	2012 \$
CURRENT		
Contractual		
Trade Debtors	138,449	85,944
Patient Fees	169,667	92,890
Accrued Investment Income	71,581	45,143
LESS Allowance for Doubtful Debts		
Patient Fees	-	-
	<u>379,697</u>	<u>223,977</u>
Statutory		
GST Receivable	25,318	19,879
Accrued Revenue - Department of Health	-	-
	<u>25,318</u>	<u>19,879</u>
TOTAL CURRENT RECEIVABLES	<u>405,015</u>	<u>243,856</u>
NON CURRENT		
Statutory		
Long Service Leave - Department of Health	131,254	129,434
TOTAL NON-CURRENT RECEIVABLES	<u>131,254</u>	<u>129,434</u>
TOTAL RECEIVABLES	<u>536,269</u>	<u>373,290</u>
 (b) Ageing of Receivables		
Please refer to note 14 (b) for the ageing analysis of contractual receivables		
 (c) Nature and extent of risk arising from Receivables		
Please refer to note 14 (b) for the nature and extent of credit risk arising from contractual receivables		
 Note 7: Investments and Other Financial Assets	2013	2012
	\$	\$
Current		
Australian Dollar Term Deposits	3,676,386	4,490,004
TOTAL	<u>3,676,386</u>	<u>4,490,004</u>
Represented by:		
Health Service Investments	1,103,576	1,136,525
Accommodation Bonds	2,560,594	3,352,444
HRHA Joint Venture monies held in Trust	12,216	1,035
TOTAL	<u>3,676,386</u>	<u>4,490,004</u>
 (a) Ageing of Other Financial Assets		
Please refer to note 14 (b) for the ageing analysis of Investments and Other Financial Assets		
 (b) Nature and extent of risk arising from other financial assets		
Please refer to note 14 (b) for the nature and extent of credit risk arising from Investments and Other Financial Assets		
 Note 8: Property, Plant & Equipment	2013	2012
	\$	\$
Land		
Land at Fair Value	303,000	303,000
Land Improvements at Fair Value	372,833	326,161
Less Accumulated Depreciation	67,431	49,451
Total Land	<u>305,402</u>	<u>276,710</u>
Buildings		
Buildings at Fair Value	11,023,790	10,801,225
Less Accumulated Depreciation	3,576,317	2,666,790
Total Buildings	<u>7,447,473</u>	<u>8,134,435</u>
Plant and Equipment		
Plant and Equipment at Fair Value	2,563,606	2,311,590
Less Accumulated Depreciation	1,518,419	1,321,639
Total Plant & Equipment	<u>1,045,187</u>	<u>989,951</u>
Medical Equipment		
Medical Equipment at Fair Value	449,516	410,825
Less Accumulated Depreciation	269,696	244,521
Total Medical Equipment	<u>179,820</u>	<u>166,304</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>9,280,882</u>	<u>9,870,400</u>

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 8: Property, Plant & Equipment (continued)

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

	Land	Land Improvements	Buildings	Plant & Equipment	Medical Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	303,000	283,690	8,701,254	972,531	141,265	10,401,740
Additions	-	9,879	330,468	261,193	52,069	653,609
Disposals	-	-	-	(21,951)	-	(21,951)
Revaluation Increment/(Decrement)	-	-	-	-	-	-
Depreciation Expense (note 4)	-	(16,859)	(897,287)	(221,822)	(27,030)	(1,162,998)
Balance at 1 July 2012	303,000	276,710	8,134,435	989,951	166,304	9,870,400
Additions	-	46,672	222,565	319,902	38,691	627,830
Disposals	-	-	-	(29,122)	-	(29,122)
Revaluation Increment/(Decrement)	-	-	-	-	-	-
Depreciation Expense (note 4)	-	(17,980)	(909,527)	(235,544)	(25,175)	(1,188,226)
Balance at 30 June 2013	303,000	305,402	7,447,473	1,045,187	179,820	9,280,882

Land and buildings carried at valuation

An independent valuation of the Health Service's property, plant and equipment 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 2009.

Note 9: Payables

Current

Contractual

Trade Creditors

Accrued Expenses

Statutory

Department of Health

TOTAL PAYABLES

(a) Maturity analysis of payables

Please refer to note 14c for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to note 14c for the nature and extent of risks arising from contractual payables

	2013	2012
	\$	\$
Trade Creditors	412,977	267,600
Accrued Expenses	22,405	31,410
Total Contractual	435,382	299,010
Department of Health	663,015	61,495
Total Statutory	663,015	61,495
TOTAL PAYABLES	1,098,397	360,505

Note 10: Provisions

Current Provisions

Employee Benefits

- Unconditional and expected to be settled within 12 months

- Unconditional and expected to be settled after 12 months

Total Provisions

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related On-Costs

Unconditional Long Service Leave Entitlement

Annual Leave Entitlements

Accrued Salaries and Wages

Accrued Days Off

On Costs

Current Employee Benefits and related On-Costs

Conditional Long Service Leave Entitlements (iii)

Total Employee Benefits and Related On-Costs

(b) Movements in provisions

Movement in Long Service Leave

Balance at start of year

Provision made during the year

- Revaluations

- Expense recognising employee service

Settlement made during the year

Balance at end of year

	2013	2012
	\$	\$
Unconditional and expected to be settled within 12 months	1,451,747	1,448,438
Unconditional and expected to be settled after 12 months	91,732	37,935
Total Provisions	1,543,479	1,486,373
Unconditional Long Service Leave Entitlement	656,176	576,181
Annual Leave Entitlements	557,260	532,150
Accrued Salaries and Wages	252,999	306,925
Accrued Days Off	12,362	9,350
On Costs	64,682	61,767
Total Current Employee Benefits and related On-Costs	1,543,479	1,486,373
Conditional Long Service Leave Entitlements (iii)	145,761	177,466
Total Employee Benefits and Related On-Costs	1,689,240	1,663,839
Balance at start of year	753,647	717,259
Provision made during the year		
- Revaluations	(1,372)	35,962
- Expense recognising employee service	165,237	153,208
Settlement made during the year	(115,575)	(152,782)
Balance at end of year	801,937	753,647

Note 11: Other Liabilities

Current

Monies Held in Trust - Accommodation Bonds (Refundable Entrance Fees)

Monies Held in Trust - HRHA

Total

Represented by:

Cash Assets (refer to Note 5)

Investment and Other Financial Assets (refer to Note 7)

	2013	2012
	\$	\$
Monies Held in Trust - Accommodation Bonds (Refundable Entrance Fees)	2,560,594	3,352,444
Monies Held in Trust - HRHA	12,216	1,035
Total	2,572,810	3,353,479
Cash Assets (refer to Note 5)	-	-
Investment and Other Financial Assets (refer to Note 7)	2,572,810	3,353,479
Total	2,572,810	3,353,479

Monies held in trust have been presented as a current liability as the Health Service does not have an unconditional right to defer settlement for at least 12 months.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 12: Equity

(a) Property, Plant & Equipment Revaluation Surplus

Balance at the beginning of the Reporting Period
Revaluation Increment/(Decrement)
Land
Buildings
Balance at the end of the Reporting Period

Represented by:

Land
Buildings

(b) Contributed Capital

Balance at the beginning of the Reporting Period
Capital Contribution received from the Victorian Government
Balance at the end of the Reporting Period

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the Reporting Period
Net Result for the Year
Balance at the end of the Reporting Period

(d) Total Equity at end of financial year

	2013 \$	2012 \$
Balance at the beginning of the Reporting Period	6,424,949	6,424,949
Revaluation Increment/(Decrement)	-	-
Land	-	-
Buildings	-	-
Balance at the end of the Reporting Period	6,424,949	6,424,949
Represented by:		
Land	598,771	598,771
Buildings	5,826,178	5,826,178
	6,424,949	6,424,949
(b) Balance at the beginning of the Reporting Period	7,420,722	7,420,722
Capital Contribution received from the Victorian Government	-	-
Balance at the end of the Reporting Period	7,420,722	7,420,722
(c) Balance at the beginning of the Reporting Period	(4,009,846)	(2,672,023)
Net Result for the Year	(1,212,205)	(1,337,823)
Balance at the end of the Reporting Period	(5,222,051)	(4,009,846)
(d) Total Equity at end of financial year	8,623,620	9,835,825

Note 13: Reconciliation Of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

Net Result for the Year

Depreciation
Net Loss on Sale of Plant & Equipment
Change in Operating Assets & Liabilities
Increase/(Decrease) in Payables
Increase/(Decrease) in Employee Benefits
(Increase)/Decrease in Prepayments
(Increase)/Decrease in Receivables
NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 \$	2012 \$
Net Result for the Year	(1,212,205)	(1,337,823)
Depreciation	1,188,226	1,162,998
Net Loss on Sale of Plant & Equipment	6,304	8,315
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	737,892	49,595
Increase/(Decrease) in Employee Benefits	25,401	168,279
(Increase)/Decrease in Prepayments	(21,786)	58,248
(Increase)/Decrease in Receivables	(162,979)	217,999
NET CASH INFLOW FROM OPERATING ACTIVITIES	560,853	327,611

Note 14: Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Health Service'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, in respect of 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 Board of Management Audit and Risk committee of the Health Service.

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

Categorisation of Financial Instruments

Financial Assets

Cash and Cash Equivalents
Loans and Receivables

Financial Liabilities

At Amortised Cost

	Carrying Amount	
	2013 \$	2012 \$
Cash and Cash Equivalents	435,928	447,138
Loans and Receivables	4,056,083	4,713,981
At Amortised Cost	3,008,192	3,652,489

No net holding gain or loss was made in respect of any of the above categories of financial instruments with the exception of interest revenue which is disclosed in note 2.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 14: 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 as listed in the table below. 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 deal where possible with entities with high credit ratings. Trade and Other receivables that are not either past due nor impaired are considered to be of high credit quality.

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.

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.

The maximum exposure to credit risk is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The health service does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

Ageing analysis of financial assets as at 30 June

	Carrying Amount	Not Past Due And Not Impaired	Less than 1 Month	Past Due But Not Impaired 1-3 Months	3 Months - 1 Year	1-5 Years	Impaired Financial Assets
	\$	\$	\$	\$	\$	\$	\$
2013							
Financial Assets							
Cash and Cash Equivalents	435,928	435,928	-	-	-	-	-
Receivables							
- Trade Debtors	138,449	138,449	-	-	-	-	-
- Other Receivables	241,248	185,575	24,169	24,077	7,427	-	-
Other Financial Assets - Term Deposit	3,676,386	3,676,386	-	-	-	-	-
Total Financial Assets	4,492,011	4,436,338	24,169	24,077	7,427	-	-
2012							
Financial Assets							
Cash and Cash Equivalents	447,138	447,138	-	-	-	-	-
Receivables							
- Trade Debtors	85,944	85,944	-	-	-	-	-
- Other Receivables	138,033	113,976	13,327	3,239	7,491	-	-
Other Financial Assets - Term Deposit	4,490,004	4,490,004	-	-	-	-	-
Total Financial Assets	5,161,119	5,137,062	13,327	3,239	7,491	-	-

Cash and Investments of \$4,112,314 are held with AA- rated financial institutions and accounts receivables are made up of \$379,697 with trade debtors and other receivables.

There are no material financial assets which are individually determined to be impaired. The Health Service does not hold any collateral as security nor credit enhancements relating to any of 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 the 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 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 by monitoring forecast cash flows and ensuring that liquid assets are available.

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

Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount	Contractual Cash Flows	Less than 1 Month	1-3 Months	Maturity Dates 3 Months - 1 Year	1-5 Years	Over 5 Years
	\$	\$	\$	\$	\$	\$	\$
2013							
Payables	435,382	435,382	435,382	-	-	-	-
Other Financial Liabilities							
- Accommodation Bonds	2,560,594	2,560,594	-	2,560,594	-	-	-
- Other	12,216	12,216	12,216	-	-	-	-
Total Financial Liabilities	3,008,192	3,008,192	447,598	2,560,594	-	-	-
2012							
Payables	299,010	299,010	297,883	1,127	-	-	-
Other Financial Liabilities							
- Accommodation Bonds	3,352,444	3,352,444	-	3,352,444	-	-	-
- Other	1,035	1,035	1,035	-	-	-	-
Total Financial Liabilities	3,652,489	3,652,489	298,918	3,353,571	-	-	-

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 14: Financial Instruments (continued)

(d) Market Risk

The Health Service'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 below.

Currency Risk

The Health Service has no exposure to foreign currency risk.

Interest Rate Risk

Exposure to interest rate risk might arise primarily through the Health Service's interest bearing assets and liabilities. The Health Service currently has no interest bearing liabilities and is unlikely to have any into the future as interest bearing liabilities can only be entered into with the approval of the Department of Treasury and Finance.

Other Price Risk

The Health Service is exposed to insignificant other price risk

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

	Weighted Average Interest Rates %	Interest Rate Exposure			
		Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2013					
Financial Assets					
Cash and Cash Equivalents	2.75	435,928	-	435,428	500
Receivables					
- Trade Debtors	0.00	138,449	-	-	138,449
- Other Receivables	0.00	241,248	-	-	241,248
Other Financial Assets - Term Deposit	4.47	3,676,386	3,676,386	-	-
		<u>4,492,011</u>	<u>3,676,386</u>	<u>435,428</u>	<u>380,197</u>
Financial Liabilities					
Payables	0.00	435,382	-	-	435,382
Other Financial Liabilities					
- Accommodation Bonds	0.00	2,560,594	-	-	2,560,594
- Other	0.00	12,216	-	-	12,216
		<u>3,008,192</u>	<u>-</u>	<u>-</u>	<u>3,008,192</u>
2012					
Financial Assets					
Cash and Cash Equivalents	3.00	447,138	-	446,638	500
Receivables					
- Trade Debtors	0.00	85,944	-	-	85,944
- Other Receivables	0.00	138,033	-	-	138,033
Other Financial Assets - Term Deposit	5.59	4,490,004	4,490,004	-	-
		<u>5,161,119</u>	<u>4,490,004</u>	<u>446,638</u>	<u>224,477</u>
Financial Liabilities					
Payables	0.00	299,010	-	-	299,010
Other Financial Liabilities					
- Accommodation Bonds	0.00	3,352,444	-	-	3,352,444
- Other	0.00	1,035	-	-	1,035
		<u>3,652,489</u>	<u>-</u>	<u>-</u>	<u>3,652,489</u>

Sensitivity Disclosure Analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 3.75%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2% (the impact of this has not been modelled).

The following table discloses the impact on net operating result and equity for each category of variable rate financial instruments held by the Health Service at year end as presented to key management personnel, if changes in the relevant interest rate risk occur

	Carrying Amount \$	Interest Rate Risk			
		-1% Profit \$	Equity \$	+1% Profit \$	Equity \$
2013					
Financial Assets					
Cash and Cash Equivalents	435,928	(4,354)	(4,354)	4,354	4,354
Receivables					
- Trade Debtors	138,449	-	-	-	-
- Other Receivables	241,248	-	-	-	-
Other Financial Assets - Term Deposit	3,676,386	(36,764)	(36,764)	36,764	36,764
Financial Liabilities					
Payables	435,382	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	2,560,594	-	-	-	-
- Other	12,216	-	-	-	-
2012					
Financial Assets					
Cash and Cash Equivalents	447,138	(4,466)	(4,466)	4,466	4,466
Receivables					
- Trade Debtors	85,944	-	-	-	-
- Other Receivables	138,033	-	-	-	-
Other Financial Assets - Term Deposit	4,490,004	(44,900)	(44,900)	44,900	44,900
Financial Liabilities					
Payables	299,010	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	3,352,444	-	-	-	-
- Other	1,035	-	-	-	-

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 14: Financial Instruments (continued)

(e) Fair Value

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

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

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

Note 15: Commitments for Expenditure

The Tallangatta Health Services has no operating or capital commitments at 30 June 2013 (2012: \$nil)

Note 16: Contingent Assets & Liabilities

The Tallangatta Health Services has no contingent Assets or Liabilities at 30 June 2013 (2012 \$nil).

Note 17: Operating Segments

	RACS		Acute Health		Others		Total	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
REVENUE								
External Segment Revenue	3,333,384	2,636,888	3,540,927	4,072,193	1,487,417	1,425,606	8,361,728	8,134,687
EXPENSES								
External Segment Expenses	4,232,391	3,231,229	3,425,811	4,190,666	2,156,399	2,326,339	9,814,601	9,748,234
Net Result from Ordinary Activities	(899,007)	(594,341)	115,116	(118,473)	(668,982)	(900,733)	(1,452,873)	(1,613,547)
Interest Income	214,215	246,090	21,155	21,261	5,298	8,373	240,668	275,724
Net Result for the Year	(684,792)	(348,251)	136,271	(97,212)	(663,684)	(892,360)	(1,212,205)	(1,337,823)
OTHER INFORMATION								
Segment Assets	7,770,118	9,123,876	9,113,763	8,975,969	(3,562,829)	(2,947,692)	13,321,052	15,152,153
Total Assets	7,770,118	9,123,876	9,113,763	8,975,969	(3,562,829)	(2,947,692)	13,321,052	15,152,153
Segment Liabilities	3,242,057	3,912,115	1,099,274	1,096,347	356,102	307,867	4,697,433	5,316,329
Total Liabilities	3,242,057	3,912,115	1,099,274	1,096,347	356,102	307,867	4,697,433	5,316,329
Acquisition of Prop, Plant & Equip	311,459	317,575	316,371	336,034	-	-	627,830	653,609
Depreciation Expense	474,945	444,385	713,281	718,613	-	-	1,188,226	1,162,998

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 Health	Hospital Care
Others	Primary Care including Community Health, HACC Services and a medical practice

GEOGRAPHICAL SEGMENT

The Tallangatta Health Service operates predominantly in Tallangatta, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Tallangatta, Victoria.

TALLANGATTA HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 18: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2013 %	2012 %
Hume Rural Health Alliance (HRHA)	Information Technology	3.10%	3.08%

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

	2013 \$	2012 \$
Current Assets		
Cash and Cash Equivalents	43,497	38,187
Receivables	34,246	37,628
Prepayments	1,603	1,208
Total Current Assets	79,346	77,023
Non-Current Assets		
Property, Plant & Equipment	946	1,354
Total Assets	80,292	78,377

The Health Service interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Revenues		
Revenue from Operating Activities	105,226	72,263
Revenue from Non-Operating Activities	849	1,554
Total Revenue	106,075	73,817
Expenses		
Employee Benefits	58,970	55,800
Other Administration Expenses	126,102	106,955
Depreciation	848	1,214
Expenditure using capital Funds	132	6,164
Total Expenses	186,052	170,133
Net Result	(79,977)	(96,316)
Capital Commitments	-	-

Note 19a: Responsible Persons Disclosures

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

Responsible Minister	Period
The Honourable David Davis, MLC,	01/07/2012 - 30/06/2013
The Honourable Mary Wooldridge, MLA,	01/07/2012 - 30/06/2013
Governing Boards	
F. Cornish	01/07/2012 - 30/06/2013
A. Brown	01/07/2012 - 30/06/2013
R. Lees	01/07/2012 - 30/06/2013
J. Teek	01/07/2012 - 30/06/2013
A. Morrison	01/07/2012 - 30/06/2013
C. Heiner	01/07/2012 - 30/06/2013
Accountable Officer	
R. Gillis (Chief Executive Officer)	01/07/2012 - 30/06/2013

Remuneration of Responsible Persons

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

	2013 \$	2012 \$
\$0 - \$9,999	6	6
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	-	-
\$100,000 - \$109,999	-	1
\$150,000 - \$159,999	1	-
	7	8
Total Remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	158,415	156,673

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

Other transactions of Responsible Persons and their Related Entities

There are no transactions with Responsible Persons or their related entities.

TALLANGATTA HEALTH SERVICE
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 19b: Executive Officer Disclosures
Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. 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. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

	Total Remuneration		Base Remuneration	
	2013 No.	2012 No.	2013 No.	2012 No.
\$110,000 - \$119,999	-	1	-	1
\$120,000 - \$129,999	1	-	1	-
\$130,000 - \$139,999	1	-	1	-
Total number of executives	2	1	2	1
Total annualised employee equivalent (AEE)	2	1	2	1
Total Remuneration	264,729	112,952	264,729	112,952

Note: (a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 20 Remuneration of auditors
Victorian Auditor-General's Office
 Audit or review of financial statement

	2013 \$	2012 \$
Audit or review of financial statement	15,015	14,440

Note 21: Events Occurring after the Balance Sheet Date

There are no events occurring since the balance date to the date of this report that would have a material effect on the operations of the Health Service

Note 22: Economic Dependency

The Health Service is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health.

