

## ALEXANDRA DISTRICT HEALTH

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

The attached financial statements for Alexandra District Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Alexandra District Health at 30 June 2018.

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

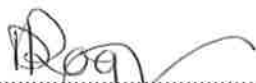
We authorise the attached financial statements for issue on this day.



Ms Carole Staley  
Board Chair

Alexandra

23rd August, 2018



Ms Deborah Rogers  
Chief Executive Officer

Alexandra

23rd August, 2018



Mr Andrew Lowe  
Chief Finance Officer

Alexandra

23rd August, 2018

**ALEXANDRA DISTRICT HEALTH**  
**COMPREHENSIVE OPERATING STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Revenue from Operating Activities	2.1	8,003,944	7,544,872
Revenue from Non-Operating Activities	2.1	73,655	52,135
Employee Expenses	3.1	(5,236,883)	(5,192,333)
Non Salary Labour Costs	3.1	(459,676)	(543,493)
Supplies and Consumables	3.1	(598,874)	(629,409)
Other Expenses	3.1	(1,693,684)	(1,198,794)
<b>Net Result Before Capital and Specific Items</b>		<b>88,482</b>	<b>32,978</b>
Capital Purpose Income	2.1	227,492	226,921
Depreciation and Amortisation	4.3	(1,244,715)	(1,303,420)
Finance Costs	3.3	(887)	(1,101)
Expenditure Using Capital Purpose Income	3.1	(154,607)	(7,000)
<b>Net Result After Capital and Specific Items</b>		<b>(1,084,235)</b>	<b>(1,051,622)</b>
<b>Other Economic Flows Included in Net Result</b>			
Net gain/(loss) on Non-Financial Assets		0	1,500
Revaluation of Long Service Leave	3.4	5,575	(12,409)
<b>Total Other Economic Flows Included in Net Result</b>		<b>5,575</b>	<b>(10,909)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(1,078,660)</b>	<b>(1,062,531)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus		2,181,000	0
<b>Total Other Comprehensive Income</b>		<b>2,181,000</b>	<b>0</b>
<b>COMPREHENSIVE RESULT</b>		<b>1,102,340</b>	<b>(1,062,531)</b>

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

**ALEXANDRA DISTRICT HEALTH**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	1,545,282	829,098
Receivables	5.1	209,968	250,369
Investments and Other Financial Assets	4.1	1,500,000	1,503,393
Inventories	5.2	85,073	127,268
Prepayments and Other Assets	5.3	131,805	166,381
<b>Total Current Assets</b>		<u>3,472,128</u>	<u>2,876,509</u>
<b>Non-Current Assets</b>			
Receivables	5.1	119,813	89,710
Property, Plant and Equipment	4.2	24,629,791	23,664,851
Intangible Assets	4.4	11,719	38,997
<b>Total Non-Current Assets</b>		<u>24,761,323</u>	<u>23,793,558</u>
<b>TOTAL ASSETS</b>		<u>28,233,451</u>	<u>26,670,067</u>
<b>Current Liabilities</b>			
Payables	5.4	792,698	426,715
Lease Liabilities	6.1	10,327	15,941
Provisions	3.4	1,194,912	1,070,981
<b>Total Current Liabilities</b>		<u>1,997,937</u>	<u>1,513,637</u>
<b>Non-Current Liabilities</b>			
Lease Liabilities	6.1	10,343	18,068
Provisions	3.4	182,627	198,158
<b>Total Non-Current Liabilities</b>		<u>192,970</u>	<u>216,226</u>
<b>TOTAL LIABILITIES</b>		<u>2,190,907</u>	<u>1,729,863</u>
<b>NET ASSETS</b>		<u>26,042,544</u>	<u>24,940,204</u>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	8.1a	9,665,801	7,484,801
Restricted Specific Purpose Surplus	8.1a	24,304	24,304
Contributed Capital	8.1b	3,591,970	3,591,970
Accumulated Surpluses	8.1c	12,760,469	13,839,129
<b>TOTAL EQUITY</b>		<u>26,042,544</u>	<u>24,940,204</u>
Commitments	6.3		
Contingent Assets and Contingent Liabilities	7.2		

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

**ALEXANDRA DISTRICT HEALTH  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	Property, Plant and Equipment Revaluation Surplus \$	Restricted Specific Purpose Surplus \$	Contributed Capital \$	Accumulated Surpluses \$	Total \$
<b>Balance at 1 July 2016</b>		7,484,801	24,304	3,591,970	14,901,660	26,002,735
Net result for the year		0	0	0	(1,062,531)	(1,062,531)
<b>Balance at 30 June 2017</b>	8.1	<b>7,484,801</b>	<b>24,304</b>	<b>3,591,970</b>	<b>13,839,129</b>	<b>24,940,204</b>
Net result for the year		0	0	0	(1,078,660)	(1,078,660)
Other comprehensive income for the year	8.1(a)	2,181,000	0	0	0	2,181,000
<b>Balance at 30 June 2018</b>	8.1	<b>9,665,801</b>	<b>24,304</b>	<b>3,591,970</b>	<b>12,760,469</b>	<b>26,042,544</b>

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

**ALEXANDRA DISTRICT HEALTH  
CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 \$ Inflows / (Outflows)	2017 \$ Inflows / (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Grants from Government		7,366,775	6,585,070
Capital Grants from Government		41,931	47,311
Patient and Resident Fees Received		354,896	287,104
Donations and Bequests Received		28,675	76,411
GST received from / (paid to) ATO		1,219	8,469
Interest Received		49,680	48,762
Other Receipts		726,984	610,380
<b>Total Receipts</b>		<b>8,570,160</b>	<b>7,663,507</b>
Employee Expenses Paid		(5,114,044)	(5,051,705)
Fee for Service Medical Officers		(459,676)	(543,493)
Payments for Supplies and Consumables		(556,679)	(629,312)
Other Payments		(1,684,976)	(1,335,053)
<b>Total Payments</b>		<b>(7,815,375)</b>	<b>(7,559,563)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	8.2	<b>754,785</b>	<b>103,944</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Non-Financial Assets		(28,655)	(193,554)
Proceeds from sale of Non-Financial Assets		0	1,500
Proceeds from Sale of Investments		3,393	(3,393)
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(25,262)</b>	<b>(195,447)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of borrowings		(13,339)	(7,594)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>(13,339)</b>	<b>(7,594)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>716,184</b>	<b>(99,097)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		<b>829,098</b>	<b>928,195</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	6.2	<b>1,545,282</b>	<b>829,098</b>

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

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**BASIS OF PRESENTATION**

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the health service.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

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

These annual financial statements represent the audited general purpose financial statements for Alexandra District Health for the year ended 30 June 2018. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

**(a) Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *Presentation of Financial Statements*.

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

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

The annual financial statements were authorised for issue by the Board of Alexandra District Health on 23rd August, 2018.

**(b) Reporting Entity**

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

Its principal address is:  
12 Cooper Street  
Alexandra Vic 3714

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

**(c) 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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

All amounts shown in the financial statements have been rounded to the nearest dollar, unless otherwise stated.  
Minor discrepancies in tables between totals and sum of components are due to rounding.

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

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

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

- The fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 4.2);
- Superannuation expense (refer to Note 3.5);
- Employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4); and

**Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO 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 ATO, are presented as operating cash flow.

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

**(d) Principles of Consolidation**

**Intersegment Transactions**

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

**(e) Jointly Controlled Operation**

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, the Health Service recognises in the financial statements:

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

Alexandra District Health is a Member of the Hume Region Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.10)



**NOTE 2: FUNDING DELIVERY OF OUR SERVICES**

The hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

Alexandra District Health Service is predominantly funded by accrual based grant funding for the provision of outputs.  
The Health Service also receives income from the supply of services.

**Structure**

2.1 Analysis of revenue by source

<b>NOTE 2.1: ANALYSIS OF REVENUE BY SOURCE</b>					
	<b>Admitted Patients 2018 \$</b>	<b>Aged Care 2018 \$</b>	<b>Primary Health 2018 \$</b>	<b>Other 2018 \$</b>	<b>TOTAL 2018 \$</b>
Government Grants	6,238,973	305,472	533,343	0	7,077,788
Indirect Contributions by Department of Health and Human Services	46,200	0	0	0	46,200
Patient Fees	279,133	21,405	28,069	0	328,607
Recoupment from Private Practice for Use of Hospital facilities	29,304	0	0	0	29,304
Catering	0	0	0	52,855	52,855
Diagnostic Imaging	0	0	0	25,307	25,307
Property Income	0	0	0	51,278	51,278
Hume Rural Health Alliance	0	0	0	195,445	195,445
Other Revenue from Operating Activities	148,488	33,144	15,528	0	197,160
<b>Total Revenue from Operating Activities</b>	<b>6,742,098</b>	<b>360,021</b>	<b>576,940</b>	<b>324,885</b>	<b>8,003,944</b>
Interest Income	0	0	0	0	0
Other Revenue from Non-Operating Activities	0	0	0	72,567	72,567
Hume Rural Health Alliance	0	0	0	1,088	1,088
<b>Total Revenue from Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,655</b>	<b>73,655</b>
Capital Purpose Income (Excluding Interest)	0	0	0	92,235	92,235
Capital Purpose Interest	0	0	0	51,809	51,809
Hume Rural Health Alliance Capital Income	0	0	0	83,448	83,448
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>227,492</b>	<b>227,492</b>
Net gain/(loss) on non-financial assets	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>6,742,098</b>	<b>360,021</b>	<b>576,940</b>	<b>626,032</b>	<b>8,305,091</b>

	<b>Admitted Patients 2017 \$</b>	<b>Aged Care 2017 \$</b>	<b>Primary Health 2017 \$</b>	<b>Other 2017 \$</b>	<b>TOTAL 2017 \$</b>
Government Grants	5,843,744	299,243	496,252	0	6,639,239
Indirect Contributions by Department of Health and Human Services	46,955	0	0	0	46,955
Patient Fees	260,347	15,462	25,883	0	301,692
Recoupment from Private Practice for Use of Hospital facilities	39,450	0	0	0	39,450
Catering	0	0	0	54,677	54,677
Diagnostic Imaging	0	0	0	34,574	34,574
Property Income	0	0	0	50,399	50,399
Hume Rural Health Alliance	0	0	0	210,328	210,328
Other Revenue from Operating Activities	110,118	31,865	25,575	0	167,558
<b>Total Revenue from Operating Activities</b>	<b>6,300,614</b>	<b>346,570</b>	<b>547,710</b>	<b>349,978</b>	<b>7,544,872</b>
Interest Income	50,077	0	0	0	50,077
Other Revenue from Non-Operating Activities	0	0	0	1,692	1,692
Hume Rural Health Alliance Non Operating Revenue	0	0	0	366	366
<b>Total Revenue from Non-Operating Activities</b>	<b>50,077</b>	<b>0</b>	<b>0</b>	<b>2,058</b>	<b>52,135</b>
Capital Purpose Income (Excluding Interest)	0	0	0	128,921	128,921
Hume Rural Health Alliance Capital Purpose Income	0	0	0	98,000	98,000
<b>Total Capital Purpose Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>226,921</b>	<b>226,921</b>
Net gain/(loss) on non-financial assets	0	0	0	1,500	1,500
<b>TOTAL REVENUE</b>	<b>6,350,691</b>	<b>346,570</b>	<b>547,710</b>	<b>580,457</b>	<b>7,825,428</b>

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**NOTE 2.1: ANALYSIS OF REVENUE BY SOURCE (Continued)****Revenue Recognition**

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

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

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

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

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

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

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017.

**Patient Fees**

Patient fees are recognised as revenue on an accrual basis.

**Private Practice Fees**

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

**Revenue from commercial activities**

Revenue from commercial activities such as provision of meals to external users is recognised on an accrual basis.

**Donations and Other Bequests**

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

**Interest revenue**

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

**Sale of investments**

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

**Other Income**

Other income includes recoveries, sundry sales and minor facility charges.

**Category Groups**

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

- **Admitted Patient Services (Admitted Patients)** comprises all acute and subacute admitted patients services, where services are delivered in public hospitals.
- **Aged Care** comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.
- **Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.
- **Other Services not reported elsewhere - (Other)** comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

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**NOTE 3: THE COST OF DELIVERING SERVICES**

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

**Structure**

- 3.1 Analysis of expenses by source
- 3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
- 3.3 Finance Costs
- 3.4 Provisions
- 3.5 Superannuation

**NOTE 3.1: ANALYSIS OF EXPENSE BY SOURCE**

	Admitted Patients 2018 \$	Aged Care 2018 \$	Primary Health 2018 \$	Other 2018 \$	TOTAL 2018 \$
Employee Expenses	4,294,705	140,357	756,924	44,897	5,236,883
Other Operating Expenses					
Non Salary Labour Costs	459,676	0	0	0	459,676
Supplies and Consumables	567,676	8,804	13,531	8,863	598,874
Medical Indemnity Insurance	81,747	0	0	0	81,747
Fuel, Light, Power & Water	137,891	0	7,351	13,733	158,975
Repairs and Maintenance	276,878	0	4,671	306	281,855
Other Expenses	1,042,795	13,142	24,516	90,654	1,171,107
<b>Total Expenditure from Operating Activities</b>	<b>6,861,368</b>	<b>162,303</b>	<b>806,993</b>	<b>158,453</b>	<b>7,989,117</b>
Finance Costs (refer note 3.3)	0	0	0	887	887
Other Non-Operating expenses					
Expenditure Using Capital Purpose Income	0	0	0	154,607	154,607
Depreciation and Amortisation (refer note 4.3)	0	0	0	1,244,715	1,244,715
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,400,209</b>	<b>1,400,209</b>
<b>TOTAL EXPENSES</b>	<b>6,861,368</b>	<b>162,303</b>	<b>806,993</b>	<b>1,558,662</b>	<b>9,389,326</b>

	Admitted Patients 2017 \$	Aged Care 2017 \$	Primary Health 2017 \$	Other 2017 \$	TOTAL 2017 \$
Employee Expenses	4,006,067	140,463	968,643	77,160	5,192,333
Other Operating Expenses					
Non Salary Labour Costs	543,493	0	0	0	543,493
Supplies and Consumables	537,522	10,711	71,455	9,721	629,409
Medical Indemnity Insurance	79,359	0	0	0	79,359
Fuel, Light, Power & Water	96,360	0	5,372	6,539	108,271
Repairs and Maintenance	208,039	0	5,541	2,253	215,833
Other Expenses	609,655	14,353	27,159	144,164	795,331
<b>Total Expenditure from Operating Activities</b>	<b>6,080,495</b>	<b>165,527</b>	<b>1,078,170</b>	<b>239,837</b>	<b>7,564,029</b>
Finance Costs (refer note 3.3)	0	0	0	1,101	1,101
Other Non-Operating expenses					
Expenditure Using Capital Purpose Income	0	0	0	7,000	7,000
Depreciation and Amortisation (refer note 4.3)	0	0	0	1,303,420	1,303,420
<b>Total Other Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,311,521</b>	<b>1,311,521</b>
<b>TOTAL EXPENSES</b>	<b>6,080,495</b>	<b>165,527</b>	<b>1,078,170</b>	<b>1,551,358</b>	<b>8,875,550</b>

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**NOTE 3.1: ANALYSIS OF EXPENSE BY SOURCE (Continued)****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;
- Fringe Benefits Tax;
- Leave Entitlements;
- Termination Payments;
- Workcover Premiums; and
- Superannuation expenses

**Grants and Other Transfers**

These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

**Other Operating Expenses**

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

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

**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 4.3 Property, plant and equipment.
- **Net gain/ (loss) on disposal of non-financial assets**  
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

**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 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities

**Amortisation of non-produced intangible assets**

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

**Impairment of non-financial assets**

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

**Other gains/ (losses) from other economic flows**

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**Financial guarantee**

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

**NOTE 3.2: ANALYSIS OF EXPENSES AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS**

	Expense		Revenue	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Commercial Activities</b>				
Catering	53,760	47,471	52,855	54,677
Property Expenses/Revenue	17,812	10,692	51,278	50,399
Diagnostic Imaging	19,017	21,293	25,307	34,574
<b>Other activities</b>				
Project Expenditure	86,883	0	70,000	0
<b>TOTAL</b>	<b>177,472</b>	<b>79,456</b>	<b>199,440</b>	<b>139,650</b>

**NOTE 3.3: FINANCE COSTS**

	2018	2017
	\$	\$
Finance Charges on Finance Leases	887	1,101
<b>TOTAL FINANCE COSTS</b>	<b>887</b>	<b>1,101</b>

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

Finance costs include:

- finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

**NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET**

	2018	2017
	\$	\$
<b>Current Provisions</b>		
<b>Employee Benefits (i)</b>		
Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	328,860	308,451
- unconditional and expected to be settled wholly after 12 months (iii)	100,000	100,000
ADO's and Accrued Salaries and Wages		
- unconditional and expected to be settled wholly within 12 months (ii)	92,406	76,549
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	124,961	118,148
- unconditional and expected to be settled wholly after 12 months (iii)	482,346	409,086
	<b>1,128,573</b>	<b>1,012,234</b>
<b>Provisions related to employee benefit on-costs</b>		
- unconditional and expected to be settled within 12 months (ii)	13,650	13,165
- unconditional and expected to be settled after 12 months (iii)	52,689	45,582
	<b>66,339</b>	<b>58,747</b>
<b>Total Current Provisions</b>	<b>1,194,912</b>	<b>1,070,981</b>
<b>Non-Current Provisions</b>		
Employee Benefits (iii)	164,642	178,292
Provisions related to employee benefit on-costs	17,985	19,866
<b>Total Non-Current Provisions</b>	<b>182,627</b>	<b>198,158</b>
<b>Total Provisions</b>	<b>1,377,539</b>	<b>1,269,139</b>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs (ii)</b>		
Annual Leave Entitlements	428,860	408,451
Accrued Salaries and Wages	88,348	70,723
Accrued Days Off	4,058	5,826
Unconditional Long Service Leave Entitlements	673,646	585,981
	<b>1,194,912</b>	<b>1,070,981</b>
<b>Non-Current Employee Benefits and related On-Costs</b>		
Conditional Long Service Leave Entitlements (iii)	182,627	198,158
<b>Total Employee Benefits and Related On-Costs</b>	<b>1,377,539</b>	<b>1,269,139</b>

Notes:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
- (ii) The amounts disclosed are nominal amounts
- (iii) The amounts disclosed are discounted to present values

**NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (Continued)**

(b) Movement in provisions	2018	2017
	\$	\$
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	784,139	704,467
Provision made during the year		
- Revaluations	5,575	(12,409)
- Expense recognising employee service	131,069	145,812
Settlement made during the year	(64,510)	(53,731)
<b>Balance at end of year</b>	<u>856,273</u>	<u>784,139</u>

**Employee Benefit Recognition**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

**Provisions**

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

**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.

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

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

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

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

**Long Service Leave (LSL)**

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

**Termination benefits**

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

**On-Costs related to employee expense**

Provision for on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.



**NOTE 3.5: SUPERANNUATION**

Fund		Paid Contributions for the Year		Outstanding Contributions at Year End	
		2018 \$	2017 \$	2018 \$	2017 \$
<b>(i) Defined Benefit Plans:</b>	Health Super	11,853	19,631	0	0
<b>Defined Contribution Plans:</b>	Health Super	375,523	362,347	0	0
	HESTA	42,897	47,701	0	0
<b>Total</b>		<b>430,273</b>	<b>429,679</b>	<b>0</b>	<b>0</b>

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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

**Defined contribution superannuation plans**

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

**Defined benefit superannuation plans**

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Alexandra District Health are disclosed above.

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**NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY**

The health service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

**Structure**

4.1 Investments and other financial assets

4.2 Property, plant & equipment

4.3 Depreciation and amortisation

4.4 Intangible assets

**NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS**

	Operating Fund		Capital		Total	Total
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
<b>CURRENT</b>						
<b>Loans and Receivable</b>						
Term Deposit						
Aust. Dollar Term Deposits >3 months (i)	1,500,000	1,503,393	0	0	1,500,000	1,503,393
<b>TOTAL CURRENT</b>	<b>1,500,000</b>	<b>1,503,393</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>1,503,393</b>
<b>Represented by:</b>						
Health Service Investments	1,500,000	1,503,393	0	0	1,500,000	1,503,393
<b>TOTAL</b>	<b>1,500,000</b>	<b>1,503,393</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>1,503,393</b>

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

**Note 4.1 Investment Recognition**

**Investments and other financial assets**

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

Investments are classified as loans and receivable financial assets.

The Health Service classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The Health Service's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

**Derecognition of financial assets**

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

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

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

**Impairment of financial assets**

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

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

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

**Doubtful debts**

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT**

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

**Land**

	2018 \$	2017 \$
- Land at Fair Value	1,120,000	1,120,000
- Land Improvements at Fair Value	72,942	72,942
Less Accumulated Depreciation	9,787	6,140
	<u>63,155</u>	<u>66,802</u>

**Total Land**

1,183,155    1,186,802

**Buildings**

- Buildings at Fair Value	22,846,636	25,070,701
Less Accumulated Depreciation	0	3,396,189
	<u>22,846,636</u>	<u>21,674,512</u>

**Total Buildings**

22,846,636    21,674,512

**Plant & Equipment**

- Hume Rural Health Alliance	16,284	74,523
Less Accumulated Depreciation	3,904	40,179
	<u>12,380</u>	<u>34,344</u>

- Plant and Equipment at Fair Value	1,757,892	1,924,774
Less Accumulated Depreciation	1,615,594	1,746,712
	<u>142,298</u>	<u>178,062</u>

- Computers and Communication at Fair Value	242,469	258,750
Less Accumulated Depreciation	208,791	183,130
	<u>33,678</u>	<u>75,620</u>

- Furniture and Fittings at Fair Value	308,813	308,813
Less Accumulated Depreciation	274,679	267,635
	<u>34,134</u>	<u>41,178</u>

**Total Plant and Equipment**

222,490    329,204

**Motor Vehicles**

- Motor Vehicles at Fair Value	202,948	202,948
Less Accumulated Depreciation	178,768	155,627
	<u>24,180</u>	<u>47,321</u>

**Total Motor Vehicles**

**Medical Equipment**

- Medical Equipment at Fair Value	1,550,593	1,534,645
Less Accumulated Depreciation	1,217,999	1,107,633
	<u>332,594</u>	<u>427,012</u>

**Total Medical Equipment**

**Leased Assets**

- Leased Equipment at Fair Value	53,400	0
Less Accumulated Amortisation	32,664	0
	<u>20,736</u>	<u>0</u>

**Total Leased Assets**

**TOTAL PROPERTY, PLANT AND EQUIPMENT**

24,629,791    23,664,851

**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

	Land	Buildings	Plant & Equip	Motor Vehicles	Medical Equipment	Leased Assets	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	1,189,045	22,684,720	295,332	75,652	547,010	0	24,791,759
Additions	1,337	0	118,686	0	42,284	0	162,307
Building Under Construction Credits	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Hume Rural Health Alliance	0	0	12,964	0	0	0	12,964
Depreciation (note 4.4)	(3,580)	(1,010,208)	(97,778)	(28,331)	(162,282)	0	(1,302,179)
<b>Balance at 1 July 2017</b>	1,186,802	21,674,512	329,204	47,321	427,012	0	23,664,851
Additions	0	0	8,518	0	22,347	0	30,865
Transfers	0	0	(34,009)	0	0	34,009	0
Revaluation Increments	0	2,181,000	0	0	0	0	2,181,000
Hume Rural Health Alliance	0	0	8,936	0	0	(11,146)	(2,210)
Depreciation (note 4.4)	(3,647)	(1,008,876)	(90,159)	(23,141)	(116,765)	(2,127)	(1,244,715)
<b>Balance at 30 June 2018</b>	1,183,155	22,846,636	222,490	24,180	332,594	20,736	24,629,791

**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 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.

In compliance with FRD 103F, in the year ended 30 June 2018, Alexandra District Health management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The latest indices required a managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the building class of \$2,181,000.

There was no material financial impact on change in fair value of land.

**(c) Fair value measurement hierarchy for assets**

	Fair value measurement at end of reporting period using:			
	Carrying amount as at 30 June 2018	Level 1 <sup>(1)</sup>	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>
	\$	\$	\$	\$
<b>Land at fair value</b>				
Non-specialised land	288,155	0	288,155	0
Specialised land	895,000	0	0	895,000
Total of land at fair value	1,183,155	0	288,155	895,000
<b>Buildings at fair value</b>				
Specialised buildings	22,846,636	0	0	22,846,636
Total of building at fair value	22,846,636	0	0	22,846,636
<b>Plant and equipment at fair value</b>				
Plant equipment and vehicles at fair value				
- Vehicles	24,180	0	0	24,180
- Plant and equipment	222,490	0	0	222,490
Total of plant, equipment and vehicles at fair value	246,670	0	0	246,670
<b>Medical equipment at fair value</b>				
Medical Equipment	332,594	0	0	332,594
Total medical equipment at fair value	332,594	0	0	332,594
<b>Leased Assets at fair value</b>				
Leased Plant & Equipment	20,736	0	0	20,736
Total leased assets at fair value	20,736	0	0	20,736
<b>TOTAL</b>	24,629,791	0	288,155	24,341,636

**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**  
**(c) Fair value measurement hierarchy for assets (Continued)**

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Land at fair value</b>				
Non-specialised land	\$ 291,802	\$ 0	\$ 291,802	\$ 0
Specialised land	895,000	0	0	895,000
Total of land at fair value	1,186,802	0	291,802	895,000
<b>Buildings at fair value</b>				
Specialised buildings	21,674,512	0	0	21,674,512
Total of building at fair value	21,674,512	0	0	21,674,512
<b>Plant and equipment at fair value</b>				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	47,321	0	0	47,321
- Plant and equipment	329,204	0	0	329,204
Total of plant, equipment and vehicles at fair value	376,525	0	0	376,525
<b>Medical equipment at fair value</b>				
Medical Equipment	427,012	0	0	427,012
Total medical equipment at fair value	427,012	0	0	427,012
<b>TOTAL</b>	<b>23,664,851</b>	<b>0</b>	<b>291,802</b>	<b>23,373,049</b>

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

(ii) There have been no transfers between levels during the period. In the prior year, there was a transfer from Level 2 to Level 3 for vehicles due to depreciated replacement cost being applied for fair value assessments.

**(d) Reconciliation of Level 3 fair value**

	Land	Buildings	Plant and equipment	Motor Vehicles	Medical equipment
<b>30-Jun-18</b>	\$	\$	\$	\$	\$
<b>Opening Balance</b>	895,000	21,674,512	329,204	47,321	427,012
<b>Purchases (sales)</b>	0	0	6,308	0	22,347
<b>Transfers in (out) of Level 3</b>	0	0	0	0	0
Gains or losses recognised in net result					
- Depreciation	0	(1,008,876)	(92,286)	(23,141)	(116,765)
<b>Subtotal</b>	895,000	20,665,636	243,226	24,180	332,594
Items recognised in other comprehensive income					
- Revaluation	0	2,181,000	0	0	0
<b>Subtotal</b>	0	2,181,000	0	0	0
<b>Closing Balance</b>	895,000	22,846,636	243,226	24,180	332,594

There have been no transfers between levels during the 2018 period.

	Land	Buildings	Plant and equipment	Motor Vehicles	Medical equipment
<b>30-Jun-17</b>	\$	\$	\$	\$	\$
<b>Opening Balance</b>	895,000	22,684,720	295,332	0	547,010
<b>Purchases (sales)</b>	0	0	131,650	0	42,284
<b>Transfers in (out) of Level 3</b>	0	0	0	75,652	0
Gains or losses recognised in net result					
- Depreciation	0	(1,010,208)	(97,778)	(28,331)	(162,282)
<b>Subtotal</b>	895,000	21,674,512	329,204	47,321	427,012
<b>Closing Balance</b>	895,000	21,674,512	329,204	47,321	427,012

A transfer from Level 2 to Level 3 has occurred for vehicles due to depreciated replacement cost being applied in 2017 for fair value assessments.

**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(e) Fair Value Determination**

Asset Class	Examples of types assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	In areas where there is an active market: - Vacant Land - Land not subject to restrictions as to use or sale	Level 2	Market Approach	n.a.
Specialised land (Crown/Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligation Adjustments
Specialised Buildings	Specialised buildings with limited alternative uses and/or substantial customisation eg. Hospitals	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Commercial and Non Commercial vehicles	Level 3	Depreciated replacement cost approach	- Useful life
Plant and equipment and Medical Equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life

(a) AASB 13 Fair Value Measurement provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

**Initial Recognition**

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

**Subsequent Measure**

Consistent with AASB 13 Fair Value Measurement, Alexandra District Health determines the policies and procedures for both recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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

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

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

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

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

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

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Consideration of highest and best use (HBU) for non-financial physical assets**

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:

External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

**Valuation hierarchy**

Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

**Identifying unobservable inputs (level 3) fair value measurements**

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

**Non-specialised land and Non-specialised Buildings**

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

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

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

In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue buildings to its fair value. There was no material financial impact on change in fair value of land.



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**NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Specialised land and specialised buildings**

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

During the reporting period, the Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

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

In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue buildings to its fair value. There was no material financial impact on change in fair value of land.

**Vehicles**

The Health Service acquires new vehicles and at times disposes of them before completion of their economic life.

The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

**Plant and equipment**

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

For all assets measured at fair value, the current use is considered the highest and best use.

**Revaluations of Non-current Physical Assets**

Non-Current physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification but may occur more frequently if fair value assessments indicate material changes in values.

Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

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

**NOTE 4.3: DEPRECIATION AND AMORTISATION**

	2018	2017
	\$	\$
<b>Depreciation</b>		
Buildings	1,008,876	1,010,208
Land Improvements	3,647	3,580
Plant and Equipment	40,561	47,379
Computers and Communication	25,661	22,867
Motor Vehicles	23,141	28,331
Furniture and Fittings	7,044	6,835
Medical Equipment	116,765	162,282
Hume Rural Health Alliance	16,893	20,697
<b>Total Depreciation</b>	<u>1,242,588</u>	<u>1,302,179</u>
<b>Amortisation</b>		
Hume Rural Health Alliance Intangible Assets	2,127	1,241
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<u>1,244,715</u>	<u>1,303,420</u>

**Depreciation**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

**Amortisation**

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2018	2017
<b>Buildings</b>		
- Structure Shell Building Fabric	5 to 47 years	5 to 47 years
- Site Engineering Services and Central Plant	2 to 20 years	2 to 20 years
<b>Central Plant</b>		
- Fit Out	2 to 3 years	2 to 3 years
- Trunk Reticulated Building Systems	3 to 5 years	3 to 5 years
<b>Plant and Equipment</b>	2 to 25 years	2 to 25 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communication	2 to 20 years	2 to 20 years
Furniture and Fittings	4 to 25 years	4 to 25 years
Motor Vehicles	2 to 3 years	2 to 3 years
Land Improvements	20 years	20 years

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

**NOTE 4.4: INTANGIBLE ASSETS**

	2018	2017
	\$	\$
Intangible Assets - Hume Rural Health Alliance	16,603	42,514
Less Accumulated Amortisation	4,884	3,517
<b>TOTAL INTANGIBLE ASSETS</b>	<b>11,719</b>	<b>38,997</b>

Reconciliation of the carrying amount of intangible assets at the beginning and end of the previous and current financial year:

	HRHA	Total
	\$	\$
<b>Balance at 1 July 2016</b>	21,955	21,955
Additions	18,283	18,283
Amortisation (i)	1,241	1,241
<b>Balance at 1 July 2017</b>	<b>38,997</b>	<b>38,997</b>
Additions/(Disposals)	(25,151)	(25,151)
Amortisation (i)	2,127	2,127
<b>Balance at 30 June 2018</b>	<b>11,719</b>	<b>11,719</b>

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Alexandra District Health Service.

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life.

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**NOTE 5: OTHER ASSETS AND LIABILITIES**

This section sets out those assets and liabilities that arose from the hospital's operations.

**Structure**

5.1 Receivables

5.2 Inventories

5.3 Prepayments and other assets

5.4 Payables

**NOTE 5.1: RECEIVABLES**

	2018	2017
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	30,686	46,449
Patient Fees	14,814	41,103
Accrued Investment Income	18,514	16,385
Hume Rural Health Alliance Receivables	94,661	63,888
Accrued Revenue - Other	2,500	14,413
	<u>161,175</u>	<u>182,238</u>
<b>Statutory</b>		
Accrued Revenue - Department of Health & Human Services	23,110	41,229
GST Receivable - Health Service	25,683	26,902
	<u>48,793</u>	<u>68,131</u>
<b>TOTAL CURRENT RECEIVABLES</b>	<u>209,968</u>	<u>250,369</u>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	119,813	89,710
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<u>119,813</u>	<u>89,710</u>
<b>TOTAL RECEIVABLES</b>	<u>329,781</u>	<u>340,079</u>

Receivables consist of:

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

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

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

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*.

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

**NOTE 5.2: INVENTORIES**

	2018	2017
	\$	\$
Pharmaceuticals - at cost	0	19,541
Catering Supplies - at cost	0	3,714
Housekeeping Supplies - at cost	0	4,700
Medical and Surgical Lines - at cost	85,073	94,941
Administration Stores - at cost	0	4,372
<b>TOTAL INVENTORIES</b>	<b>85,073</b>	<b>127,268</b>

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

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

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

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

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

**NOTE 5.3: PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS**

	2018	2017
	\$	\$
<b>CURRENT</b>		
Prepayments	129,978	163,019
Prepayments - Hume Rural Health Alliance	1,827	3,362
<b>TOTAL CURRENT OTHER ASSETS</b>	<b>131,805</b>	<b>166,381</b>

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.

**NOTE 5.4: PAYABLES**

	2018	2017
	\$	\$
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Creditors	243,433	335,756
Accrued Audit Fees	15,000	18,501
Other	83,083	8,700
Hume Rural Health Alliance Payables	119,775	12,083
	<u>461,291</u>	<u>375,040</u>
<b>Statutory</b>		
Hume Region Health Alliance Fund Holding	32,500	0
Income in Advance - Department of Health and Human Services	240,868	2,500
Amounts Payable to Government - PAYG & FBT Payable	58,039	49,175
	<u>331,407</u>	<u>51,675</u>
<b>TOTAL PAYABLES</b>	<u>792,698</u>	<u>426,715</u>

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and
- statutory payables, that 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 contracts.

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

	Carrying Amount	Nominal Amount	Maturity Dates			
			Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	461,291	461,291	461,291	-	-	-
Lease Liabilities (note 6.1)	20,670	20,670	860	2,580	6,888	10,342
<b>Total Financial Liabilities</b>	<u>481,961</u>	<u>481,961</u>	<u>462,151</u>	<u>2,580</u>	<u>6,888</u>	<u>10,342</u>
<b>2017</b>						
<b>Financial Liabilities</b>						
<i>At amortised cost</i>						
Payables	375,040	375,040	375,040	-	-	-
Lease Liabilities (note 6.1)	34,009	34,009	1,689	3,985	11,956	16,739
<b>Total Financial Liabilities</b>	<u>409,049</u>	<u>409,049</u>	<u>376,729</u>	<u>3,985</u>	<u>11,956</u>	<u>16,739</u>

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

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**NOTE 6: HOW WE FINANCE OUR OPERATIONS**

This section provides information on the sources of finance utilised by the hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

**Structure**

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure



<b>NOTE 6.1: BORROWINGS</b>	2018	2017
	\$	\$
<b>CURRENT</b>		
Finance Lease Liability - HRHA (i)	10,327	15,941
<b>Total Lease Liabilities - Current</b>	<u>10,327</u>	<u>15,941</u>
<b>NON CURRENT</b>		
Finance Lease Liability - HRHA (i)	10,343	18,068
<b>Total Lease Liabilities -Non Current</b>	<u>10,343</u>	<u>18,068</u>
<b>Total Lease Liabilities</b>	<u><u>20,670</u></u>	<u><u>34,009</u></u>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Refer to Note 6.3 for lease commitment details.

**(a) Maturity analysis of borrowings**

Please refer to note 5.4 for the ageing analysis of borrowings.

**(c) Defaults and breaches**

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

**Borrowing Recognition**

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as 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.

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

**Finance leases**

**Entity as lessee**

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement.

**Borrowings**

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

**NOTE 6.2: CASH AND CASH EQUIVALENTS**

	2018 \$	2017 \$
Cash on Hand	400	400
Cash at Bank	1,544,882	828,698
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,545,282</b>	<b>829,098</b>

**Represented by:**

Cash for Health Service Operations (as per Cash Flow Statement)	1,545,282	829,098
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**TOTAL CASH AND CASH EQUIVALENTS**

1,545,282	829,098
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Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

**NOTE 6.3: COMMITMENTS FOR EXPENDITURE**

**(a) Commitments**

**Lease Commitments**

Commitments in relation to leases contracted for at the reporting date:

Finance Leases - HRHA

**Total Lease Commitments**

2018 \$	2017 \$
20,670	34,009
<b>20,670</b>	<b>34,009</b>

**Finance Lease Commitments**

Commitments in relation to finance leases are as payable as follows:

Current

Non Current

Minimum Lease Payments

Less Future Finance Charge

**Total Finance Lease Commitments**

10,947	16,897
10,964	19,152
21,910	36,050
(1,240)	(2,041)
<b>20,670</b>	<b>34,009</b>

**(b) Commitments Payable**

**Lease Commitments Payable**

Less than 1 year

Longer than 1 year but not longer than 5 years

5 years or more

**Total Finance Lease Commitments**

10,327	15,941
10,343	18,068
0	0
<b>20,670</b>	<b>34,009</b>

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

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**NOTE 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES**

The Health Service is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

**Structure**

7.1 Financial instruments

7.2 Contingent assets and contingent liabilities

**NOTE 7.1: 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 Alexandra District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

**(a) Categorisation of financial instruments**

	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2018</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	1,545,282	0	1,545,282
Receivables			0
- Trade Debtors	30,686	0	30,686
- Other Receivables	130,489	0	130,489
Other Financial Assets			
- Term Deposits	1,500,000	0	1,500,000
<b>Total Financial Assets (i)</b>	<b>3,206,457</b>	<b>0</b>	<b>3,206,457</b>
<b>Financial Liabilities</b>			
Payables	0	461,291	461,291
Lease Liabilities	0	20,670	20,670
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>481,961</b>	<b>481,961</b>
	Contractual financial assets - loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>2017</b>			
<b>Contractual Financial Assets</b>			
Cash and cash equivalents	829,098	0	829,098
Receivables			
- Trade Debtors	46,449	0	46,449
- Other Receivables	135,789	0	135,789
Other Financial Assets			
- Term Deposits	1,503,393	0	1,503,393
<b>Total Financial Assets (i)</b>	<b>2,514,729</b>	<b>0</b>	<b>2,514,729</b>
<b>Financial Liabilities</b>			
Payables	0	375,040	375,040
Lease Liabilities	0	34,009	34,009
<b>Total Financial Liabilities(ii)</b>	<b>0</b>	<b>409,049</b>	<b>409,049</b>

(i) The carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable) and statutory payables (i.e. Revenue in advance and DHHS payable).

**NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)**

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

	Total interest income/ (expense) \$	Total \$
<b>2018</b>		
<b>Financial Assets</b>		
Loans and Receivables(i)	51,809	51,809
<b>Total Financial Assets</b>	51,809	51,809
<b>Financial Liabilities</b>		
At amortised cost (ii)	(887)	(887)
<b>Total Financial Liabilities</b>	(887)	(887)
<b>2017</b>		
<b>Financial Assets</b>		
Loans and Receivables(i)	50,077	50,077
<b>Total Financial Assets</b>	50,077	50,077
<b>Financial Liabilities</b>		
At amortised cost (ii)	(1,101)	(1,101)
<b>Total Financial Liabilities</b>	(1,101)	(1,101)

(i) For cash and cash equivalents, loans and receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.

**Categories of financial instruments**

**Loans and receivables and cash**

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 (and for assets, less and impairment).

The Health Service recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits

**Financial liabilities at amortised cost**

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. The Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

**Derecognition of financial assets**

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

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

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

**Impairment of financial assets**

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

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. 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*.

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**NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)**

**Reclassification of financial instruments:**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instrument assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for sale financial instrument assets that meet the definition of loans and receivables may be classified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**NOTE 7.2: 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.

There are no known contingent assets or contingent liabilities at the date of this report. (2017:NIL)

**NOTE 8: OTHER DISCLOSURES**

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

**Structure**

- 8.1 Equity
- 8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
- 8.3 Operating segments
- 8.4 Responsible persons disclosures
- 8.5 Executive officer disclosures
- 8.6 Related parties
- 8.7 Remuneration of auditors
- 8.8 AASBs issued that are not yet effective
- 8.9 Events occurring after the balance sheet date
- 8.10 Jointly Controlled Operations
- 8.11 Alternative presentation of comprehensive operating statement
- 8.12 Economic Dependency

NOTE 8.1: EQUITY	2018	2017
	\$	\$
<b>(a) Surpluses</b>		
<b>Property, Plant and Equipment Revaluation Surplus <sup>1</sup></b>		
Balance at beginning of the reporting period	7,484,801	7,484,801
Revaluation Increment		
- Buildings	2,181,000	0
Balance at the end of the reporting period	<u>9,665,801</u>	<u>7,484,801</u>
Represented by:		
- Land	703,250	703,250
- Buildings	8,962,551	6,781,551
	<u>9,665,801</u>	<u>7,484,801</u>
 (1) The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.		
<b>Restricted Specific Purpose Surplus</b>		
Balance at the beginning of the reporting period	24,304	24,304
Balance at the end of the reporting period	<u>24,304</u>	<u>24,304</u>
<b>Total Surpluses</b>	<u>9,690,105</u>	<u>7,509,105</u>
 <b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	3,591,970	3,591,970
Balance at the end of the reporting period	<u>3,591,970</u>	<u>3,591,970</u>
 <b>(c) Accumulated Surpluses/(Deficits)</b>		
Balance at the beginning of the reporting period	13,839,129	14,901,660
Net Result for the Year	(1,078,660)	(1,062,531)
Balance at the end of the reporting period	<u>12,760,469</u>	<u>13,839,129</u>
<b>Total Equity at end of financial year</b>	<u>26,042,544</u>	<u>24,940,204</u>

**Contributed Capital**

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

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

**Property, Plant and Equipment Revaluation Surplus**

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

**Specific Restricted Purpose Surplus**

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



**NOTE 8.2: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW)  
FROM OPERATING ACTIVITIES**

	2018	2017
	\$	\$
<b>NET RESULT FOR THE YEAR</b>	(1,078,660)	(1,062,531)
<b>Non-cash movements</b>		
Depreciation	1,244,715	1,303,420
Impairment of Intangible Assets	27,278	0
<b>Movements included in investing and financing activities</b>		
Net (Gain)/Loss from Disposal of Plant and Equipment	0	(1,500)
<b>Movements in assets and liabilities</b>		
Change in operating assets and liabilities		
(Increase)/Decrease in Receivables	10,298	(130,856)
(Increase)/Decrease in Prepayments	34,576	(12,162)
(Increase)/Decrease in Inventories	42,195	97
Increase/(Decrease) in Payables	365,983	(145,561)
Increase/(Decrease) in Provisions	108,400	153,037
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>754,785</b>	<b>103,944</b>

**NOTE 8.3: OPERATING SEGMENTS**

Alexandra District Health provides a range of health related services to the general public. Whilst the Hospital provides varying services, including Acute Health, Aged Support Services and Community Health Services, they are all within the one segment, being provision of health care services.

**Geographical Segment**

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

**NOTE 8.4: RESPONSIBLE PERSONS DISCLOSURES**

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

**Responsible Ministers:**

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services  
The Honourable Jenny Mikakos, MLC, Minister for Families and Children

Period
01/07/2017 - 30/06/2018
01/07/2017 - 30/06/2018

**Governing Boards**

Ms. Carole Staley  
Ms. Jennifer Cummins  
Ms. Lorna Gelbert  
Ms. Elizabeth Milford  
Mr. Geoff Hyland  
Ms. Elizabeth Sinclair  
Ms. Penelope Percy  
Mr. Paul Denham

01/07/2017 - 30/06/2018
01/07/2017 - 30/06/2018
01/07/2017 - 30/06/2018
01/07/2017 - 24/04/2018
01/07/2017 - 30/06/2018
01/07/2017 - 06/01/2018
01/07/2017 - 30/06/2018
01/07/2017 - 30/06/2018

**Accountable Officer**

Ms. Deborah Rogers

01/07/2017 - 30/06/2018
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**Remuneration of Responsible Persons**

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

	2018	2017
Income Band	\$	\$
\$0 - \$10,000	8	10
\$160,000 - \$169,999	0	1
\$170,000 - \$179,999	1	0
<b>Total Numbers</b>	<b>9</b>	<b>11</b>
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>\$179,556</b>	<b>\$162,362</b>

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.6.

**NOTE 8.5: EXECUTIVE OFFICER DISCLOSURES**

**Remuneration of executives**

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long-service benefit or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

**Share-based payments** are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

Remuneration of executive officers	Total Remuneration	
	2018	2017
	\$	\$
Short-term employee benefits	125,914	91,567
Post-employment benefits	11,803	8,940
Other long-term benefits	3,108	2,883
Termination benefits	0	0
Share-based payments	0	0
<b>Total Remuneration (a)</b>	<b>140,825</b>	<b>103,390</b>
<b>Total Number of executives</b>	<b>1.00</b>	<b>1.15</b>
<b>Total annualised employee equivalent (AEE) (b)</b>	<b>1.00</b>	<b>1.15</b>

Notes:

- (a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.6).
- (b) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

#### **NOTE 8.6: RELATED PARTIES**

The health service is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members;
- Jointly Controlled Operation - A member of the Hume Rural Health Alliance; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Health Service and its controlled entities, directly or indirectly.

The Board of Directors and the Executive Directors of Alexandra District Health and its controlled entities are deemed to be KMPs.

<b>Entity</b>	<b>KMPs</b>	<b>Position Title</b>
Alexandra District Health	Ms. Carole Staley	Chair of the Board
Alexandra District Health	Ms. Jennifer Cummins	Board Member
Alexandra District Health	Ms. Elizabeth Sinclair	Board Member
Alexandra District Health	Ms. Lorna Gelbert	Board Member
Alexandra District Health	Ms. Elizabeth Milford	Board Member
Alexandra District Health	Mr. Geoff Hyland	Board Member
Alexandra District Health	Ms. Penelope Percy	Board Member
Alexandra District Health	Mr. Paul Denham	Board Member
Alexandra District Health	Ms. Deborah Rogers	Chief Executive Officer
Alexandra District Health	Mr. Andrew Lowe	Director of Corporate Services

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

	2018	2017
<b>COMPENSATION</b>	<b>\$</b>	<b>\$</b>
Short term employee benefits	286,383	145,451
Post-employment benefits	26,852	13,182
Other long-term benefits	7,145	3,729
Termination benefits	0	0
Share based payments	0	0
<b>Total</b>	<b>320,380</b>	<b>162,362</b>

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

(ii) KMPs are also reported in Note 8.4 Responsible Persons or Note 8.5 Remuneration of Executives.

#### **Significant transactions with government-related entities**

Alexandra District Health received funding from the Department of Health and Human Services of \$7,003,436 (2017: \$6,575,608).

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Health Service to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

#### **Transactions with key management personnel and other related parties**

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for Alexandra District Health Board of Directors and Executive Directors in 2018.

#### **NOTE 8.7: REMUNERATION OF AUDITORS**

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

2018	2017
\$	\$
19,000	18,500
<u>19,000</u>	<u>18,500</u>

**NOTE 8.8: AASBs ISSUED THAT ARE NOT YET EFFECTIVE**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 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 2018, 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. Alexandra District Health has not and does not intend to adopt these standards early.

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	01-Jan-18	The assessment has identified the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	01-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AAS's to incorporate the consequential amendments arising from the issuance of AASB 9.	01-Jan-18	The assessment has indicated there will be no significant impact for the public sector.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	01-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follows: - Trade receivables that do not have a significant financing component, are to be measured at their transaction price at initial recognition. - Dividends are recognised in the profit and loss only when: * the entity's right to receive payment of the dividend is established; * it is probable the economic benefits associated with the dividend will flow to the entity; and * the amount can be measured reliably.	01/01/2018 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated there will be no significant impact for the public sector.

**NOTE 8.8: AASBs ISSUED THAT ARE NOT YET EFFECTIVE**

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2108	01-Jan-18	The amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards - Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: - A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	01-Jan-18	The assessment has indicated there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit-Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit-entities from 1 January 2018 to 1 January 2109.	01-Jan-19	The amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 <i>Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit-Entities</i>	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	01-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 - Statutory receivables are recognised and measured similarly to financial assets. AASB 15 - The "customer" does not need to be the recipient of goods and/or services; - The "contract" could include an arrangement entered into under the direction of another party; - Contracts are enforceable if they are enforceable by legal or "equivalent means"; - Contracts do not have to have commercial substance, only economic substance; and - Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	01-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

**NOTE 8.8: AASBs ISSUED THAT ARE NOT YET EFFECTIVE**

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 1058 <i>Income of Not-for-Profit-Entities</i>	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i> . The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	01-Jan-19	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p>

The following accounting pronouncements are also issued but not effective for the 2017 - 18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

**NOTE 8.9: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Health Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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

**NOTE 8.10: JOINTLY CONTROLLED OPERATIONS AND ASSETS**

Name of Entity	Principal Activity	Ownership Interest	
		2018	2017
		%	%
Hume Rural Health Alliance	Information Systems	2.40	2.45

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

	2018	2017
	\$	\$
<b>Current Assets</b>		
Cash and Cash Equivalents	132,014	88,713
Receivables	94,661	63,888
Prepayments	1,827	3,362
<b>Total Current Assets</b>	<b>228,502</b>	<b>155,963</b>
<b>Non Current Assets</b>		
Property Plant and Equipment	12,380	34,344
Leased Assets	20,736	
Intangible Assets	11,719	38,997
<b>Total Non Current Assets</b>	<b>44,835</b>	<b>73,341</b>
<b>Total Assets</b>	<b>273,337</b>	<b>229,304</b>
<b>Current Liabilities</b>		
Payables	119,775	12,083
Borrowings	10,327	15,941
<b>Total Current Liabilities</b>	<b>130,102</b>	<b>28,024</b>
<b>Non Current Liabilities</b>		
Borrowings	10,343	18,068
<b>Total Non Current Liabilities</b>	<b>10,343</b>	<b>18,068</b>
<b>Total Liabilities</b>	<b>140,445</b>	<b>46,092</b>
<b>Net Assets</b>	<b>132,892</b>	<b>183,212</b>
Alexandra District Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:		
<b>Revenues</b>		
Operating Revenue	195,445	209,115
Non Operating Revenue	1,088	366
Capital Purpose Income	98,400	98,000
<b>Total Revenue</b>	<b>294,933</b>	<b>307,481</b>
<b>Expenses</b>		
Employee Benefits	30,648	39,410
Information Technology and Administrative Expenses	136,471	142,264
Expenditure using Capital Income	153,182	3,454
Depreciation and amortisation	19,020	21,938
<b>Total Expenses</b>	<b>339,321</b>	<b>207,066</b>
<b>Net Result</b>	<b>(44,388)</b>	<b>100,415</b>

**Contingent Liabilities and Capital Commitments**

There are no known contingent assets or liabilities for Hume Rural Health Alliance as at the date of this report.

**Investments in joint operations**

In respect of any interest in joint operations, Alexandra District Health recognises in the financial statements:

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



**NOTE 8.11: ALTERNATIVE PRESENTATION OF COMPREHENSIVE OPERATING STATEMENT**

	Note	2018 \$	2017 \$
Grants			
Operating	2.1	7,082,057	6,638,883
Capital	2.1	41,931	47,311
Interest	2.1	51,809	50,077
Sales of goods and services	2.1	436,073	430,393
Other	2.1	693,221	657,264
<b>Revenue from Transactions</b>		<b>8,305,091</b>	<b>7,823,928</b>
Employee expenses	3.1	5,236,883	5,192,333
Depreciation	4.4	1,244,715	1,303,420
Other operating expenses	3.1	2,907,728	2,379,797
<b>Expenses from Transactions</b>		<b>9,389,326</b>	<b>8,875,550</b>
<b>Net Result From Transactions</b>		<b>(1,084,235)</b>	<b>(1,051,622)</b>
<b>Other economic flows included in net result</b>			
Net gain/ (loss) on sale of non-financial assets	7.2	-	1,500
Other gains/ (losses) from other economic flows included in net result	3.4	5,575	(12,409)
<b>Total Other Economic Flows Included in Net Result</b>		<b>5,575</b>	<b>(10,909)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>(1,078,660)</b>	<b>(1,062,531)</b>
<b>Items that will not be reclassified subsequently to net result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus		2,181,000	0
<b>Total other comprehensive income</b>		<b>2,181,000</b>	<b>0</b>
<b>Comprehensive Result</b>		<b>1,102,340</b>	<b>(1,062,531)</b>

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the health service's annual report.

**NOTE 8.12: ECONOMIC DEPENDENCY**

The Health Service is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the Health Service.

