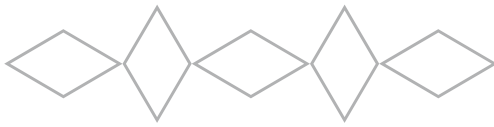


Financial Statements 2014



South West Healthcare

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and the financial position of South West Healthcare at 30 June 2014.

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.

John Maher
Chairperson

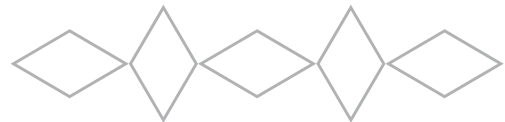
Warrnambool
15 August 2014

Andrew Trigg
Acting Chief Executive Officer

Warrnambool
15 August 2014

David McLaren
Acting Chief Finance
& Accounting Officer

Warrnambool
15 August 2014

**VAGO**

Victorian Auditor-General's Office

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Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, South West Healthcare

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of South West Healthcare which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

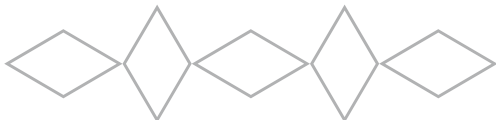
The Board Members of South West Healthcare are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board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

Auditor's Responsibility

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

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

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



Independent Auditor's Report (continued)

Independence

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

Opinion

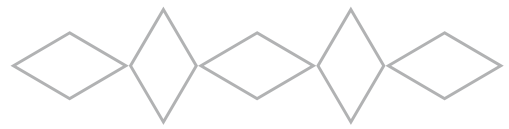
In my opinion, the financial report presents fairly, in all material respects, the financial position of South West Healthcare as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of South West Healthcare for the year ended 30 June 2014 included both in South West Healthcare's annual report and on the website. The Board Members of South West Healthcare are responsible for the integrity of South West Healthcare's website. I have not been engaged to report on the integrity of South West Healthcare's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

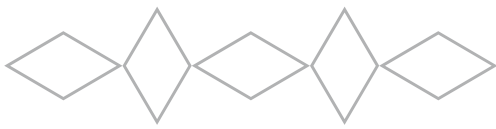
MELBOURNE
15 August 2014


John Doyle
Auditor-General

**COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

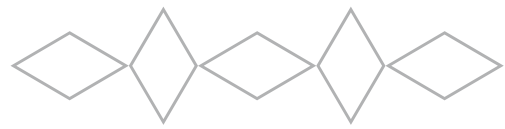
	Note	2014 \$'000	2013 \$'000
REVENUE FROM OPERATING ACTIVITIES	2	139,166	131,798
REVENUE FROM NON-OPERATING ACTIVITIES	2	560	485
Employee Benefits	3	(90,246)	(85,121)
Non Salary Labour Costs	3	(9,869)	(7,818)
Supplies & Consumables	3	(17,329)	(14,950)
Other Operating Expenses	3	(11,479)	(10,737)
Administrative Expenses	3	(10,021)	(10,120)
NET RESULT BEFORE CAPITAL AND SPECIFIC ITEMS		782	3,537
Capital Purpose Income	2	3,267	5,532
Depreciation and Amortisation	4	(8,762)	(8,450)
Expenditure Using Capital Purpose Income	3	(82)	(173)
NET RESULT FOR THE YEAR		(4,795)	446
COMPREHENSIVE RESULT FOR THE YEAR		(4,795)	446
OTHER COMPREHENSIVE INCOME			
Revaluation of Land & Buildings net movement		42,964	-
TOTAL OTHER COMPREHENSIVE INCOME		42,964	-
COMPREHENSIVE RESULT		38,169	446

This Statement should be read in conjunction with the accompanying notes


BALANCE SHEET AS AT 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	12,493	12,211
Receivables	7	3,774	3,659
Inventories	8	1,447	1,452
Other Assets	9	69	79
Total Current Assets		17,783	17,401
Non Current Assets			
Receivables	7	2,150	1,915
Property, Plant & Equipment	10	201,540	162,708
Total Non-Current Assets		203,690	164,623
TOTAL ASSETS		221,473	182,024
LIABILITIES			
Current Liabilities			
Payables	11	6,708	7,750
Provisions	12	20,448	19,011
Other Liabilities	13	1,758	913
Total Current Liabilities		28,914	27,674
Non Current Liabilities			
Provisions	12	2,269	2,229
Total Non-Current Liabilities		2,269	2,229
TOTAL LIABILITIES		31,183	29,903
NET ASSETS		190,290	152,121
EQUITY			
Property, Plant & Equipment Revaluation Reserve	14a	56,713	13,749
Restricted Specific Purpose Reserve	14a	22	22
Contributed Capital	14b	66,744	66,744
Accumulated Surpluses / (Deficits)	14c	66,811	71,606
TOTAL EQUITY	14d	190,290	152,121
Contingent Assets and Contingent Liabilities	18		
Commitments for Expenditure	17		

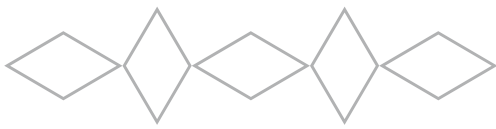
This Statement should be read in conjunction with the accompanying notes



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

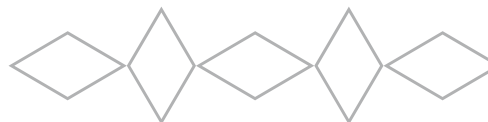
	Note	Property, Plant & Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributions by Owners \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2012		13,749	22	66,744	71,160	151,675
Net result for the year	14c	-	-	-	446	446
Balance at 30 June 2013		13,749	22	66,744	71,606	152,121
Net result for the year	14c	-	-	-	(4,795)	(4,795)
Other comprehensive income for the year		42,964	-	-	-	42,964
Balance at 30 June 2014		56,713	22	66,744	66,811	190,290

This Statement should be read in conjunction with the accompanying notes


CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		120,528	112,273
Patient Fees Received		4,034	4,774
Private Practice Fees Received		1,710	825
Interest Received		549	495
Other Receipts Received		9,021	9,029
GST Received from/ (paid to) ATO		3,058	3,784
Employee Benefits paid		(88,538)	(83,289)
Fee for service Medical Officers		(9,869)	(7,818)
Payments for Supplies & Consumables		(20,501)	(18,334)
Other Payments		(19,337)	(17,239)
Cash Generated from Operations		655	4,500
Capital Grants from Government		2,008	3,904
Capital Donations and Bequests Received		757	1,636
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15	3,420	10,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(4,829)	(7,751)
Proceeds from Sale of Non-Financial Assets		727	519
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(4,102)	(7,232)
NET INCREASE / (DECREASE) IN CASH HELD		(682)	2,808
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD		11,114	8,306
CASH AND CASH EQUIVALENTS END OF PERIOD	6	10,432	11,114

This Statement should be read in conjunction with the accompanying notes



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for South West Healthcare for the year ended 30 June 2014. The purpose of the report is to provide users with Information about South West Healthcare's stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These financial statements are a general purpose financial report which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*. The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of South West Healthcare on 15 August 2014.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014, and the comparative information presented in these financial statements for the year ended 30 June 2013.

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

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

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

The Financial Statements are prepared in accordance with the historical cost convention, except for:

- > non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- > available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result).
- > the fair value of assets other than land is generally based on their depreciated replacement value.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by

the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to:

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

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

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

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

For the purpose of fair values disclosures, South West Healthcare 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, South West Healthcare 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 South West Healthcare's independent valuation agency.

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

(C) REPORTING ENTITY

The financial statements include all the controlled activities of South West Healthcare.

Its principal address is:

Ryot Street
Warrnambool
Victoria 3280.

Objectives and funding

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

South West Healthcare is predominantly funded by accrual based grant funding for the provision of outputs.

(D) PRINCIPLES OF CONSOLIDATION

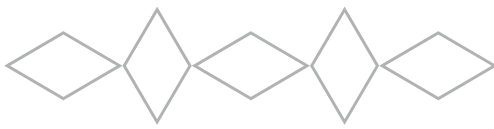
Intersegment Transactions

Transactions between segments within the South West Healthcare have been eliminated to reflect the extent of the South West Healthcare's operations as a group.

Jointly controlled assets

Interests in jointly controlled assets are accounted for by recognising in South West Healthcare's financial statements its proportionate share of the assets, liabilities and any income and expenses of such assets.

Details of jointly controlled assets are set out in Note 22.



(E) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Fund Accounting

South West Healthcare operates on a fund accounting basis and maintains three funds:

Operating, Specific Purpose and Capital Funds. South West Healthcare's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

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

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

Residential Aged Care Service

The following Residential Aged Care Service operations are an integral part of South West Healthcare and share its resources.

> Merindah Lodge Nursing Home (located in Camperdown)

An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on the actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

Comprehensive operating statement

The Comprehensive operating statement includes the subtotal entitled 'Net result Before Capital & Specific Items' to enhance the understanding of the financial performance of South West Healthcare. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result Before Capital & Specific Items' is used by the management of South West Healthcare, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services. Capital and specific items, which are excluded from this sub-total, comprise:

- > Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (f)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- > Depreciation and amortisation, as described in Note 1 (h)
- > Assets provided or received free of charge (refer to Note 1 (g) and (h))
- > Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.
- > Specific income/expense, comprises the following items, where material:
 - > Non-current asset revaluation increments/decrements

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

Rounding

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

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

Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(F) CHANGE IN ACCOUNTING POLICIES

AASB Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The health service has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the health service has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair value recognised.

AASB 13 has predominantly impacted the disclosures of the health service. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

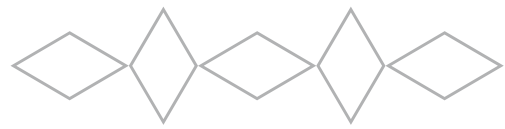
The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012–2013, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

AASB 119 Employee Benefits

In 2013–2014, the health service has applied AASB 119 *Employee Benefits* (Sep 2011, as amended), and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the health service.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee



benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

South West Healthcare considers that this change in classification has not materially altered its measurement of the annual leave provision.

(G) INCOME FROM TRANSACTIONS

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to South West Healthcare 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 is, where applicable, net of returns, allowances and duties and taxes.

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

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

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

Indirect Contributions from the Department of Health

- > Insurance is recognised as revenue following advice from the Department of Health.
- > Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2012–2013).

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established.

Interest Revenue

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

Sale of Investments

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

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

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

Other income

Other income includes non-property rental, dividends, forgiveness of liabilities, and bad debt reversals.

(H) EXPENSE RECOGNITION

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

Cost of goods sold

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

Employee expenses

Employee expenses include;

- > wages and salaries;
- > annual leave;
- > sick leave;
- > long service leave; and
- > superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined contribution superannuation plans

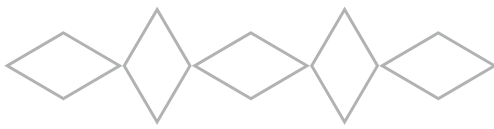
In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans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

Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in note 5: Superannuation.



Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties).

Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

	2014	2013
Buildings		
> Structure Shell Building Fabric	Up to 42 years	Up to 42 years
> Site Engineering Services and Central Plant	Up to 30 years	Up to 30 years
Central Plant		
> Fit Out	Up to 30 years	Up to 30 years
> Trunk Reticulated Building Systems	Up to 30 years	Up to 30 years
Plant & Equipment	Up to 30 years	Up to 30 years
Medical Equipment	Up to 20 years	Up to 20 years
Computers and Communication	Up to 5 years	Up to 5 years
Furniture and Fitting	Up to 20 years	Up to 20 years
Motor Vehicles	Up to 13 years	Up to 13 years
Leasehold Improvements	Up to 7 years	Up to 7 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.

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

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.

> Bad and doubtful debts

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

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

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or

conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

> Borrowing costs of qualifying assets

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

(I) OTHER COMPREHENSIVE INCOME

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

Net gain/(loss) on non-financial assets

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

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

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

Net gain/ (loss) on disposal of non-financial assets

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

Revaluations of financial instrument at fair value

Refer to Note 1 (k) *Financial instruments*.

Share of net profits/(losses) of associates and joint entities, excluding dividends.

Refer to Note 1 (d) *Basis of consolidation*.

Other gains/(losses) from other comprehensive income

Other gains/(losses) include:

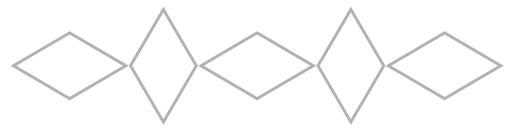
- > the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- > transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(J) FINANCIAL INSTRUMENTS

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

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

The following refers to financial instruments unless otherwise stated.



CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

Loans and receivables

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

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

Financial liabilities at amortised cost

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

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

(K) ASSETS

Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 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 current interest bearing liabilities in the balance sheet.

Receivables

Receivables consist of;

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

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

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

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

Investments and other financial assets

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

Investments are classified in the following categories;

- > financial assets at fair value through profit & loss;
- > held-to-maturity;
- > loans and receivables; and
- > available-for-sale financial assets.

South West Healthcare classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

South West Healthcare assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

Inventories

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

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

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

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

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

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

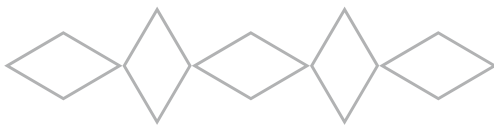
Property, Plant and Equipment

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

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

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

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



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

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

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103E *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 FRD's. 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 net result, the increment is recognised as revenue 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 103E the Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Prepayments

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

Disposal of non-financial assets

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

Impairment of non-financial assets

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

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

- > inventories;
- > non-current physical assets held for sale; and
- > assets arising from construction contracts.

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

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent

that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

Investments in jointly controlled assets and operations

In respect of any interest in jointly controlled assets, South West Healthcare recognises in the financial statements:

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

For jointly controlled operations South West Healthcare recognises:

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

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.

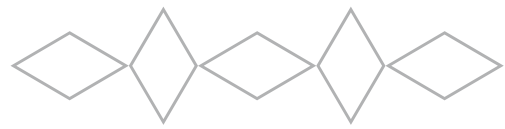
Impairment of financial assets

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

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

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

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



In order to determine an appropriate fair value as at 30 June 2014 for its portfolio of financial assets, South West Healthcare obtained a valuation based on the best available advice using an estimated valuation method provided by a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2014. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

(L) LIABILITIES

Payables

Payables consist of:

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

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

Provisions

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

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

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

Employee Benefits

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

Wages and salaries, annual leave and accrued days off

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

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

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

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

Termination benefits

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

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

On-costs

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

Superannuation liabilities

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

Derecognition of financial liabilities

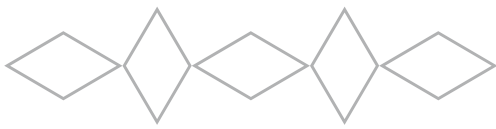
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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 expense in the consolidated comprehensive operating statement.

(M) LEASES

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 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.

Operating leases

Entity as lessor

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(N) EQUITY

Contributed capital

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

(O) COMMITMENTS

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

(P) 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.

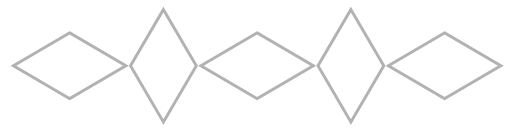
(Q) GOODS AND SERVICES TAX ("GST")

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

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

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

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



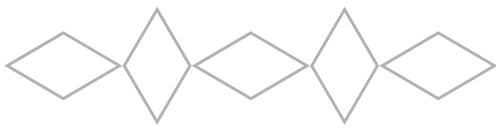
(R) AASS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2014 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

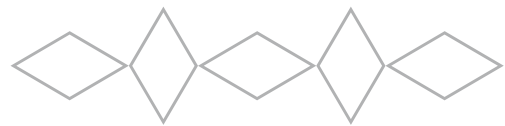
As at 30 June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below.

The Health Service has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Application for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jan 2014 (not-for-profit entities)	For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 11 <i>Joint Arrangements</i>	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.



<p>AASB 12 <i>Disclosure of Interests in Other Entities</i></p>	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p>	<p>1 Jan 2014 (not-for-profit entities)</p>	<p>The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.</p>
<p>AASB 127 <i>Separate Financial Statements</i></p>	<p>This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.</p>	<p>1 Jan 2014 (not-for-profit entities)</p>	<p>Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.</p>
<p>AASB 128 <i>Investments in Associates and Joint Ventures</i></p>	<p>This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p>	<p>1 Jan 2014 (not-for-profit entities)</p>	<p>Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.</p>



In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013–14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013–14 reporting period and is considered to have insignificant impacts on public sector reporting.

AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 2011–7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

2013–1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements

2013–3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

2013–4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

2013–5 Amendments to Australian Accounting Standards – Investment Entities

2013–6 Amendments to AASB 136 arising from Reduced Disclosure Requirements

2013–7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders

2013–9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB Interpretation 21 Levies.

(S) CATEGORY GROUPS

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

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

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

Emergency Department Services (EDS) comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

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

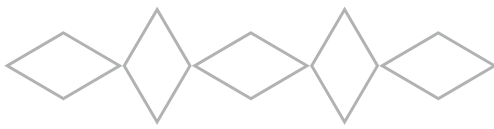
Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/ expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area Health Services) but are delivered / received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/ remote areas.

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

program. It excludes all other residential services funded under the mental health program, such as mental health-funded community care units (CCUs) and secure extended care units (SECs).

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

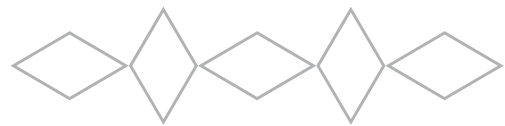


NOTE 2: REVENUE

	HSA 2014 \$'000	HSA 2013 \$'000	H&CI 2014 \$'000	H&CI 2013 \$'000	TOTAL 2014 \$'000	TOTAL 2013 \$'000
Revenue from Operating Activities						
Government Grants						
> Department of Health	27,445	55,000	-	-	27,445	55,000
> Victorian Health Funding Pool	83,230	47,622	-	-	83,230	47,622
> Dental Health Services Victoria	2,229	1,261	-	-	2,229	1,261
> Commonwealth Government						0
– Residential Aged Care Subsidy	2,908	2,628	-	-	2,908	2,628
– Local Hospitals Network Grant	-	1,410	-	-	0	1,410
– Other	4,684	3,944	-	-	4,684	3,944
Total Government Grants	120,496	111,865	-	-	120,496	111,865
Indirect Contributions by Department of Health						
> Insurance	75	2,111	-	-	75	2,111
> Long Service Leave	234	526	-	-	234	526
Total Indirect Contributions by Department of Health	309	2,637	-	-	309	2,637
Patient and Resident Fees (refer note 2b)	3,609	4,513	-	-	3,609	4,513
Total Patient & Resident Fees	3,609	4,513	-	-	3,609	4,513
Business Units & Specific Purpose Funds						
Private Practice Fees	-	-	1,252	783	1,252	783
Food Services	-	-	1,234	1,125	1,234	1,125
Retail Services	-	-	1,205	1,118	1,205	1,118
Linen Service	-	-	1,855	1,724	1,855	1,724
Other Activities	-	-	664	730	664	730
Total Business Units & Specific Purpose Funds	-	-	6,210	5,480	6,210	5,480
Other Revenue from operating Activities	8,542	7,303	-	-	8,542	7,303
Sub -Total Revenue from Operating Activities	132,956	126,318	6,210	5,480	139,166	131,798
Revenue from Non Operating Activities						
Interest	-	-	560	485	560	485
Sub-Total Revenue from Non Operating Activities	-	-	560	485	560	485
Revenue from Capital Purpose Income						
State Government Capital Grants						
> Equipment and Infrastructure	2,636	2,401	-	-	2,636	2,401
> Capital Redevelopment Grants	-	1,756	-	-	0	1,756
Residential Accommodation Payments (refer note 2b)	159	136	-	-	159	136
Net Gain / (Loss) on Sale of Non-Financial Assets (refer note 2c)	-	-	(125)	(261)	(125)	-261
Assets Received Free of Charge	-	-	25	-	25	-
Donations and Bequests	-	-	560	1,500	560	1,500
Other Capital Purpose Income	-	-	12	-	12	-
Sub -Total Revenue from Capital Purpose Income	2,795	4,293	472	1,239	3,267	5,532
Total Revenue (refer note 2a)	135,751	130,611	7,242	7,204	142,993	137,815

Indirect contributions by Department of Health:

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



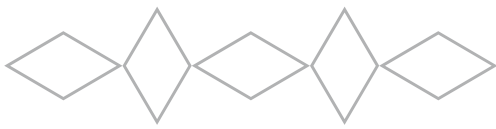
NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

	Admitted Patients 2014 \$'000	Out-patients 2014 \$'000	EDS 2014 \$'000	Ambulatory 2014 \$'000	Aged & Home Care 2014 \$'000	RAC 2014 \$'000	Mental Health 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
Revenue from Services Supported by Health Service Agreement										
Government Grants	75,163	4,161	10,214	5,003	2,080	2,623	15,802	2,058	3,392	120,496
Indirect Contributions by Department of Health	309	-	-	-	-	-	-	-	-	309
Patient and Resident Fees (refer note 2b)	1,963	384	-	-	344	595	5	39	279	3,609
Other	8,426	-	-	-	-	-	116	-	-	8,542
Capital Purpose Income	2,795	-	-	-	-	-	-	-	-	2,795
Sub-Total Revenue from Services Supported by Health Services Agreement	88,656	4,545	10,214	5,003	2,424	3,218	15,923	2,097	3,671	135,751
Revenue from Services Supported by Hospital and Community Initiatives										
Business Units Et Specific Purpose Funds	-	-	-	-	-	-	-	-	6,210	6,210
Other	-	-	-	-	-	-	-	-	560	560
Capital Purpose Income	-	-	-	-	-	-	-	-	472	472
Sub-Total Revenue from Services Supported by Hospital Et Community Initiatives	-	-	-	-	-	-	-	-	7,242	7,242
Total Revenue	88,656	4,545	10,214	5,003	2,424	3,218	15,923	2,097	10,913	142,993

	Admitted Patients 2013 \$'000	Out-patients 2013 \$'000	EDS 2013 \$'000	Ambulatory 2013 \$'000	Aged & Home Care 2013 \$'000	RAC 2013 \$'000	Mental Health 2013 \$'000	Primary Health 2013 \$'000	Other 2013 \$'000	Total 2013 \$'000
Revenue from Services Supported by Health Service Agreement										
Government Grants	68,046	5,073	9,827	5,029	2,078	2,237	15,306	2,303	2,492	112,391
Indirect Contributions by Department of Health	2,111	-	-	-	-	-	-	-	-	2,111
Patient and Resident Fees (refer note 2b)	3,134	371	-	-	353	498	-	37	120	4,513
Other	7,230	-	-	-	-	-	73	-	-	7,303
Capital Purpose Income	4,293	-	-	-	-	-	-	-	-	4,293
Sub-Total Revenue from Services Supported by Health Services Agreement	84,814	5,444	9,827	5,029	2,431	2,735	15,379	2,340	2,612	130,611
Revenue from Services Supported by Hospital and Community Initiatives										
Business Units Et Specific Purpose Funds	-	-	-	-	-	-	-	-	5,480	5,480
Other	-	-	-	-	-	-	-	-	485	485
Capital Purpose Income	-	-	-	-	-	-	-	-	1,239	1,239
Sub Total Revenue From Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	7,204	7,204
Total Revenue	84,814	5,444	9,827	5,029	2,431	2,735	15,379	2,340	9,816	137,815

Indirect contributions by Department of Health:

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

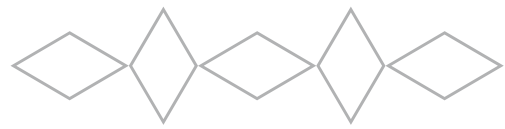


NOTE 2B: PATIENT AND RESIDENT FEES RAISED

Patient & Resident Fees	Total 2014 \$'000	Total 2013 \$'000
Recurrent		
Acute		
– Inpatients	1,968	3,134
– Outpatients	1,046	881
Residential Aged Care		
– Nursing Home	595	498
Total Patient and Resident Fees	3,609	4,513
Capital Purpose:		
Residential Accommodation Payments	159	136
Total Capital	159	136

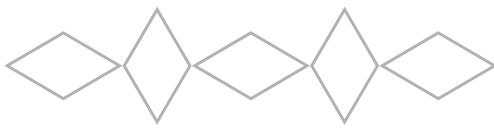
NOTE 2C: NET GAIN / (LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	Total 2014 \$'000	Total 2013 \$'000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment	4	53
Motor Vehicles	723	466
Total Proceeds from Disposal of Non-Current Assets	727	519
Less: Written Down Value of Non Current Assets Sold		
Buildings	-	113
Plant & Equipment	31	141
Furniture & Fittings	1	3
Motor Vehicles	820	523
Total Written Down Value of Non Current Assets Sold	852	780
Net Gains / (Loss) on Disposal of Non-Current Assets	(125)	(261)



NOTE 3: EXPENSES

	HSA 2014 \$'000	HSA 2013 \$'000	H&CI 2014 \$'000	H&CI 2013 \$'000	TOTAL 2014 \$'000	TOTAL 2013 \$'000
Employee Benefits						
Salaries & Wages	77,557	73,189	2,644	2,354	80,201	75,543
Workcover	766	478	19	23	785	501
Long Service Leave	1,999	2,241	90	66	2,089	2,307
Superannuation	6,948	6,557	223	213	7,171	6,770
Total Employee Benefits	87,270	82,465	2,976	2,656	90,246	85,121
Non Salary Labour Costs						
Fee for Service Medical Officers	9,869	7,818	-	-	9,869	7,818
Supplies & Consumables						
Drug Supplies	5,863	4,698	-	-	5,863	4,698
Medical & Surgical Supplies	9,710	8,547	236	282	9,946	8,829
Food Supplies	1,259	1,168	261	255	1,520	1,423
Total Supplies & Consumables	16,832	14,413	497	537	17,329	14,950
Other Expenses from Continuing Operations						
Domestic Services and Supplies	1,534	1,475	204	270	1,738	1,745
Fuel Light Power & Water	1,469	1,412	244	241	1,713	1,653
Insurance Costs Funded by DH	2,592	2,111	0	0	2,592	2,111
Repairs & Maintenance	2,276	2,051	206	167	2,482	2,218
Maintenance Contracts	808	689	57	18	865	707
Motor Vehicles	461	451	73	107	534	558
Administrative Expenses	9,043	9,081	978	1,040	10,021	10,121
Patient Transport	1,475	1,612	-	-	1,475	1,612
Bad Debts	-	-	-	-	0	0
Audit Fees - VAGO Audit of Financial statements	45	44	-	-	45	44
Audit Fees - Other	35	88	-	-	35	88
Total Other Expenses from Continuing Operations	19,738	19,014	1,762	1,843	21,500	20,857
Expenditure using Capital Purpose Income						
Other Expenses	82	173	-	-	82	173
Total Expenditure using Capital Purpose Income	82	173	-	-	82	173
Depreciation and Amortisation	-	-	8,762	8,450	8,762	8,450
Total Expenses	133,791	123,883	13,997	13,486	147,788	137,369

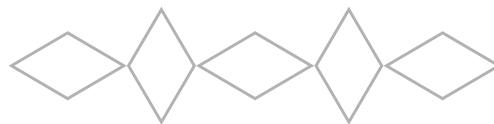


NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

	Admitted Patients 2014 \$'000	Out-patients 2014 \$'000	EDS 2014 \$'000	Ambulatory 2014 \$'000	Aged & Home Care 2014 \$'000	RAC 2014 \$'000	Mental Health 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
Services Supported by Health Services Agreement										
Employee Benefits	54,598	2,799	6,289	3,081	1,493	2,576	12,880	1,291	2,261	87,268
Non salary labour benefits	9,865	-	-	-	-	4	-	-	-	9,869
Supplies & consumables	12,600	646	1,452	711	345	58	200	298	522	16,832
Other Expenses from continuing operations	13,896	714	1,605	786	381	599	826	356	577	19,740
Sub-Total Expenses from Services Supported by Health Services Agreement	90,959	4,159	9,346	4,578	2,219	3,237	13,906	1,945	3,360	133,709
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	2,976	2,976
Supplies & Consumables	-	-	-	-	-	-	-	-	497	497
Other Expenses from continuing operations	-	-	-	-	-	-	-	-	1,762	1,762
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	-	-	8,762	8,762
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	13,997	13,997
Services Supported by Capital Sources										
Other Expenses	-	-	-	-	-	-	-	-	82	82
Sub-Total Expenses from Services Supported by Capital Resources	-	-	-	-	-	-	-	-	82	82
Total Expenses	90,959	4,159	9,346	4,578	2,219	3,237	13,906	1,945	17,439	147,788

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

	Admitted Patients 2013 \$'000	Out-patients 2013 \$'000	EDS 2013 \$'000	Ambulatory 2013 \$'000	Aged & Home Care 2013 \$'000	RAC 2013 \$'000	Mental Health 2013 \$'000	Primary Health 2013 \$'000	Other 2013 \$'000	Total 2013 \$'000
Services Supported by Health Services Agreement										
Employee Benefits	50,726	3,429	6,191	3,168	1,532	2,249	12,051	1,474	1,645	82,465
Non salary labour benefits	7,815	-	-	-	-	4	-	-	-	7,819
Supplies & consumables	10,527	712	1,285	658	318	47	219	306	341	14,413
Other Expenses from continuing operations	11,389	772	1,393	713	345	658	3,015	359	370	19,014
Sub-Total Expenses from Services Supported by Health Services Agreement	80,457	4,913	8,869	4,539	2,195	2,958	15,285	2,139	2,356	123,711
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	2,655	2,655
Supplies & Consumables	-	-	-	-	-	-	-	-	537	537
Other Expenses from continuing operations	-	-	-	-	-	-	-	-	1,843	1,843
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	-	-	8,450	8,450
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	13,485	13,485
Services Supported by Capital Sources										
Other Expenses	-	-	-	-	-	-	-	-	173	173
Sub-Total Expenses from Services Supported by Capital Resources	-	-	-	-	-	-	-	-	173	173
Total Expenses	80,457	4,913	8,869	4,539	2,195	2,958	15,285	2,139	16,014	137,369



NOTE 3B

Analysis of Expenses by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives	2014 \$'000	2013 \$'000
Private Practice Fees	1,228	1,101
Linen Service	1,484	1,412
Food Services	1,114	1,017
Retail Services	901	957
Other Activities	508	549
Total	5,235	5,036

NOTE 4: DEPRECIATION

	2014 \$'000	2013 \$'000
Buildings	5,602	5,682
Plant & Equipment	638	617
Medical Equipment	958	911
Computers & Communications	699	568
Furniture and Fittings	292	293
Motor Vehicles	573	378
Leased Assets	-	1
Total Depreciation	8,762	8,450

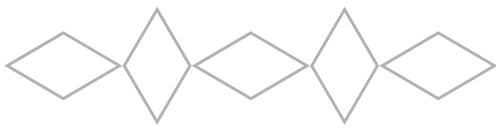
NOTE 5: SUPERANNUATION

	Paid Contributions for the Year		Contributions Outstanding at Year End	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Defined benefit plans:				
First State Super (Health Super)	395	451	-	-
State Super fund	104	109	-	-
Defined contribution plans:				
First State Super (Health Super)	5,362	5,078	-	-
Hesta Super fund	1,225	1,031	-	-
Other	85	101	-	-
Total	7,171	6,770	-	-

NOTE 6: CASH AND CASH EQUIVALENTS

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

	2014 \$'000	2013 \$'000
Cash on Hand	8	7
Cash at Bank	2,439	5,158
Deposits at Call	10,046	7,046
Cash at End of Reporting Period	12,493	12,211
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	10,432	11,114
Cash at Bank South West Alliance of Rural Health	282	162
Cash for Monies Held in Trust		
– Endowment Fund	22	22
– Deposits at Call	1,757	913
Total	12,493	12,211



NOTE 7: RECEIVABLES

	2014 \$'000	2013 \$'000
Current		
Contractual		
Acute – Inpatient	315	394
Acute – Outpatient	60	114
Aged Care – Nursing Home	92	101
Regional Institutions	2,186	1,491
South West Alliance of Rural Health (SWARH)	156	315
Linen Service Debtors	186	303
Accrued Investment Income	74	42
Less Provision for Bad Debts	(24)	(35)
	3,045	2,725
Statutory		
GST Receivable	225	407
Accrued Government Grants	504	527
	729	934
Total Current Receivables	3,774	3,659
Non Current Statutory		
Long Service Leave – DHS	2,150	1,915
Total Non Current Receivables	2,150	1,915
Total Receivables	5,924	5,574
(a) Movement in the Allowance for doubtful debts		
Balance at beginning of year	34	34
Amounts written off during the year	(22)	(16)
Amounts recovered during the year	12	16
Balance at end of year	24	34

(b) Ageing analysis of receivables

Please refer to Note 16 (b) for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables

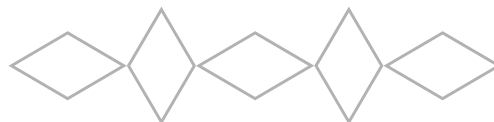
Please refer to Note 16 (b) for the nature and extent of credit risk arising from receivables

NOTE 8: INVENTORIES

	2014 \$'000	2013 \$'000
Pharmaceuticals at cost	473	467
General Supplies at cost	374	362
Healthcare Shop Supplies at cost	191	164
Bulk Linen Store – Linen Service at cost	112	147
Linen in Use at Net Realisable Value	297	312
Total Inventories	1,447	1,452

NOTE 9: OTHER ASSETS

	2014 \$'000	2013 \$'000
Prepayments	20	34
South West Alliance of Rural Health	49	45
Total Other Assets	69	79



NOTE 10: PROPERTY, PLANT & EQUIPMENT

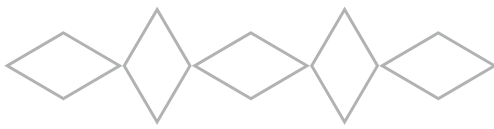
	Gross Cost/ Valuation 2014 \$'000	Gross Cost/ Valuation 2013 \$'000	Accum. Deprec. 2014 \$'000	Accum. Deprec. 2013 \$'000	Net Assets at 2014 \$'000	Net Assets at 2013 \$'000
Land at fair value	9,329	16,235	-	-	9,329	16,235
Buildings at fair value	176,072	42,743	-	14,354	176,072	28,389
Subtotal	185,401	58,978	-	14,354	185,401	44,624
Buildings at cost	-	104,227	-	2,354	-	101,873
Buildings under construction at cost	990	221	-	-	990	221
Plant & Equipment at fair value	8,078	8,330	4,630	4,173	3,448	4,157
Medical Equipment at fair value	11,763	11,780	6,667	6,518	5,096	5,262
Computers & Communications at fair value	6,472	5,563	4,400	3,758	2,072	1,805
Furniture & Fittings at fair value	3,677	3,642	1,639	1,349	2,038	2,293
Motor Vehicles at fair value	3,391	3,363	896	890	2,495	2,473
Leased Assets at cost	46	46	46	46	-	-
Subtotal	34,417	137,172	18,278	19,088	16,139	118,084
Total	219,818	196,150	18,278	33,442	201,540	162,708

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

	Land	Buildings & Buildings under construct.	Plant & Equip.	Medical Equip.	Computers & Comms.	Furniture & Fittings	Motor Vehicles	Leased Assets	Total
Balance at 1 July 2012	16,235	132,500	4,307	5,040	1,524	1,715	2,612	1	163,934
Additions	-	3,781	590	1,155	846	870	762	-	8,004
Disposals	-	(113)	(120)	(21)	(3)	-	(523)	-	(780)
Depreciation/amortisation expense (refer note 4)	-	(5,682)	(617)	(911)	(568)	(293)	(378)	(1)	(8,450)
Balance at 30 June 2013	16,235	130,486	4,160	5,263	1,799	2,292	2,473	-	162,708
Additions	9	2,147	83	823	968	38	1,414	-	5,482
Transfers	-	154	(154)	-	-	-	-	-	-
Disposals	-	-	-	(33)	-	-	(819)	-	(852)
Revaluation increments / (decrements)	(6,915)	49,879	-	-	-	-	-	-	42,964
Depreciation/amortisation expense (refer note 4)	-	(5,602)	(632)	(958)	(705)	(292)	(573)	-	(8,762)
Balance at 30 June 2014	9,329	177,064	3,457	5,095	2,062	2,038	2,495	-	201,540

Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.



NOTE 10: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

	Carrying Amount as at 30 June 2014 \$'000	Fair value measurement at end of reporting period using:		
		Level 1* \$'000	Level 2* \$'000	Level 3* \$'000
Land at Fair Value				
Specialised land	9,329	-	-	9,329
Total of Land at Fair Value	9,329	-	-	9,329
Buildings at Fair Value				
Specialised Buildings	177,064	-	-	177,064
Total of Building at Fair Value	177,064	-	-	177,064
Plant and Equipment at Fair Value				
Plant and Equipment at fair value	3,457	-	-	3,457
Total Plant and Equipment at Fair Value	3,457	-	-	3,457
Medical Equipment at Fair Value				
Medical Equipment at Fair Value	5,095	-	-	5,095
Total Medical Equipment at Fair Value	5,095	-	-	5,095
Computers and Communication at Fair Value				
Computers and Communication at Fair Value	2,062	-	-	2,062
Total Computers and Communication at Fair Value	2,062	-	-	2,062
Furniture and Fittings at Fair Value				
Furniture and Fittings at Fair Value	2,038	-	-	2,038
Total Furniture and Fittings at Fair Value	2,038	-	-	2,038
Motor Vehicles at Fair Value				
Motor Vehicles at Fair Value	2,495	-	-	2,495
Total Motor Vehicles at Fair Value	2,495	-	-	2,495
Total	201,540	-	-	201,540

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

(ii) Vehicles are categorised to level 3 assets if the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

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

Vehicles

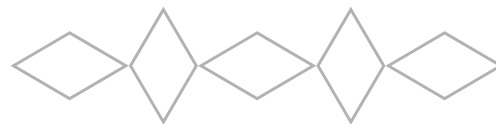
The Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2014.

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



NOTE 10: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

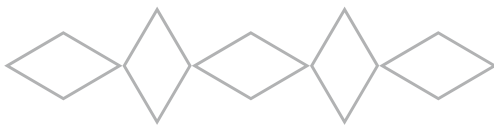
(b) Reconciliation of Level 3 fair value 2014

	Land	Buildings	Plant & Equip.	Medical Equip.	Computures & Comm.	Furniture & Fittings	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	16,235	130,486	4,160	5,263	1,799	2,292	2,473	162,708
Purchases / (Sales)	9	2,147	83	790	968	38	595	4,630
Transfers in (out) of Level 3	-	154	(154)	-	-	-	-	-
Gain or losses recognised in net result								
- Depreciation	-	(5,602)	(632)	(958)	(705)	(292)	(573)	(8,762)
	16,244	127,185	3,457	5,095	2,062	2,038	2,495	158,576
Items recognised in other comprehensive income								
Revaluation Increments/(Decrements)	(6,915)	49,879	-	-	-	-	-	42,964
Closing Balance	9,329	177,064	3,457	5,095	2,062	2,038	2,495	201,540

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

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	\$500 - \$5,100/m ² (\$1,635)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	Up to 42 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit	\$1,000 - \$1,300,000 (\$10,000)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of PPE	Up to 30 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	\$8,000-\$126,000 per unit (\$29,000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles	Up to 13 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Medical equipment at fair value	Depreciated replacement cost	Cost per unit	\$1,000 - \$430,000 (\$10,000)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of medical equipment	Up to 20 years	Increase (decrease) in useful life would result in a significantly higher (lower) fair value
Assets under construction at fair value	Depreciated replacement cost	Cost per unit	\$1,000 - \$5,000,000	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value



NOTE 11: PAYABLES

	2014 \$'000	2013 \$'000
Current		
Contractual		
Trade Creditors	3,347	4,108
Accrued Expenses	3,174	3,642
Accrued Grant Recall	187	-
TOTAL CURRENT	6,708	7,750

(a) Maturity analysis of payables

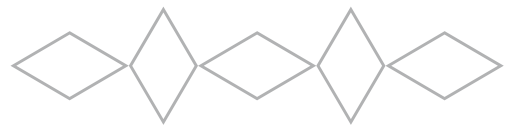
Please refer to Note 16(c) for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Note 16(c) for the nature and risk arising from payables

NOTE 12: PROVISIONS

	2014 \$'000	2013 \$'000
Current Provisions		
Employee Benefits (i)		
Annual leave		
– Unconditional and expected to be settled wholly within 12 months (ii)	6,364	5,652
– Unconditional and expected to be settled wholly after 12 months (iii)	-	-
Long service leave		
– Unconditional and expected to be settled wholly within 12 months (ii)	1,364	1,471
– Unconditional and expected to be settled wholly after 12 months (iii)	7,885	7,180
Other (List) –Salaries & Wages Accrued & ADOs		
– Unconditional and expected to be settled within 12 months (ii)	2,660	2,607
	18,273	16,910
Provisions related to Employee Benefit On-Costs		
– Unconditional and expected to be settled within 12 months (ii)	1,019	1,063
– Unconditional and expected to be settled after 12 months (iii)	1,156	1,038
	2,175	2,101
TOTAL CURRENT PROVISIONS	20,448	19,011
Non-Current Provisions		
– Employee Benefits (i)	2,017	1,947
– Provisions related to Employee Benefit On-Costs	252	282
TOTAL NON-CURRENT PROVISIONS	2,269	2,229
TOTAL PROVISIONS	22,717	21,240



NOTE 12: PROVISIONS (CONTINUED)

(a) Employee Benefits and Related On-Costs

	2014 \$'000	2013 \$'000
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	10,405	9,689
Annual Leave Entitlements	7,160	6,471
Accrued Wages and Salaries	2,714	2,655
Accrued Days Off	169	196
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (iii)	2,269	2,229
Total Employee Benefits	22,717	21,240

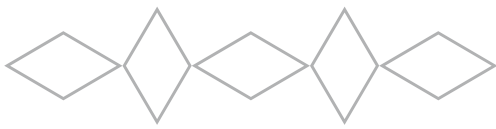
(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

(b) Movements in Provisions

	2014 \$'000	2013 \$'000
Movement in Long Service Leave:		
Balance at start of year	11,876	10,841
Provision made during the year	2,164	2,322
Settlement made during the year	(1,365)	(1,287)
Balance at end of year	12,675	11,876

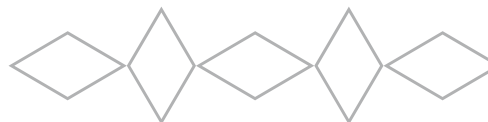


NOTE 13: OTHER LIABILITIES

	2014 \$'000	2013 \$'000
Monies Held in trust		
– Patient Monies held in Trust	94	65
– Accommodation Bonds	1,664	848
Total	1,758	913
Represented by the following assets:		
Cash Assets (Note 6)	1,757	913
Total	1,757	913

NOTE 14: EQUITY & RESERVES

	2014 \$'000	2013 \$'000
(a) Reserves		
Property, Plant & Equipment Revaluation Reserve		
Balance at the beginning of the reporting period	13,749	13,749
Revaluation Increment/ (Decrements)		
– Land	(6,915)	-
– Buildings	49,879	-
Balance at the end of the reporting period	56,713	13,749
Represented by:		
– Land	5,035	11,950
– Buildings	51,678	1,799
	56,713	13,749
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	22	22
Balance at the end of the reporting period	22	22
Total Reserves	56,735	13,771
(b) Contributed Capital		
Balance at the beginning of the reporting period	66,744	66,744
Balance at the end of the reporting period	66,744	66,744
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	71,606	71,160
Net Result for the Year	(4,795)	446
Balance at the end of the reporting period	66,811	71,606
(d) Total Equity at end of financial year	190,290	152,121



**NOTE 15: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2014 \$'000	2013 \$'000
Net Result for the Year	(4,795)	446
NON CASH MOVEMENTS		
Non Cash Revenue	(653)	(253)
Non Cash Employee Benefits	-	525
Depreciation & Amortisation	8,762	8,450
Net (Gain)/Loss from Sale of Plant & Equipment	125	261
Change in Inventories	4	(15)
Change in Operating Assets & Liabilities		
- (Increase) / Decrease in Receivables	(190)	(450)
- (Increase) / Decrease Other Current Assets	(877)	7
- Increase / (Decrease) in Payables	(1,222)	8
- Increase / (Decrease) in Employee Entitlements	1,242	974
- (Increase) / Decrease in Other Current Liabilities	1,024	87
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	3,420	10,040

NOTE 16: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

South West Healthcare's principal financial instruments comprise of:

- Cash assets
- Term Deposits
- Receivables
- Payables
- Finance Lease payables
- Accommodation Bonds

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

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

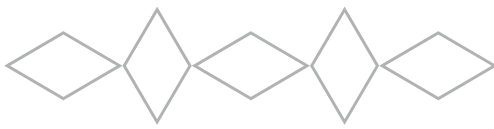
The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rest with the risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage South West Healthcare financial risks within the government policy parameters.

Categorisation of financial instruments	Carrying Amount	
	2014 \$'000	2013 \$'000
Financial Assets		
Cash and cash equivalents	12,493	12,211
Loans and Receivables	3,045	2,725
Total Financial Assets (i)	15,538	14,936
Financial Liabilities		
At amortised cost	8,462	8,663
Total Financial Liabilities (ii)	8,462	8,663

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

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



NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

Net holding gain/(loss) on financial instruments by category	Net holding gain / (loss)	Net holding gain / (loss)
	2014 \$'000	2013 \$'000
Financial Assets		
Cash and Cash Equivalents (i)	560	485
Total Financial Assets	560	485
Financial Liabilities		
Total Financial Liabilities	-	-

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

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

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

(b) Credit Risk

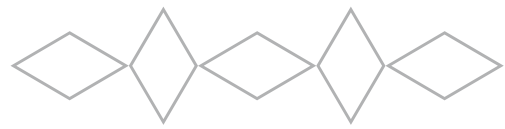
Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual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

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

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

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

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



NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

Credit quality of contractual financial assets that are neither past due nor impaired	Financial Institutions \$'000	Government Agencies \$'000	Government Agencies (BBB credit rating) \$'000	Other \$'000	Total \$'000
---------------------------------------------------------------------------------------	----------------------------------	-------------------------------	---------------------------------------------------	-----------------	-----------------

2014

Financial Assets

Cash and Cash Equivalents	12,493				12,493
Receivables-Debtors		2,617		428	3,045
Total Financial Assets	12,493	2,617	-	428	15,538

2013

Financial Assets

Cash and Cash Equivalents	12,211				12,211
Receivables-Debtors		2,183		542	2,725
Total Financial Assets	12,211	2,183	-	542	14,936

Ageing analysis of financial asset as at 30 June	Carrying Amount \$'000	Not past due and not impaired \$'000	Past due but not impaired				Impaired Financial Assets \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 Year \$'000	1-5 years \$'000	

2014

Financial Assets

Cash and Cash Equivalents	12,493	12,493					-
Receivables-Debtors	3,045	2,126	619	104	158	38	-
Total Financial Assets	15,538	14,619	619	104	158	38	-

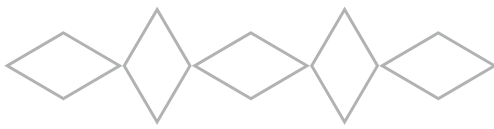
2013

Financial Assets

Cash and Cash Equivalents	12,211	12,211					-
Receivables-Debtors	2,725	2,289	143	185	75	33	-
Total Financial Assets	14,936	14,500	143	185	75	33	-

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently South West Healthcare does not hold any collateral as security nor credit enhancements relating to its financial assets. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.



NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity Risk

Liquidity risk is the risk that South West Healthcare would be unable to meet its financial obligations as and when they fall due.

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

Term deposits, investments and cash held at financial institutions are managed with variable maturity dates and take into consideration cashflow requirements of South West Healthcare from month to month.

Trade creditors are paid in accordance with their trading terms; and accommodation bonds are refunded when the resident departs the aged care facility.

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

Maturity analysis of financial liabilities as at 30 June	Carrying Amount \$'000	Maturity Dates				
		Contractual Cash Flows \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
2014						
Financial Liabilities						
Payables	6,708	6,708	6,708			
Accommodation Bonds	1,664	1,664	1,664			
Other Liabilities	94	94	94			
Total Financial Liabilities	8,466	8,466	8,466	-	-	-
2013						
Financial Liabilities						
Payables	7,750	7,750	7,750			
Accommodation Bonds	848	848	848	-	-	-
Other Liabilities	65	65	65			
Total Financial Liabilities	8,663	8,663	8,663	-	-	-

(d) Market Risk

South West Healthcare's exposure to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency risk and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency Risk

South West Healthcare is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

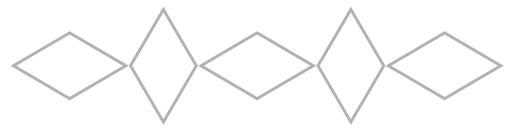
Interest Rate Risk

Exposure to interest rate risk might arise primarily through South West Healthcare's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the health service mainly undertake financial liabilities with relatively even maturity profiles.

Other Price Risk

South West Healthcare is exposed to normal price fluctuations from time to time through market forces.

Where adequate notice is provided by suppliers, additional purchases are made for long term goods.

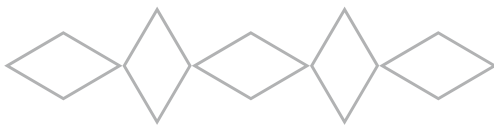


NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June	*Weighted Average Effective Interest	Carrying Amount \$'000	Interest Rate Exposure		
	Rates (%)		Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
			\$'000	\$'000	\$'000
2014					
Financial Assets					
Cash and Cash Equivalents (i)	3.87	12,493	10,046	2,447	-
Receivables – Debtors		3,045			3,045
Total Financial Assets		15,538	10,046	2,447	3,045
Financial Liabilities					
Payables		6,708			
Accommodation Bonds		1,664			
Other Liabilities		94			
Total Financial Liabilities		8,466	-	-	-
2013					
Financial Assets					
Cash and Cash Equivalents (i)	4.40	12,211	7,057	5,154	-
Receivables – Debtors		2,725			2,725
Total Financial Assets		14,936	7,057	5,154	2,725
Financial Liabilities					
Payables		7,750	-	-	-
Accommodation Bonds		848	-	-	-
Other Liabilities		65			
Total Financial Liabilities		8,663	-	-	-

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



NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk

Sensitivity Disclosure Analysis

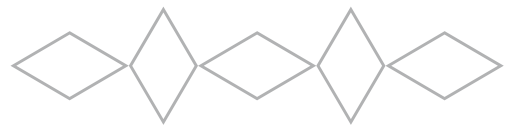
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, South West Healthcare believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

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

	Carrying Amount	Interest Rate Risk				Other Price Risk				
		-1%		+1%		-1%		+1%		
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2014										
Financial Assets										
Cash and Cash Equivalents (i)	12,493	(125)	(125)	125	125	-	-	-	-	-
Receivables	3,045					-	-	-	-	-
Financial Liabilities										
Payables	6,708					-	-	-	-	-
Accommodation Bonds	1,664	17	17	(17)	(17)	-	-	-	-	-
Other Liabilities	94	1	1	(1)	(1)	-	-	-	-	-
		(107)	(107)	107	107	-	-	-	-	-
	Carrying Amount	Interest Rate Risk				Other Price Risk				
		-1%		+1%		-1%		+1%		
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2013										
Financial Assets										
Cash and Cash Equivalents (i)	12,211	(122)	(122)	122	122	-	-	-	-	-
Receivables	2,725	-	-	-	-	-	-	-	-	-
Financial Liabilities										
Payables	7,750	-	-	-	-	-	-	-	-	-
Accommodation Bonds	848	8	8	(8)	(8)	-	-	-	-	-
Other Liabilities	65	1	1	(1)	(1)	-	-	-	-	-
		(113)	(113)	113	113	-	-	-	-	-

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



NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair Value

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

Level 1 – the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and

Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

South West Healthcare considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. The following table shows that the fair values of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2014 \$'000	2014 \$'000	2013 \$'000	2013 \$'000
Financial Assets				
Cash and Cash Equivalents	12,463	12,463	12,211	12,211
Receivables-Debtors	3,045	3,045	2,725	2,725
Total Financial Assets	15,508	15,508	14,936	14,936
Financial Liabilities				
Payables	6,708	6,708	7,750	7,750
Accommodation Bonds	1,664	1,664	848	848
Other Liabilities	94	94	65	65
Total Financial Liabilities	8,466	8,466	8,663	8,663

NOTE 17: COMMITMENTS FOR EXPENDITURE

	2014 \$'000	2013 \$'000
Other Expenditure Commitments		
Payable:		
IT Support Maintenance	762	1,573
Total Other Commitments	762	1,573
Not later than one year	377	545
Later than 1 year and not later than 5 years	385	701
Later than 5 years	-	326
TOTAL	762	1,573

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

Lease Commitments	2014 \$'000	2013 \$'000
<i>Non-cancellable</i>		
Operating Leases		
Commitments in relation to rental of buildings and medical & other equipment leases are payable as follows:		
Not later than one year	2,088	579
Later than one year but not later than 5 years	1,145	1,842
TOTAL	3,233	2,421

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

South West Healthcare is unaware of any contingent assets or contingent liabilities in existence at year end.

NOTE 19: SEGMENT REPORTING

GEOGRAPHICAL SEGMENT

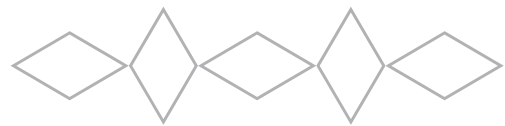
South West Healthcare operates predominantly in South West Victoria.

	Hospital Warrnambool Campus		Hospital Camperdown Campus		Nursing Home Camperdown Campus		Linen Service		Mental Health		Macarthur		Eliminations		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
REVENUE																
External Segment Revenue	112,801	107,821	7,983	7,799	3,366	2,916	1,021	1,801	15,929	15,716	500	488	-	-	141,600	136,541
Intersegment revenue	-	-	-	-	-	-	834	789	-	-	-	-	(834)	(789)	-	-
Total Revenue	112,801	107,821	7,983	7,799	3,366	2,916	1,855	2,590	15,929	15,716	500	488	(834)	(789)	141,600	136,541
EXPENSES																
External Segment Expenses	116,524	107,137	8,159	8,194	3,409	3,265	1,786	1,675	16,576	15,768	501	541	-	-	146,955	136,580
Intersegment expenses	834	789	-	-	-	-	-	-	-	-	-	-	(834)	(789)	-	-
Total Expenses	117,358	107,926	8,159	8,194	3,409	3,265	1,786	1,675	16,576	15,768	501	541	(834)	(789)	146,955	136,580
Net Result from ordinary activities	(4,557)	(105)	(176)	(395)	(43)	(349)	69	915	(647)	(52)	(1)	(53)	-	-	(5,355)	(39)
Interest Income	560	485	-	-	-	-	-	-	-	-	-	-	-	-	560	485
Net Result for Year	(3,997)	380	(176)	(395)	(43)	(349)	69	915	(647)	(52)	(1)	(53)	-	-	(4,795)	446
OTHER INFORMATION																
Segment Assets																
Unallocated Assets	197,072	161,970	7,096	5,832	2,189	1,799	4,624	3,800	9,509	7,815	983	808	-	-	221,473	182,024
Total Assets	197,072	161,970	7,096	5,832	2,189	1,799	4,624	3,800	9,509	7,815	983	808	-	-	221,473	182,024
Segment Liabilities																
Unallocated Liabilities	24,877	23,856	1,491	1,430	1,531	1,468	439	421	2,728	2,616	117	112	-	-	31,183	29,903
Total Liabilities	24,877	23,856	1,491	1,430	1,531	1,468	439	421	2,728	2,616	117	112	-	-	31,183	29,903
Acquisition of Property, Plant and Equipment and Intangible Assets	3,156	5,839	1,466	215	-	-	5	1,670	827	275	28	5	-	-	5,482	8,004
Depreciation and Amortisation Expense	7,336	6,510	329	899	285	284	274	262	471	430	67	65	-	-	8,762	8,450
Non Cash Expenses other than Depreciation		2,111	-	-	-	-	-	-	-	-	-	-	-	-	-	2,111
Business Segments:																
Hospital, Linen Service, Mental Health, Community Health Service, Aged Care (Camperdown)																
Services:																
Acute and Rehabilitation Inpatient and Non Inpatient Health Services, Linen/Laundry Services, Acute Mental Health Inpatient and Community Services, Primary and Community Health Services, Nursing Home/Hostel																



Notes to the FINANCIAL STATEMENTS

for the year ended June 2014



NOTE 20A: RESPONSIBLE PERSON-RELATED DISCLOSURES

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

Responsible Ministers:

The Honourable David Davis, MLC, Minister for Health and Ageing	01/07/2013 – 30/06/2014
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	01/07/2013 – 30/06/2014

Governing Board:

Mrs. S. Muldoon	01/07/2013 – 30/06/2014	Mr. J. Maher	01/07/2013 – 30/06/2014
Mrs. M. Pendergast	01/07/2013 – 30/06/2014	Mr. R. Worland	01/07/2013 – 30/06/2014
Mrs. M. Alexander	01/07/2013 – 30/06/2014	Mr R.Montgomery	01/07/2013 – 30/06/2014
Mr. C. Logan	01/07/2013 – 30/06/2014	Mr. T. Brain	01/07/2013 – 30/06/2014
Mr. S. Callaghan	01/07/2013 – 30/06/2014	Ms. J. McCormack	01/07/2013 – 30/06/2014

Accountable Officer:

Mr. J. Krygger	01/07/2013 – 30/06/2014
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Remuneration of Responsible Persons	Total Remuneration	
	2014 \$'000	2013 \$'000
Income Band:		
\$340,000 – \$349,999	1	-
\$330,000 – \$339,999	-	1
0 – \$9999	10	9
Total Numbers	11	10
	2014 \$'000	2013 \$'000
Total Remuneration	345	335

Nil remuneration is received by Board of Directors.

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

Other Transactions of Responsible Persons and their Related Entities	2014 \$'000	2013 \$'000
Mr S. Callaghan is a director of Callaghan Motors which provides repairs, maintenance and purchase of motor vehicles on normal commercial terms & conditions.	331	76

NOTE 20B: EXECUTIVE OFFICER DISCLOSURES

Executive Officer's Remuneration

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

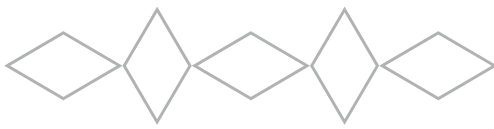
	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
\$310,000 – \$319,999	1	-	1	-
\$300,000 – \$309,999	-	1	-	1
\$190,000 – \$199,999	1	-	1	-
\$180,000 – \$189,999	1	2	1	2
\$170,000 – \$179,999	1	1	1	1
\$150,000 – \$159,999	1	-	1	-
\$140,000 – \$149,999	-	1	-	1
Total Numbers	5	5	5	5
	\$'000	\$'000	\$'000	\$'000
Total annualised employee equivalents (AAE) (i)	5	5	5	5
Total Remuneration	1,037	1,003	1,037	1,003

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

Remuneration includes Superannuation Guarantee Levy, Employer superannuation contributions, deemed value of motor vehicle and all non-cash benefits.

NOTE 20C: PAYMENTS TO OTHER PERSONNEL (ie. Contractors with Significant Management Responsibilities)

There were no payments made to other personnel by South West Healthcare in the reporting period.



NOTE 21: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no events occurring after reporting date which require more information.

NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest	
		2014	2013
		%	%
South West Alliance of Rural Health	Information Technology	15.37	15.37

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

South West Alliance of Rural Health	2014	2013
	\$'000	\$'000
Current Assets		
Cash and Cash Equivalents	282	162
Receivables	157	315
Other Current Assets	49	45
Total Current Assets	488	522
Non Current Assets		
Property, Plant & Equipment	45	52
Total Non Current Assets	45	52
Total Assets	533	574
Current Liabilities		
Payables	188	185
Provisions	217	270
Total Current Liabilities	405	455
Non Current Liabilities		
Provisions	49	41
Total Non Current Liabilities	49	41
Total Liabilities	454	496

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

South West Alliance of Rural Health	2014	2013
	\$'000	\$'000
Revenue		
Other Revenue	4,797	4,984
Total Revenue	4,797	4,984
Expenses		
Employee Expenses	796	878
Maintenance Contracts	1,419	1,121
Leases Expense	510	622
Software Licence costs	1,915	1,993
Other	147	395
Total Expenses	4,787	5,009
Net Result Before Capital & Specific Items	10	(25)
Depreciation	9	4
Net Result	1	(29)

NOTE 23: REMUNERATION OF AUDITORS

	2014	2013
	\$'000	\$'000
Victorian Auditor General's office	45	44
Internal Audit services	35	88

NOTE 24: EX GRATIA PAYMENTS

	2014	2013
	\$'000	\$'000
Nil ex gratia payments were made by South West Healthcare during the report year.	-	-