

BALLARAT BASE HOSPITAL

FINANCIAL STATEMENTS 1989-1990

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30 JUNE 1990

	Notes	Total Hospital 1989-90 \$	Total Hospital 1988-89 \$
Operating Revenue Providing Fund Inflows			
Health Service Agreement/Budget Sector			
Government Grants	2	29,825,249	26,018,806
Indirect Contributions by H.D.V.	3	336,349	329,763
Patient Fees	4	4,560,569	4,648,722
Recoupment for Private Practice			
— Use of Hospital Facilities	4	1,815,424	1,600,386
Other Revenue	5	263,918	235,077
Abnormal Item — Prior Year Grant			698,100
Services Supported by Hospital and Community Initiatives			
Recoupment for Private Practice			
— Use of Hospital Facilities	4	1,259,248	1,112,633
Interest		117,753	126,828
Other Revenue	5	277,945	309,796
TOTAL OPERATING REVENUE PROVIDING FUNDS		38,456,455	35,080,111
Operating Expenses Requiring Fund Outflows			
Health Service Agreement/Budget Sector			
Direct Patient Care Services		17,675,248	16,458,495
Diagnostic and Medical Support Services		7,920,312	7,426,597
Administration and Quality Assurance		2,780,990	2,504,115
Engineering and Maintenance		1,417,735	1,469,709
Domestic and Catering Services		4,062,240	3,938,124
Corporate Costs Funded by Health Dept. Vic.	3	336,349	329,763
Workcare, Superannuation and L.S.L.		1,679,213	1,486,567
Teaching and Research		563,007	472,611
Other		129,031	89,050
Services supported by Hospital and Community Initiatives			
Diagnostic and Medical Support Services		792,169	866,718
Administration and Quality Assurance		83,843	39,188
Engineering and Maintenance		105,772	36,700
Teaching and Research		29,936	17,217
Community Services		20,930	19,120
TOTAL OPERATING EXPENSES REQUIRING FUNDS	6	37,596,775	35,153,974
Operating Surplus/(Deficit) Requiring Fund Outflows		859,680	(73,863)
Operating Expenses Not Requiring Fund Outflows			
Depreciation		(1,205,981)	(467,176)
Employee Benefits — Long Service Leave		(368,587)	(580,060)
Abnormal Items — Prior Year Long Service Leave		(1,412,393)	
Other — Loss on Sale of Motor Vehicles	7	(3,243)	
		(2,990,204)	(1,047,236)
Operating Revenue Not Providing Fund Inflows			
Other — Profit on sale of Motor Vehicles	8	6,042	
Operating Deficit Not Requiring Fund Outflows		(2,984,162)	(1,047,236)
Operating Deficit for the Year		(2,124,482)	(1,121,099)
Retained Deficit at beginning of year		(7,225,560)	(5,344,508)
Available for Appropriation		(9,350,042)	(6,465,607)
Transfer to Reserves	9	(717,327)	(759,953)
Retained Deficit at end of year		(10,067,369)	(7,225,560)

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30th JUNE 1990

	Notes	Total Hospital 1989-90 \$	Total Hospital 1988-89 \$
EQUITY			
Capital			
Contributed Capital	20	18,979,912	16,006,456
Funds held for Restricted Purposes	17	1,123,252	1,203,270
Funds held in Perpetuity		47,656	47,647
Accumulated Deficit	20	(10,067,369)	(7,225,560)
TOTAL EQUITY		<u>10,083,451</u>	<u>10,031,813</u>
CURRENT LIABILITIES			
Bank Overdraft		2,736,326	2,863,744
Borrowings			700,000
Creditors	21	1,289,057	1,439,689
Accrued Expenses — Salaries and Wages		745,398	553,335
Accrued Employee Entitlements	10	2,263,916	2,108,232
Provision for Employee Entitlements — Long Service Leave	10	425,000	380,000
TOTAL CURRENT LIABILITIES		<u>7,459,697</u>	<u>8,045,000</u>
NON-CURRENT LIABILITIES			
Provision for Employee Entitlements — Long Service Leave	10	2,643,165	1,337,473
TOTAL LIABILITIES		<u>10,102,862</u>	<u>9,382,473</u>
TOTAL EQUITY AND LIABILITIES		<u>20,186,313</u>	<u>19,414,286</u>
CURRENT ASSETS			
Cash at Bank and On Hand		53,643	222,386
Patient Fees Receivable	4	906,196	814,627
Diagnostic Fees Receivable	4	777,009	633,342
Stores	11	498,849	446,341
Prepayments	12	152,827	30,188
Debtors and Accrued Revenue	13	701,356	928,569
Short Term Investments	(1c), 14	65,300	849,899
TOTAL CURRENT ASSETS		<u>3,155,180</u>	<u>3,925,352</u>
NON-CURRENT ASSETS			
Investments	(1c), 14	200	254,487
Land	(1d), 15	520,817	520,817
Buildings	(1d), 15	8,068,079	7,346,192
Goodwill	(1i), 15	120,609	134,000
Assets Under Construction	(1d), 15	3,686,635	1,718,999
Plant & Equipment	(1d), 15	4,297,641	5,070,157
Office Furniture and Equipment	(1d), 15	148,796	268,885
Motor Vehicles	(1d), 15	188,356	175,397
TOTAL NON-CURRENT ASSETS		<u>17,031,133</u>	<u>15,488,934</u>
TOTAL ASSETS		<u>20,186,313</u>	<u>19,414,286</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS
FOR THE YEAR ENDED 30 JUNE 1990**

	Notes	Total Hospital 1989-90 \$	Total Hospital 1988-89 \$
SOURCES OF FUNDS			
Funds from Operations			
Inflow of Funds from Operations		38,456,455	35,080,111
Less Outflow of Funds from Operations		37,596,775	35,153,974
Net Funds from Operations		<u>859,680</u>	<u>(73,863)</u>
Contributed Equity			
Capital Contributions	18	2,176,120	2,931,218
INCREASE IN LIABILITIES			
Current Liabilities			
Bank Overdraft			768,442
Borrowings			700,000
Creditors			211,397
Accrued Expenses		192,063	147,790
Accrued Employee Entitlements	10	155,684	279,573
		<u>347,747</u>	<u>2,107,202</u>
REDUCTION IN ASSETS			
Current Assets			
Cash at Bank and On Hand		168,743	839,811
Patient Fees Receivable	4		67,732
Prepayments			169,812
Short Term Investments	14	784,599	
Debtors and Accrued Revenue	13	83,546	
		<u>1,036,888</u>	<u>1,077,355</u>
Non-Current Assets			
Investments	14	254,287	1,024,540
Total Sources of Funds		<u>4,674,722</u>	<u>7,066,452</u>
APPLICATION OF FUNDS			
DECREASE IN LIABILITIES			
Current Liabilities			
Bank Overdraft		127,418	
Borrowings		700,000	
Creditors	21	150,632	
Long Service Leave Paid		430,288	358,176
Income in Advance			950,000
		<u>1,408,338</u>	<u>1,308,176</u>
INCREASE IN ASSETS			
Current Assets			
Patient Fees Receivable	4	91,569	
Stores	11	52,508	35,173
Prepayments	12	122,639	
Debtors and Accrued Revenue			917,800
Short Term Investments			518,058
		<u>266,716</u>	<u>1,471,031</u>
Non-Current Assets			
Investments			65,567
Buildings	15	147,658	
Goodwill	(1), 15		134,000
Assets Under Construction	15	1,967,636	1,645,062
Plant and Equipment	15	836,669	2,373,718
Office Furniture and Equipment	15	21,813	29,336
Motor Vehicles	7, 8, 15	25,892	39,562
		<u>2,999,668</u>	<u>4,287,245</u>
Total Applications of Funds		<u>4,674,722</u>	<u>7,066,452</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 1990**

	Notes	Contributed Capital	Funds held for restricted Purposes	Funds held in Perpetuity	Retained Surplus/ Accum. Def	Consolidated Total 1989-90	Consolidated Total 1988-89
Balance at Beginning of the year	(ld), 20	16,006,456	1,203,270	47,647	(7,225,560)	10,031,813	8,221,694
Surplus/(Deficit) for the year					(2,124,482)	(2,124,482)	(1,121,099)
Capital Contributions							
Government Grants	2	2,094,853				2,094,853	2,855,354
Donations	18	81,267				81,267	75,864
Transfers to Reserves							
Equipment funded from Operations	9	107,156			(107,156)		
Surplus from Restricted Funds	9		603,703		(603,703)		
Interest from Endowment	9			6,468	(6,468)		
Inter Fund Transfers							
Endowment Interest to Restricted Funds			6,459	(6,459)			
Equipment funded from Funds held for restricted purposes		690,180	(690,180)				
Balance at end of the year		18,979,912	1,123,252	47,656	(10,067,369)	10,083,451	10,031,813

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The financial statements of the hospital have been prepared in accordance with the requirements of the Health Department of Victoria, Australian Accounting Standards, the *Annual Reporting Act 1983* and the Annual Reporting (Contributed Income Sector) Regulations 1988 as amended. The Accounting Standards issued jointly by the Institute of Chartered Accountants in Australia and the Australian Society of CPA's have been complied with where applicable.

(a) Accrual Basis

In accordance with the Regulations, the accrual basis of accounting has been used with revenue and expenses recognised as they are incurred and brought to account in the period to which they relate.

(b) Historical Cost

The financial statements have been prepared on an historical cost basis whereby assets are recorded at cost and do not take into account changing money values or the current cost of non-current assets (unless specifically stated).

(c) Investments

Investments held by the Hospital are shown in the Balance Sheet at cost. All investments are comprised of interest bearing securities and it has been the practice of the Hospital to hold all investments to maturity.

(d) Depreciation

Fixed Assets with value in excess of \$1,000 are brought to account and depreciation has been provided over their estimated useful lives using the straight-line method.

Buildings have been depreciated over their useful life. The life of residential buildings has been estimated at 40 years and hospital buildings at 25 years. Where residential land and buildings have been purchased as one item then the value of buildings has been deemed at 66% of the total value.

The Fixed Assets Register of the Hospital has been reviewed and adjustments to the Balance made in this accounting period. Depreciation expense for past periods was brought to account in this financial year (\$5,681,944) by reducing the opening balance of capital contributions. Fixed Assets obsolete from previous years (\$1,234,572) were written off using the same method. The net effect is to reduce the carried forward figure for Contributed Capital by \$6,916,516.

(e) Stores

Stores on hand have been valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and does not include any overhead expense.

(f) Employee Entitlements

Long Service Leave

Provision for long service leave in the 1989-90 Statements is made on a pro-rata basis for all employees who have completed five or more years service. The entitlement becomes payable upon completion of ten years service. The proportion of long service leave estimated to be payable within the next financial year is included in the Balance Sheet under Current Liabilities. The balance of the provision is included under Non-Current Liabilities.

In the current year changes to reporting requirements reduced the Long Service Leave Provision commencement period from ten years to five years. The effect of the change is an increase in the provision by \$1,412,393 as an abnormal item. The effect on the financial statements has not been quantified and is considered to not materially effect the result for the year.

Annual Leave and Accrued Days Off

An Accrued Entitlement for annual leave including 17.5% leave loading and accrued days off is made for all employees based on the hospital's accrued liability for the same at 30 June 1989. This accrual is included under current liabilities.

Superannuation

The hospital contributes to the *Hospitals Superannuation Board (H.S.B.)* superannuation scheme. A basic benefit of 3% of employee salary is financed for each employee. This commenced in July 1988 as a 3% productivity pay increase. Employees can contribute 3% or 6% of their salary to the scheme. The hospital further finances the scheme for contributors in accordance with H.S.B. guidelines calculated on the amount of the contribution by each employee.

Details of contributions to the fund for the period.

Hospital Contributions		
Contributing members	\$674,274	49.92%
Non-Contributing Basic 3%	299,771	22.19%
Hospital expense	974,045	72.11%
Employee Contributions	376,647	27.89%
Total Contributions to H.S.B.	1,350,692	100.00%

(g) Changes in reporting requirements

The format of the Revenue and Expense Statement has changed for the 1989/90 year in accordance with the amendments to Regulations and comparative figures for 1988/89 have been restated in the new format.

(h) Donations

Donations for capital purposes are included as Contributed Capital in the Balance Sheet and Consolidated Statement of Changes in Equity.

(i) Goodwill

Goodwill purchased in 1989 for Ballarat C.T. amounting to \$134,000 is being amortised over a ten year period.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 2: GOVERNMENT GRANTS

	1989-90	1988-89
	\$	\$
HDV Ordinary Grant	29,738,100	25,901,500
HDV Other Grants		
AIDS Testing	65,115	58,910
Regional Education	12,034	57,921
Other		475
State Apprentices (SAAS)	10,000	
	<u>29,825,249</u>	<u>26,018,806</u>
 CAPITAL GRANTS		
Capital Works	1,890,853	2,444,254
Minor Works	204,000	200,300
Medical Equipment		76,800
Diagnostic Services		134,000
	<u>2,094,853</u>	<u>2,855,354</u>
 TOTAL	<u>31,920,102</u>	<u>28,874,160</u>

Grants for capital purposes are included in the Statement of Changes in Equity and are included in the Balance Sheet as Contributed Capital.

NOTE 3: INDIRECT CONTRIBUTIONS BY HEALTH DEPARTMENT VICTORIA

The Health Department Victoria makes certain payments on behalf of the hospital which, in accordance with their requirements, have been brought to account in determining the operating result for the year. They are brought to account as non-cash income and offset by expenditure.

	1989-90	1988-89
	\$	\$
Audit Fees	29,320	30,462
Workcare Threshold (to 31.12.89)	30,890	180,686
Industrial Special Risk Insurance	21,698	59,103
Public Risk Insurance	219,666	8,352
Industrial Relations Service	8,919	23,460
Health Computing Services	25,856	27,700
TOTAL	<u>336,349</u>	<u>329,763</u>

NOTE 4: PATIENT FEES

	Patient Fees Raised		Patient Fees Receivable	
	1989-90	1988-89	as at 30.6.90	as at 30.6.89
	\$	\$	\$	\$
Inpatients	4,416,325	4,484,562	855,143	763,134
Outpatients	144,244	164,160	69,653	70,093
	<u>4,560,569</u>	<u>4,648,722</u>	<u>924,796</u>	<u>833,227</u>
Pathology	1,598,039	1,459,896	395,695	321,351
Radiology	994,470	998,978	280,729	246,625
Computer Tomography	482,163	254,145	100,585	65,366
	<u>3,074,672</u>	<u>2,713,019</u>	<u>777,009</u>	<u>633,342</u>
TOTAL	<u>7,635,241</u>	<u>7,361,741</u>	<u>1,701,805</u>	<u>1,466,569</u>
Less provision for doubtful debts			(18,600)	(18,600)
NET FEES RECEIVABLE			<u>1,683,205</u>	<u>1,447,969</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 5: OTHER REVENUE

	1989-90	1988-89
	\$	\$
Meals and Accommodation	208,336	188,574
Recoveries	27,463	20,019
Sale of Obsolete Items	3,909	8,593
Other Medical Services		
Medical Reports	17,545	17,011
Audiology	20,912	13,393
E.E.G. Services	53,178	45,780
Staff Clinic	1,564	2,940
Ante-Natal Classes	2,640	2,590
Pulmonary Lung Function		875
Clinical Services	6,303	7,394
Community Services — Child Care	9,261	8,977
Fees Received — Child Care	13,663	8,930
Sundry fund Raising	9,107	639
Gold Phone	7,319	6,724
Lecturing Fees	3,340	10,000
Commissions	16,511	14,733
Rent	128,619	187,701
Waste Disposal	12,193	
TOTAL	<u>541,863</u>	<u>544,873</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 6: OPERATING EXPENSES

	1989-90	1988-89
	\$	\$
Direct Patient Care Services		
Wards Special Care	1,192,875	1,148,252
Medical and Surgical	7,292,317	7,123,402
Midwifery	1,876,465	1,601,589
Purchased Services	645,268	603,991
Theatre	1,531,567	1,349,947
Accident/Emergency	839,278	854,777
Outpatients	179,264	156,065
Clinical Units	4,118,214	3,620,472
	<u>17,675,248</u>	<u>16,458,495</u>
Diagnostic and Medical Support Services		
Pharmacy	1,343,555	1,246,823
C.S.S.D.	205,567	197,533
Medical Records	572,158	542,478
Pathology	2,664,163	2,274,155
Radiology	1,326,886	1,018,890
Computer Tomography	463,759	268,159
Technical Support	45,712	38,807
Allied Health	1,036,326	1,593,352
Medical Support	262,186	246,400
Medical and Special Purpose Funds	792,169	866,718
	<u>8,712,481</u>	<u>8,293,315</u>
Administration and Quality Assurance		
General Administration	359,293	329,486
Executive	155,261	134,439
Projects	22,725	33,311
Chaplain	18,084	11,125
Communications	216,294	339,419
Finance	501,157	528,866
Personnel/Payroll	269,197	259,626
Supply	165,132	159,948
Safety	37,945	34,315
Security	175,248	
Nurse Administration	686,084	673,580
Quality Assurance	174,570	
Medical and Special Purpose Funds	83,843	39,188
	<u>2,864,833</u>	<u>2,543,303</u>
Engineering and Maintenance		
Power	448,241	441,867
Engineering	969,494	1,027,842
Medical and Special Purpose Funds	105,772	36,700
	<u>1,523,507</u>	<u>1,506,409</u>
Domestic and Catering Services		
Food and Dietary	1,944,806	1,889,918
Domestic	1,386,459	1,366,991
Linen, Laundry	730,975	681,215
	<u>4,062,240</u>	<u>3,938,124</u>
Corporate Costs Funded by Health Dept. Vic.	336,349	329,763
Employee Benefits		
Superannuation	974,045	822,844
WorkCare	705,168	663,723
	<u>1,679,213</u>	<u>1,486,567</u>
Teaching and Research		
Nurse Education	394,762	346,091
Education and Training	107,102	56,069
Post Basic Education	61,143	70,451
Medical and Special Purpose Funds	29,936	17,217
	<u>592,943</u>	<u>489,828</u>
Other		
Regional Nurses	129,031	89,050
Community Services		
Medical and Special Purpose Funds	20,930	19,120
TOTAL	<u>37,596,775</u>	<u>35,153,974</u>
Note		
Finance includes interest expense	151,511	204,491
Admin:— MSP Funds includes interest expense	19,761	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 7: LOSS ON SALE OF MOTOR VEHICLES

	1989-90	1988-89
	\$	\$
Historical Cost (4 vehicles)	53,757	
Less: Depreciation expense	3,164	
Written Down Value	50,593	
Sale Price	47,350	
Loss on Sale	3,243	

NOTE 8: PROFIT ON SALE OF MOTOR VEHICLES

	1989-90	1988-89
	\$	\$
Historical Cost (3 vehicles)	45,183	
Less: Depreciation expense	6,445	
Written Down Value	38,738	
Sale Price	44,780	
Profit on Sale	(6,042)	

NOTE 9: TRANSFER TO RESERVES

	1989-90	1988-89
	\$	\$
Equipment funded from Operations	107,156	36,118
Interest from Endowments	6,468	6,459
Surplus from funds held for Restricted Purposes	603,703	563,855
Equipment funded prior years		153,521
	717,327	759,953

NOTE 10: ACCRUED EMPLOYEE ENTITLEMENTS

	Current	Non-Current	Total 1989-90	Total 1988-89
			\$	\$
Provision for Long Service Leave	425,000	2,643,165	3,068,165	1,717,473
Annual Leave	2,177,474		2,177,474	2,011,514
Accrued Days Off	86,442		86,442	96,718
TOTAL	2,688,916	2,643,165	5,332,081	3,825,705

NOTE 11: STORES

	1989-90	1988-89
	\$	\$
Pharmaceuticals	128,812	122,702
Catering Supplies	21,788	17,777
Housekeeping Supplies	51,512	66,188
Medical and Surgical Supplies	222,206	202,571
Administration Stores	74,531	37,103
	498,849	446,341

NOTE 12: PREPAYMENTS

	1989-90	1988-89
	\$	\$
Workcare	152,327	30,188
Conference Leave	500	
	152,827	30,188

NOTE 13: DEBTORS AND ACCRUED REVENUE

	1989-90	1988-89
	\$	\$
Government Grants Outstanding	581,700	743,600
Intra Hospital Debtors	74,981	50,253
Trade Debtors	41,969	98,132
Accrued Revenue	2,706	36,584
	701,356	928,569

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 14: INVESTMENTS

Types of Investment	Restricted Purpose Funds \$	Funds held in Perpetuity \$	Total 1989-90 \$	Total 1988-89 \$
Current				
Interest Bearing Deposits	17,844	47,456	65,300	849,899
Non-Current				
Interest Bearing Deposits		200	200	254,487
Total Investments	17,844	47,656	65,500	1,104,386
Add:				
Cash at Bank	1,000,425		1,000,425	171,831
Diagnostic Debtors	314,238		314,238	344,527
Stores — Books	28,858		28,858	
Debtors and Accrued Revenue	18,239		18,239	
Less:				
Creditors	(256,352)		(256,352)	(369,827)
Total Equity	<u>1,123,252</u>	<u>47,656</u>	<u>1,170,908</u>	<u>1,250,917</u>

NOTE 15: NON-CURRENT ASSETS

	At Cost 30.6.90 \$	Depreciation 1989-90 \$	Accumulated Depreciation at 30.6.90 \$	Net Assets at 30.6.90 \$	Net Assets at 30.6.89 \$
Buildings	13,175,794	514,828	5,107,715	8,068,079	7,346,192
Land	520,817	0	0	520,817	520,817
Goodwill	134,000	13,391	13,391	120,609	134,000
Assets Under Construction ..	3,686,635	0	0	3,686,635	1,718,999
Plant and Equipment	7,016,264	642,205	2,718,623	4,297,641	5,070,157
Office Furniture and Equip. .	302,434	19,825	153,638	148,796	268,885
Motor Vehicles	212,164	15,732	23,808	188,356	175,397
TOTAL	<u>25,048,108</u>	<u>1,205,981</u>	<u>8,017,175</u>	<u>17,030,933</u>	<u>15,234,447</u>

NOTE 16: CAPITAL COMMITMENTS

	1989-90 \$	1988-89 \$
Outstanding Contracts for works and services associated with the Redevelopment	34,569,869	23,528

NOTE 17: FUNDS HELD FOR RESTRICTED PURPOSES

	1989-90 \$	1988-89 \$
Medical Special Purpose		
Pathology	505,760	520,249
Radiology	83,525	38,038
Clinical Services	63,499	35,328
	<u>652,784</u>	<u>593,615</u>
Other		
Building and Equipment	258,636	403,537
Specific Building and Equipment	29,304	29,304
General Staff Amenities	40,735	37,459
Nursing Prizes	10,455	12,319
Nursing Services	23,912	23,507
Education and Research	40,270	39,170
Historical Research	67,156	64,359
	<u>470,468</u>	<u>609,655</u>
TOTAL	<u>1,123,252</u>	<u>1,203,270</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

NOTE 18: CAPITAL CONTRIBUTED

	1989-90	1988-89
	\$	\$
Capital Grants		
Capital Works	1,890,853	2,444,254
Minor Works	204,000	200,300
Medical Equipment		76,800
Diagnostic Services		134,000
Total Grants	<u>2,094,853</u>	<u>2,855,354</u>
Donations	81,267	75,864
Total	<u><u>2,176,120</u></u>	<u><u>2,931,218</u></u>

NOTE 19: EVENTS OCCURRING AFTER BALANCE DATE

Since 30 June 1990 the Hospital has been advised by the Accident Compensation Commission of the Workcare Premium for the coming financial year. The increase in the premium will be approximately \$726,000 of which \$422,000 will not be funded by the Health Department of Victoria.

NOTE 20: OPENING BALANCES

In accordance with accounting standards obsolete plant and equipment and prior year adjustments to accumulated depreciation on buildings has been charged against the opening balance of contributed capital. For comparative figures the amount shown last financial year as an abnormal item of expenditure being prior year depreciation has also been charged against the opening balance and not the accumulated deficit. A reconciliation of the closing balances as disclosed in the 1988-89 financial statements and the current financial statements is as follows.

	Accumulated Deficit	Contributed Capital
	\$	\$
Closing Balance 30/6/89	(7,475,622)	23,173,034
Prior Year Adjustments 1988-89	250,062	(250,062)
Prior Year Depreciation 1989-90 (note 1d)		(5,681,944)
Prior Year Obsolete Equipment (note 1d)		(1,234,572)
Opening Balance 1/7/89	<u>(7,225,560)</u>	<u>16,006,456</u>

NOTE 21: CREDITORS — Regulation 31(4)(b)

All outstanding debts are aged less than one year. No creditors are a result of public borrowing or financial accommodation.

	Less than 1 Year	Greater than 1 Year	Total 1989-90	Total 1988-89
	\$	\$	\$	\$
Creditors	1,289,057		1,289,057	1,439,689

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1990**

**BALLARAT BASE HOSPITAL
CERTIFICATION**

The cost of buildings shown in this balance sheet is subject to revaluation by the office of the State Valuer General. This is to be carried out at the direction of the Health Department of Victoria in accordance with the two year transition arrangements to meet the full requirements of the *Annual Reporting (Contributed Income Sector) Regulations 1988*. Accordingly depreciation has been charged on an historical cost basis.

With these qualifications, we hereby certify that the financial statements of the Ballarat Base Hospital have been prepared in accordance with the provisions of the *Annual Reporting Act 1983* and the *Annual Reporting (Contributed Income Sector) Regulations 1988 as amended*.

In our opinion the financial statements present fairly the financial transactions during the 1989-90 financial year and the financial position of the Ballarat Base Hospital as at 30 June 1990.

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

E.D. MACAULAY, Chief Executive Officer

N. MAHAR, Senior Vice President

W. COCHRAN, Honorary Treasurer

B.M. BOLGER, B.Comm., A.A.S.A. C.P.A. (Management Accountant), Principal Accounting Officer

Dated 18th day of September 1990.

AUDITOR-GENERAL'S REPORT

The accompanying financial statements comprising revenue and expense statement, balance sheet, statement of sources and applications of funds, consolidated statement of changes in equity and notes to the financial statements of the Ballarat Base Hospital have been audited as required by the *Annual Reporting Act 1983* and in accordance with Australian Auditing Standards.

- (i) The Hospital has included in the balance sheet land and buildings at a deemed value of \$521 000 and \$8 million respectively. The basis of the valuation is set out in note 1(d) to the financial statements. However, the Hospital could not substantiate that the value assigned to these assets was a reasonable estimate of their value. Accordingly, I am not in a position to and do not express an opinion on these items.
- (ii) As indicated in note 20 to the financial statements, the Hospital has provided depreciation on buildings for the first time in 1989-90 and has recorded the prior years adjustment of accumulated depreciation totalling \$5.681 million against contributed capital. This treatment is a departure from Australian Accounting Standard AAS4 *Depreciation of Non-Current Assets*, which requires the accumulated depreciation to be adjusted against the accumulated deficit at the beginning of the reporting period.
- (iii) As further indicated in note 20 the Hospital has written off obsolete fixed assets to the value of \$1.235 million against contributed capital. This is a departure from Australian Accounting Standard AAS1 *Profit and Loss or Other Operating Statements*, which requires recognition of all expenses in the revenue and expense statement. Accordingly, the operating deficit for the year has been understated by \$1.235 million.
- (iv) In the revenue and expense statement, the Hospital has distinguished between revenue and expense items involving fund inflows and outflows and those not requiring fund inflows and outflows. This approach is required by the *Annual Reporting (Contributed Income Sector) Regulations 1988*. The statement prepared on this basis discloses a net deficit of \$2.125 million for the year after incurring total expenses of \$40.587 million and earning total revenues of \$38.462 million.
- (v) The revenue and expense statement purports to disclose the revenue and expenses associated with the Hospital's various activities. However those items not requiring fund inflows and outflows such as depreciation and employee entitlements have not been apportioned to the relevant activities. I consider that apportionment of such items to the Hospital's relevant activities together with separate reporting of supplementary information of a funding nature, would result in a clearer presentation of the Hospital's operating performance.

In my opinion, except for the effect on the financial statements of the matters referred to in paragraphs (i) to (iii) above, the financial statements comply, in all material respects, with the requirements of the *Annual Reporting Act 1983*, and present fairly the state of the affairs of the Ballarat Base Hospital as at 30 June 1990 and the results of its operations for the year ended on that date in accordance with Australian Accounting Standards.

MELBOURNE
6/12/1990

for C.A. BARAGWANATH
Auditor-General

**REVENUE AND EXPENSE STATEMENT
FOR THE YEAR ENDED 30 JUNE 1990 ANALYSIS BY FUND**

Total Hospital 1988-89 \$	Notes	Total Hospital 1989-90 \$	%	Operating 1989-90 \$	MSP 1989-90 \$	Capital 1989-90 \$
OPERATING REVENUE PROVIDING FUND INFLOWS						
Health Service Agreement/ Budget Sector						
26,018,806		29,825,249	77.6%	29,825,249		
329,763	2	336,349	0.9%	336,349		
4,648,722	3	4,560,569	11.9%	4,560,569		
1,600,386	4	1,815,424	4.7%	1,815,424		
235,077	4	263,918	0.7%	262,718		1,200
698,100	5			0		
			95.7%			
Services Supported by Hospital and Community Initiatives						
1,112,633		1,259,248	3.3%		1,259,248	
126,828	4	117,753	0.3%		117,753	
309,796	5	277,945	0.7%		277,945	
35,080,111		38,456,455	100.0%	36,800,309	1,654,946	1,200
OPERATING EXPENSES REQUIRING FUND OUTFLOWS						
Health Service Agreement/ Budget Sector						
16,458,495		17,675,248	47.0%	17,675,248		
7,426,597		7,920,312	21.1%	7,920,312		
2,504,115		2,780,990	7.4%	2,780,990		
1,469,709		1,417,735	3.8%	1,417,735		
3,938,124		4,062,240	10.8%	4,062,240		
329,763	3	336,349	0.9%	336,349		
1,486,567		1,679,213	4.5%	1,679,213		
472,611		563,007	1.5%	563,007		
89,050		129,031	0.3%	129,031		
			97.3%			
Services Supported by Hospital and Community Initiatives						
866,718		792,169	2.1%		792,169	
39,188		83,843	0.2%		83,843	
36,700		105,772	0.3%		105,772	
17,217		29,936	0.1%		29,936	
19,120		20,930	0.1%		20,930	
			2.7%			
35,153,974	6	37,596,775	100.0%	36,564,125	1,032,650	0

**REVENUE AND EXPENSE STATEMENT
FOR THE YEAR ENDED 30 JUNE 1990 ANALYSIS BY FUND**

(73,863)	Operating Surplus/(Deficit) Requiring Fund Outflows	859,680	236,184	622,296	1,200
(467,176)	Operating Expenses Not Requiring Fund Outflows				
	Depreciation	(1,205,981)		0	(1,205,981)
(580,060)	Employee Benefits — Long Service Leave	(368,587)	(368,587)		
	Abnormal Items — Prior Year Long Service Leave	(1,412,393)	(1,412,393)		0
	Other — Loss on sale of Motor Vehicles	7 (3,243)			(3,243)
(1,047,236)		(2,990,204)	(1,780,980)	0	(1,209,224)
	Operating Revenue Not Providing Fund Inflows				
	Other — Profit on sale of Motor Vehicles	8 6,042			6,042
(1,047,236)	Operating Deficit Not Requiring Fund Outflows	(2,984,162)	(1,780,980)	0	(1,203,182)
(1,121,099)	Operating Deficit for the Year Retained Deficit at beginning	(2,124,482)	(1,544,796)	622,296	(1,201,982)
(5,344,508)	of year	(7,225,560)	(6,304,167)		(921,393)
(6,465,607)	Available for Appropriation	9 (9,350,042)	(7,848,963)	622,296	(2,123,375)
(759,953)	Transfer to Reserves	(717,327)	(107,156)	(622,296)	12,125
(7,225,560)	Retained Deficit at end of year ...	(10,067,369)	(7,956,119)	0	(2,111,250)

BALANCE SHEET AS AT 30 JUNE 1990 ANALYSIS BY FUND

Total Hospital 1988-89 \$	Notes	Total Hospital 1989-90 \$	Operating 1989-90 \$	MSP 1989-90 \$	Capital 1989-90 \$
EQUITY					
Capital					
16,006,456		18,979,912			18,979,912
1,203,270	17	1,123,252		1,123,252	
47,647		47,656		47,656	
(7,225,560)	20	(10,067,369)	(7,956,119)		(2,111,250)
10,031,813		10,083,451	(7,956,119)	1,170,908	16,868,662
CURRENT LIABILITIES					
2,863,744		3,736,751	3,710,925		25,826
700,000					
1,439,689	21	1,289,057	896,260	256,352	136,445
553,335		745,398	745,398		
2,108,232	10	2,263,916	2,263,916		
380,000	10	425,000	425,000		
8,045,000		8,460,122	8,041,499	256,352	162,271
NON-CURRENT LIABILITIES					
1,337,473	10	2,643,165	2,643,165		
9,382,473		11,103,287	10,684,664	256,352	162,271
19,414,286		21,186,738	2,728,545	1,427,260	17,030,933
CURRENT ASSETS					
222,386		1,054,068	53,643	1,000,425	
814,627	4	906,196	906,196		
633,342	4	777,009	462,771	314,238	
446,341	11	498,849	469,991	28,858	
30,188	12	152,827	152,827		
928,569	13	701,356	683,117	18,239	
849,899	(1c), 1	65,300		65,300	
3,925,352		4,155,605	2,728,545	1,427,060	0
NON-CURRENT ASSETS					
254,487	(1c), 1	200		200	
520,817	(1d), 1	520,817			520,817
7,346,192	(1d), 1	8,068,079			8,068,079
134,000	(1i), 1	120,609			120,609
1,718,999	(1d), 1	3,686,635			3,686,635
5,070,157	(1d), 1	4,297,641			4,297,641
268,885	(1d), 1	148,796			148,796
175,397	(1d), 1	188,356			188,356
15,488,934		17,031,133	0	200	17,030,933
19,414,286		21,186,738	2,728,545	1,427,260	17,030,933

**RECONCILIATION OF OPERATING DEFICIENCY IN ANNUAL ACCOUNTS
WITH CASH DEFICIENCY REPORTED TO HEALTH DEPARTMENT VICTORIA
YEAR ENDED 30th JUNE 1990**

	\$	\$
Cash Deficit Reported to Health Department		
Budget Items	(595,669)	
Less Accrued Grant due from Health Department	581,700	(13,969)
Non-Budget Items (includes interest)		(441,768)
		<u>(455,737)</u>
Add Increase in Provision for Annual Leave, Long Service Leave, Accrued Days Off	(1,506,376)	
Decrease in Other Debtors	(71,496)	
Increase in Accrued Salaries	(192,063)	
Specific Grants to Capital Fund	(204,000)	
		<u>(1,973,935)</u>
Less Increase in Stores	23,650	
Increase in Prepayments	122,999	
Decrease in Creditors	173,602	
Decrease in Grants Outstanding	161,900	
Equipment transfers to Capital Fund	311,156	
Increase in Patient Fees Receivable	91,569	
		<u>884,876</u>
Operating Fund Deficit 1989-90		(1,544,796)
Add Obsolete Capital Equipment sold		1,200
Profit on sale of vehicles		2,799
Depreciation Current Year		(1,205,981)
Less Special Purpose Funds Surplus		622,296
Deficit as per Revenue and Expense Statement		<u>(2,124,482)</u>
 RECONCILIATION OF ACCUMULATED DEFICIT		
	\$	\$
Cash Deficit from Prior Years	(3,363,445)	
Prior year Grant received 1989-90	743,600	
Cash Deficit 1989-90	(455,737)	
Current year Grant Outstanding	(581,700)	
Accumulated Cash Deficit as at 30.6.90		(3,657,282)
Accumulated Staff Entitlements Prior Years	(4,379,040)	
Increase in Staff Entitlements 1989-90	(1,698,439)	
Accumulated Staff Entitlements as at 30.6.90		(6,077,479)
Accrued Expenses Prior Years	(1,069,862)	
Accrued Stock and Debtors Prior Years	2,508,180	
Decrease in Accrued Expenses 1989-90	173,602	
Increase in Stock and Debtors 1989-90	166,722	
Net Operating Assets as at 30.6.90		1,778,642
Accumulated Capital Deficit as at 30.6.90		(2,111,250)
Accumulated Deficit as at 30.6.90		<u>(10,067,369)</u>