
**BALLARAT
BASE HOSPITAL**

**FINANCIAL
STATEMENTS**

1991-92

◆ ◆ ◆ ◆ FINANCE REPORT

The financial statements as presented in this report have been prepared in accordance with the requirements of the Annual Reporting Act 1983 and indicate how the Hospital has "traded" during the 12 months to 30th June, 1992 and its financial "position" at that point in time.

Some figures in the Statements worthy of note and explanation are —

1. Government funding rose by 9.5% to 82% of the total Income of \$43,975,582.
2. Patient Fee income fell by 11.3%.
3. Total Revenue increased by 5.2%.
4. Total Operating expenses requiring fund outflows rose by 9% to \$45,277,928.
5. Expenditure in relation to Workcare and Superannuation rose by 28.5% and now represents 6.4% of total Operating expenses (up from 5.5% for 1990/91).
6. Contributed Capital rose by \$19,778,699 during the year largely as a result of the governments funding of the Redevelopment project.
7. After allowing for the accumulated deficit, Equity in the Hospital now stands at \$30,981,560.
8. Bank Overdraft and Creditors rose by 36.7% highlighting the financial strain the Hospital experiences in the flow of cash.
9. Total assets now stand at \$45,013,637 non Current Assets increasing by 43.5% for the year.

The Hospital experienced an accrued deficit of \$1.1M for the financial year 1991/92. The cash deficit reported to the Health Department was considerably less at \$126,000. An explanation of this deficit appears below. One of the major reasons was a throughput increase that offset the effect of the closure of Ward QG in September, 1991.

The throughput variance is calculated as:

Adjusted Patient's Budget	12639
Actual Patients	13705
Additional Throughput	1066

This additional throughput of 8.4% was achieved by a significant reduction in length of stay of 0.5 days. This situation added pressure within certain departments and would have added to our costs again. It is very difficult to estimate, financially, the effect of such strain.

DEFICIT EXPLANATION

EXPENSE GROUP	AMOUNT	EXPLANATION
SALARIES & WAGES	402,500	Anticipated level of Enhanced Resignation packages not achieved. Unfunded period for Urology Registrar. Overheads relating to Anaesthetic dispute. Additional staff required to meet additional throughput.
MEDICAL & SURGICAL SUPPLIES	128,000	1000 patients more than anticipated @ 120 per patient.
DIAGNOSTIC SERVICE	50,000	Increased throughput and higher use of non-ionic media.
DRUGS	43,000	Increased throughput.
FUEL, LIGHTS & POWER	70,000	Full year of charging of water rates. Increased throughput.
LINEN	43,000	Additional throughput.
MAINTENANCE C/T's	50,000	Equipment out of warranty.
ADMINISTRATION	70,000	Net 7% increase in Telephone charges. Purchase of patient transport vehicle.
WORKCARE	350,000	Penalty.
ACC. & EMERGENCY	50,000	Additional throughput.
	\$ 1,256,500	ESTIMATE OF EFFECT

It should also be noted that it has been the Hospital's contention for sometime that its Non-Salary budget is inadequate for our patient profile. Submissions are still being assessed by HDV on this matter.

REVENUE AND EXPENSE STATEMENT
FOR THE YEAR ENDED 30th JUNE, 1992

	Note	Hospital 1991-92 \$	Hospital 1990-91 \$
OPERATING REVENUE PROVIDING FUND INFLOWS			
Services supported by Health Services Agreement			
Government grants	13	36,277,588	33,137,746
Indirect contributions by Health Department Victoria	14	358,824	312,872
Patient fees	6	3,863,525	4,354,579
Recoupment from private practice for use of hospital facilities	6	1,818,212	1,860,781
Other revenue	15	444,055	618,092
Services supported by Hospital and Community Initiatives			
Private practice fees	6	729,379	1,134,820
Interest		24,082	29,353
Other revenue	16	459,917	358,179
TOTAL OPERATING REVENUE PROVIDING FUND INFLOWS		43,975,582	41,806,422
LESS OPERATING EXPENSES REQUIRING FUND OUTFLOWS			
Services supported by Health Services Agreement			
Direct patient care services	17	20,891,517	19,497,098
Diagnostic and medical support services	17	9,392,936	8,608,478
Administration and quality assurance	17	3,582,711	3,015,282
Engineering and maintenance	17	2,074,202	1,665,711
Domestic and catering services	17	4,431,943	4,139,919
Corporate costs funded by Health Department Victoria	17	358,824	312,872
Workcare and superannuation	17	2,905,554	2,260,458
Teaching and research	17	589,212	603,053
Other	17	152,718	161,579
Services supported by Hospital and Community Initiatives			
Diagnostic and medical support services	17	481,400	720,973
Administration and quality assurance	17	268,097	59,419
Engineering and maintenance	17	67,186	81,255
Teaching and research	17	30,739	48,375
Community services	17	50,889	27,421
TOTAL OPERATING EXPENSES REQUIRING FUND OUTFLOWS		45,277,928	41,201,893
OPERATING SURPLUS (DEFICIT) ATTRIBUTABLE TO FUND ITEMS		(1,302,346)	604,529
Less operating expenses not requiring fund outflows			
Depreciation		1,563,553	1,348,150
Long Service Leave		613,583	817,869
		2,177,136	2,166,019
OPERATING DEFICIT ATTRIBUTABLE TO NON FUND ITEMS		(2,177,136)	(2,166,019)
Operating deficit for the year		(3,479,482)	(1,561,490)
Extraordinary item — library books		—	187,691
Operating deficit after extraordinary item		(3,479,482)	(1,373,799)
Accumulated deficit at 1st July, 1991		(12,946,520)	(10,127,361)
Available for appropriation		(16,426,002)	(11,501,160)
Aggregate of amounts transferred to reserves	10	(622,586)	(1,445,360)
Accumulated deficit at 30th June, 1992		(17,048,588)	(12,946,520)

◆ ◆ ◆ BALANCE SHEET AS AT 30th JUNE, 1992

	Note	Hospital 1991-92 \$	Hospital 1990-91 \$
EQUITY			
Capital			
Contributed capital		47,405,894	27,627,195
Funds held for restricted purposes	3	576,575	1,139,191
Funds held in perpetuity		47,679	47,679
		<u>48,030,148</u>	<u>28,814,065</u>
Accumulated deficit		(17,048,588)	(12,946,520)
TOTAL EQUITY		<u>30,981,560</u>	<u>15,867,545</u>
CURRENT LIABILITIES			
Bank overdraft	22	2,405,051	3,032,717
Creditors	2	3,752,730	1,470,388
Lease liability	21	49,507	—
Income in advance		22,333	—
Patient deposits		1,962	1,687
Accrued expenses		759,986	852,312
Accrued employee entitlements	5	2,683,006	2,503,314
Provision for long service leave	4	450,000	440,000
TOTAL CURRENT LIABILITIES		<u>10,124,575</u>	<u>8,300,418</u>
NON-CURRENT LIABILITIES			
Lease liability	21	593,153	—
Provision for long service leave	4	3,314,349	3,033,878
TOTAL NON-CURRENT LIABILITIES		<u>3,907,502</u>	<u>3,033,878</u>
TOTAL LIABILITIES		<u>14,032,077</u>	<u>11,334,296</u>
TOTAL EQUITY AND LIABILITIES		<u>45,013,637</u>	<u>27,201,841</u>
CURRENT ASSETS			
Cash at bank and on hand		59,956	685,543
Patient fees receivable	6	942,240	973,646
Diagnostic fees receivable	6	499,465	678,446
Stores	7	571,347	514,122
Prepayments		173,833	—
Debtors and accrued revenue	12	577,907	514,736
Short-term investments	8	13,981	13,557
TOTAL CURRENT ASSETS		<u>2,838,729</u>	<u>3,380,050</u>
NON-CURRENT ASSETS			
Investments	8	50,805	2,400
Land	9	562,697	540,767
Buildings	9	7,283,822	7,746,099
Goodwill	9	93,791	107,218
Assets under construction	9	26,261,452	9,927,904
Library books	9	96,452	97,483
Plant and equipment	9	6,670,559	4,961,538
Office furniture and equipment	9	182,679	205,110
Motor vehicles	9	329,991	233,272
Plant and equipment under lease	20	642,660	—
TOTAL NON-CURRENT ASSETS		<u>42,174,908</u>	<u>23,821,791</u>
TOTAL ASSETS		<u>45,013,637</u>	<u>27,201,841</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE, 1992**

	Note	Hospital 1991-92 \$ Inflows (Outflows)	Hospital 1990-91 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Services supported by Health Services Agreement			
RECEIPTS			
Government grants	26	35,881,905	33,297,500
Patient fees		3,894,931	4,285,729
Recoupment from private practice for use of hospital facilities		1,997,193	1,959,344
Other receipts		285,659	259,182
PAYMENTS			
Salaries and wages		(31,917,872)	(30,109,136)
Interest		(72,424)	(35,647)
Other		(9,902,884)	(9,773,410)
Services supported by Hospital and Community Initiatives			
Private practice fees		729,379	1,134,820
Donations		180,797	297,253
Interest		23,324	31,915
Other receipts		483,090	358,179
PAYMENTS			
Salaries and wages		(280,777)	(260,841)
Other		(878,839)	(712,487)
NET CASH GENERATED FROM OPERATING ACTIVITIES	27	<u>423,482</u>	<u>732,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of plant and equipment		(19,419,227)	(7,873,210)
Proceeds from disposal of plant and equipment		158,396	358,910
Payments for purchase of investments		(48,829)	49,543
NET CASH USED IN INVESTING ACTIVITIES		<u>(19,309,660)</u>	<u>(7,464,757)</u>
CASH FLOWS FROM GOVERNMENT			
Capital		18,412,700	6,920,632
Special/Other		475,282	145,546
NET CASH PROVIDED BY GOVERNMENT		<u>18,887,982</u>	<u>7,066,178</u>
NET INCREASE IN CASH HELD		<u>1,804</u>	<u>333,822</u>
CASH AT 1st JULY, 1991		<u>(2,348,861)</u>	<u>(2,682,683)</u>
CASH AT 30th JUNE, 1992	24	<u>(2,347,057)</u>	<u>(2,348,861)</u>

◆ ◆ ◆ ◆ STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30th JUNE, 1992

	Note	Contributed Capital \$	Funds held for restricted purposes \$	Funds held in perpetuity \$	Accumulated Deficit \$	Total 1991-92 \$	Total 1990-91 \$
Balance at beginning of the year		27,627,195	1,139,191	47,679	(12,946,520)	15,867,545	10,023,459
Deficit for the year					(3,479,482)	(3,479,482)	(1,373,799)
Capital receipts							
Donations		180,797				180,797	297,253
Capital grants	13	18,412,700				18,412,700	6,920,632
Transfer to reserves							
Equipment funded from operations ...	10	296,561			(296,561)		
Surplus from restricted funds	10		326,025		(326,025)		
Other transfers							
Equipment funded from funds held for restricted purposes	11	888,641	(888,641)				
Balance at end of the year		47,405,894	576,575	47,679	(17,048,588)	30,981,560	15,867,545

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE, 1992



NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The financial statements of the 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. These Regulations incorporate by reference relevant accounting standards issued jointly by the Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants.

(a) *Accrual Basis*

Except where otherwise stated, these financial statements have been prepared on the accrual basis whereby revenues and expenses are recognised when they are earned or incurred, and are brought to account in the period to which they relate.

(b) *Historical Cost Basis*

The financial statements have been prepared on the historical cost basis whereby assets are recorded at purchase price plus costs incidental to the acquisition and do not take into account changing money values nor the current cost of non-current assets (unless specifically stated).

(c) *Rounding Off*

All amounts shown in the financial statements are expressed to the nearest dollar.

(d) *Investments*

Investments are valued at cost and are classified between current and non-current assets based on the Hospital Board of Management's intentions at balance date with respect to timing of disposal of each investment. Interest revenue from investments is brought to account when it is earned.

(e) *Depreciation*

Assets with a cost in excess of \$1,000 are capitalized and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives using the straight-line method. The depreciation charge is not funded by the Health Department Victoria.

(f) *Stores*

Inventories are stated in the balance sheet at the lower of cost and net realisable value. Cost is determined principally by the first-in first-out method.

(g) *Employee entitlements*

Long Service Leave

Provision for long service leave is made on a pro-rata basis for all employees who have completed five or more years of service. Generally, the entitlement under various awards becomes payable on a pro-rata basis 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 classified as a non-current liability.

Annual Leave

The hospital's accrued liability for annual leave at 30th June, 1992 is classified as a current liability.

Accrued Days Off

The hospital's obligation in respect of accrued days off not taken at 30th June, 1992 is classified as a current liability.

(h) *Donations*

Donations for capital purposes are recognised as contributed capital in the balance sheet and statement of changes in equity.

(i) *Fund Accounting*

The hospital operates on a fund accounting basis and maintains four funds being Operating, Specific Purpose, Endowment and Capital Funds. The Hospital's Capital and Specific Purpose Funds include unspent donations and receipts from fundraising activities conducted solely in respect of these funds. Separation of the funds from the Operating Fund is required under the *Health Services Act 1988*.

(j) *Services supported by Health Services Agreement and Services supported by Hospital and Community initiatives.*

The activities classified under the Services Supported by Health Services Agreement are affected by Health Department Victoria funding while the hospital and Community initiatives are funded by the hospital's own activities or local initiatives.

(k) *Leased equipment*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits. Where a non-current asset is required by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non-current asset at the beginning of the lease term and is amortised on a straight line basis over its expected economic life. A corresponding liability is established and each lease payment is allocated between the principal component and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged against revenue in the periods in which they are incurred.

(l) *Revenue recognition*

Revenue is recognised at the time when goods are sold or services rendered.

(m) *Non-current Assets*

As a result of a change in hospital policy, the gross proceeds of sale of non-current assets have been included as operating revenue providing fund inflows while the written down value of the assets sold has been shown as an operating expense requiring fund outflows. This has resulted in certain 1990-91 comparative figures being restated.

(n) *Private practice fees*

The apportionment of private practice fees between the hospital and medical practitioners is based on the arrangements between the parties.

(o) *Goodwill*

Purchased goodwill amounting to \$134,000 is being amortised over a ten year period.

(p) *Definition of Cash*

For the purposes of the statement of cash flows, the hospital considers cash to include cash on hand and in banks and investments in money market instruments.

◆ ◆ ◆ ◆ NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992

NOTE 2: CREDITORS AND BORROWINGS

	1991-92 \$	1990-91 \$
Creditors	3,752,730	1,470,388

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

NOTE 3: FUNDS HELD FOR RESTRICTED PURPOSES

	1991-92 \$	1990-91 \$
Medical Special Purpose		
Pathology	86,035	269,251
Radiology	208,816	245,751
Clinical Services	33,559	70,051
	<u>328,410</u>	<u>585,053</u>
Other		
Building and Equipment	81,678	305,631
Specific Building and Equipment	29,304	29,304
General Staff Amenities	25,527	101,033
Nursing Prizes	5,884	5,970
Nursing Services	6,952	14,789
Education and Research	29,752	27,621
Historical Research	69,068	69,790
	<u>248,165</u>	<u>554,138</u>
TOTAL	<u>576,575</u>	<u>1,139,191</u>

NOTE 4: PROVISION FOR LONG SERVICE LEAVE

	Current \$	Non- Current \$	Total 1991-92 \$	Total 1990-91 \$
Long service leave	450,000	3,314,349	3,764,349	3,473,878

Long Service Leave paid during the year, \$323,113 (1990-91 \$412,157).

NOTE 5: ACCRUED EMPLOYEE ENTITLEMENTS

	1991-92 \$	1990-91 \$
Annual leave	2,590,166	2,415,783
Accrued days off	92,840	87,531
	<u>2,683,006</u>	<u>2,503,314</u>

NOTE 6: PATIENT FEES

	Patient Fees Raised		Patient Fees Receivable	
	1991-92 \$	1990-91 \$	as at 1991-92 \$	as at 1990-91 \$
Inpatients	3,761,104	4,245,034	924,127	931,464
Outpatients	102,421	109,545	38,113	62,182
	<u>3,863,525</u>	<u>4,354,579</u>	<u>962,240</u>	<u>993,646</u>
Less Provision for doubtful debts			(20,000)	(20,000)
Net patient fees receivable			<u>942,240</u>	<u>973,646</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS ◆ ◆ ◆ ◆
FOR THE YEAR ENDED 30th JUNE, 1992

**NOTE 6: (Continued)
 DIAGNOSTIC FEES**

	Diagnostic Fees Raised		Diagnostic Fees Receivable	
	1991-92 \$	1990-91 \$	as at 1991-92 \$	as at 1990-91 \$
Pathology	1,676,681	1,755,554	280,758	346,819
Radiology	534,053	817,966	143,393	229,904
Computer Tomography	336,857	422,081	75,314	101,723
	<u>2,547,591</u>	<u>2,995,601</u>		
Net diagnostic fees receivable			<u>499,465</u>	<u>678,446</u>
Diagnostic Fees Reconciliation				
Services supported by Health Services Agreement				
Pathology	1,088,567	979,752	162,457	169,713
Radiology	404,357	461,601	96,634	157,111
Computer Tomography	325,288	419,428	75,314	101,723
	<u>1,818,212</u>	<u>1,860,781</u>	<u>334,405</u>	<u>428,547</u>
Services supported by Hospital and Community Initiatives.				
Pathology	588,114	775,802	118,301	177,106
Radiology	129,696	356,365	46,759	72,793
Computer Tomography	11,569	2,653	—	—
	<u>729,379</u>	<u>1,134,820</u>	<u>165,060</u>	<u>249,899</u>
Total Diagnostic Fees Receivable			<u>499,465</u>	<u>678,446</u>

NOTE 7: STORES

	1991-92 \$	1990-91 \$
Pharmaceuticals	159,107	140,354
Catering supplies	22,777	22,823
Housekeeping supplies	57,883	53,034
Medical and surgical lines	245,917	220,105
Administration stores	85,663	77,806
	<u>571,347</u>	<u>514,122</u>

NOTE 8: INVESTMENTS

Type of Investment	Specific Purpose Fund \$	Endowment Fund \$	Total 1991-92 \$	Total 1990-91 \$
Current				
Interest Bearing Account	13,950	9	13,959	13,312
Preference Shares	—	22	22	22
Cash Management Account	—	—	—	223
	<u>13,950</u>	<u>31</u>	<u>13,981</u>	<u>13,557</u>
Non-Current				
Debenture Stock	205	50,600	50,805	2,400
Total Investments	<u>14,155</u>	<u>50,631</u>	<u>64,786</u>	<u>15,957</u>

◆ ◆ ◆ NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992

NOTE 9: NON-CURRENT ASSETS

	At Cost 30/6/92 \$	Depreciation/ Amortisation for 1991-92 \$	Accumulated Depreciation/ Amortisation at 30/6/92 \$	Net Assets at 30/6/92 \$	Net Assets at 30/6/92 \$
Land	562,697			562,697	540,767
Buildings	13,425,095	525,503	6,141,273	7,283,822	7,746,099
Goodwill	134,000	13,391	40,209	93,791	107,218
Assets under construction	26,261,452			26,261,452	9,927,904
Library books	218,255	31,521	121,803	96,452	97,483
Plant and equipment	10,978,772	930,977	4,308,213	6,670,559	4,961,538
Office furniture and equipment	434,535	32,321	251,856	182,679	205,110
Motor vehicles	365,513	29,840	35,522	329,991	233,272
TOTAL NON-CURRENT ASSETS	52,380,319	1,563,553	10,898,876	41,481,443	23,819,391

NOTE 10: TRANSFER TO RESERVES

	1991-92 \$	1990-91 \$
Equipment funded from operations	296,561	565,696
Interest from endowments	—	3,310
Surplus from funds held for restricted purposes	326,025	876,354
	<u>622,586</u>	<u>1,445,360</u>

NOTE 11: OTHER TRANSFERS TO RESERVES

	1991-92 \$	1990-91 \$
Equipment funded from funds held for restricted purposes ..	888,641	863,702

NOTE 12: DEBTORS AND ACCRUED REVENUE

	Less than 1 Year \$	Total 1991-92 \$	Total 1990-91 \$
Government grants outstanding	263,800	263,800	276,400
Inter hospital debtors	170,032	170,032	52,566
Trade debtors	143,173	143,173	185,626
Accrued revenue	902	902	144
	<u>577,907</u>	<u>577,907</u>	<u>514,736</u>

NOTE 13: GOVERNMENT GRANTS

	1991-92 \$	1990-91 \$
Health Department Victoria Ordinary Grants	35,824,639	32,992,200
Health Department Victoria Other Grants		
AIDS testing	71,142	63,000
Regional education	—	6,446
Sexual Assault Clinic	115,369	74,500
Enhanced Resignation Packages	266,438	—
Other	—	1,600
Total Operating Grants	36,277,588	33,137,746
Health Department Capital Grants		
Capital Works	18,243,700	6,647,596
Minor Works	59,000	86,000
Medical Equipment	110,000	187,036
	<u>18,412,700</u>	<u>6,920,632</u>

Grants for capital purposes are included in the statement of changes in equity and are included in the balance sheet as contributed capital.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992**

NOTE 14: INDIRECT CONTRIBUTIONS BY HEALTH DEPARTMENT VICTORIA

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

	1991-92	1990-91
	\$	\$
Audit fees	34,330	31,520
Insurance	270,150	240,771
Industrial relations service	10,131	9,711
Health computing service charges	44,213	30,870
	<u>358,824</u>	<u>312,872</u>

**NOTE 15: OTHER REVENUE — SERVICES SUPPORTED BY
HEALTH SERVICES AGREEMENT**

	1991-92	1990-91
	\$	\$
Meals and accommodation	220,462	207,801
Recoveries	20,050	13,835
Rent	45,147	35,771
Proceeds from Sale of Vehicles	108,396	51,905
Proceeds from Sale of Residential Building	—	307,005
Proceeds from Sale of P.A.B.X.	50,000	—
Sale of obsolete items	—	1,775
	<u>444,055</u>	<u>618,092</u>

NOTE 16: OTHER REVENUE — HOSPITAL AND COMMUNITY INITIATIVES

	1991-92	1990-91
	\$	\$
Recoveries	91,368	32,614
Sale of obsolete items	9,066	2,782
Other Medical Services		
Medical reports	17,291	18,506
Audiology	156	473
E.E.G. services	76,343	67,845
Emergency Services	663	—
Staff clinic	2,642	142
Ante-natal classes	2,952	2,966
Clinical services	26,238	6,963
Veterinary pathology	11,756	—
Community services — child care	10,815	10,772
Fees received — child care	14,189	16,794
Sundry fund raising	319	8,587
Gold phone	15,330	9,323
Lecturing fees	834	5,535
Commissions	24,347	20,583
Rent	70,203	73,603
Waste disposal	18,209	61,940
Print Shop	3,876	—
Car Parking	63,320	18,751
	<u>459,917</u>	<u>358,179</u>

◆ ◆ ◆ ◆ NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992

NOTE 17: OPERATING EXPENSES — SERVICES SUPPORTED BY
HEALTH SERVICES AGREEMENT

	1991-92 \$	1990-91 \$
Direct Patient Care Services		
Wards Special Care	1,783,362	1,678,191
Medical and Surgical	7,886,144	7,568,232
Midwifery	1,956,415	1,884,663
Purchased Services	811,418	761,832
Theatre	1,985,904	1,826,521
Accident/Emergency	1,251,958	1,189,167
Outpatients	110,750	134,304
Clinical Units	5,105,566	4,454,188
	<u>20,891,517</u>	<u>19,497,098</u>
Diagnostic and Medical Support Services		
Pharmacy	1,729,658	1,480,829
C.S.S.D.	247,374	240,206
Medical Records	643,350	590,042
Pathology	3,282,357	2,935,688
Radiology	1,395,074	1,286,126
Computer Tomography	459,023	539,097
Technical Support	52,227	48,227
Allied Health	1,253,998	1,188,443
Medical Support	329,875	299,820
	<u>9,392,936</u>	<u>8,608,478</u>
Administration and Quality Assurance		
General Administration	996,914	624,876
Executive	234,454	263,311
Projects	32,291	32,674
Chaplain	20,256	19,555
Communications	290,843	288,902
Corporate Services	10,843	—
Interest	72,424	35,647
Finance	361,305	309,869
Personnel/Payroll	321,492	262,647
Supply	183,380	170,838
Safety	42,943	41,063
Security	218,745	217,590
Nursing Administration	674,731	627,107
Quality Assurance	122,090	121,203
	<u>3,582,711</u>	<u>3,015,282</u>
Engineering and Maintenance		
Power	592,532	542,752
Engineering	1,481,670	1,122,959
	<u>2,074,202</u>	<u>1,665,711</u>
Domestic and Catering Services		
Food and Dietary	2,085,861	1,969,836
Domestic	1,594,024	1,425,691
Linen, Laundry	752,058	744,392
	<u>4,431,943</u>	<u>4,139,919</u>
Corporate Costs Funded by Health Dept. Vic.	<u>358,824</u>	<u>312,872</u>
Employee Benefits		
Superannuation	1,502,275	1,056,196
Workcare	1,403,279	1,204,262
	<u>2,905,554</u>	<u>2,260,458</u>
Teaching and Research		
Nurse Education	522,421	513,516
Education and Training	56,856	62,683
Post Basic Education	9,935	26,854
	<u>589,212</u>	<u>603,053</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS ◆ ◆ ◆ ◆
FOR THE YEAR ENDED 30th JUNE, 1992

**NOTE 17: OPERATING EXPENSES — SERVICES SUPPORTED BY
 HEALTH SERVICES AGREEMENT (Continued)**

	1991-92	1990-91
	\$	\$
Other		
Regional Nurses	98,743	102,373
Domiciliary Care	53,975	59,206
	<u>152,718</u>	<u>161,579</u>
	<u>44,379,617</u>	<u>40,264,450</u>

OPERATING EXPENSES — HOSPITAL AND COMMUNITY INITIATIVES

Diagnostic and Medical Support Services		
Pathology	297,647	404,364
Radiology	156,435	228,921
Medical Support	27,318	87,688
	<u>481,400</u>	<u>720,973</u>
Administration and Quality Assurance		
General Administration	207,135	59,419
Finance	24,349	—
Nursing Administration	36,613	—
	<u>268,097</u>	<u>59,419</u>
Engineering and Maintenance		
Engineering	67,186	81,255
Teaching and Research		
Nurse Education	30,739	48,375
Community Services		
Child Care	23,886	27,421
Community Medicine	24,745	—
Birthing Service	2,258	—
	<u>50,889</u>	<u>27,421</u>
	<u>898,311</u>	<u>937,443</u>
	<u>45,277,928</u>	<u>41,201,893</u>

Note

The loss on sale of non-current assets were as follows:

Sale of P.A.B.X.	74,555	—
Sale of Motor Vehicles	6,167	584

The profit on sale of non-current assets were as follows:

Sale of Motor Vehicles	5,720	3,399
Sale of Residential Building	—	269,858

NOTE 18: CAPITAL WORKS COMMITMENT

	1991-92	1990-91
	\$	\$
Outstanding Contracts for works and services associated with the Redevelopment Project	<u>9,893,555</u>	<u>28,805,742</u>

◆ ◆ ◆ ◆ NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992

NOTE 19: UNFUNDED SUPERANNUATION LIABILITY

The hospital contributes on behalf of all eligible employees to the HOSPITALS SUPERANNUATION FUND.

A basic benefit of 3% of employee salary is financed for each employee. This commenced in July, 1988 as a 3% productivity pay increase. In addition employees can contribute 3% or 6% of their salary to a contributory scheme. The hospital further finances the scheme for contributors in accordance with the HOSPITALS SUPERANNUATION BOARD guidelines calculated on the amount of the contribution by each employee.

The notional share of unfunded superannuation liability attributable to the hospital has been advised by the HOSPITALS SUPERANNUATION BOARD as \$5.967 million.

The total amount of contributions made by the hospital to the above fund during the past financial year, is as follows —

	\$
Contributing members	992,203
Non-contributing Basic 4%	510,072
Total contributions to H.S.B.	<u>1,502,275</u>

The amount in respect of any contributions outstanding in respect of the financial year is NIL.

In accordance with Section 29 (2) (a) of the HOSPITALS SUPERANNUATION ACT 1988, contributions of the hospital are calculated as a percentage of the employee's salary. Separate contributions are determined for basic benefits and optional contributory benefits in accordance with Section 29 (3). The rates for 1991/92 are, for all Class A participating institutions:

Basic Benefit 2.0%	Employee 3% 6%	Contributory	Employer 7.7% 13.1%
-----------------------	----------------------	--------------	---------------------------

NOTE 20: LEASED ASSETS

	Cost as at 30/6/92 \$	Amortisation for 1991-92 \$	Accum. Amortisation at 30/6/92 \$	Net cost of leased assets 30/6/92 \$	Net cost of leased assets 30/6/91 \$
Plant and equipment under lease	642,660	—	—	642,660	—

NOTE 21: LEASE LIABILITIES

	1991-92 \$	1990-91 \$
Aggregate lease expenditure contracted for at balance date.		
Operating leases		
Not later than one year	32,992	32,992
Later than one year and not later than two years	32,992	32,992
Later than two years and not later than five years	32,991	65,983
	<u>98,975</u>	<u>131,967</u>
Representing:-		
Cancellable operating leases	98,975	131,967
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	93,087	—
Later than one year and not later than two years	186,049	—
Later than two years and not later than five years	599,249	—
	<u>878,385</u>	<u>—</u>
Minimum lease payments	878,385	—
Less Future finance charges	235,725	—
	<u>642,660</u>	<u>—</u>
Representing lease liabilities:		
Current	49,507	—
Non-current	593,153	—
	<u>642,660</u>	<u>—</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS ◆ ◆ ◆ ◆
FOR THE YEAR ENDED 30th JUNE, 1992

NOTE 22: BANK OVERDRAFT

The hospital has an Overdraft facility with a limit of \$1,500,000, and a standby facility thereafter, with a peak limit of \$2,300,000. The Health Department Victoria has supplied a letter advising continuing funding to the hospital and its bankers as a means of security. The undrawn portion of the Overdraft facility at the 30th June, 1992 was \$100,098.

NOTE 23: CONTINGENT LIABILITIES

The hospital is unaware of any contingent liabilities not recorded or disclosed in the financial statements as at 30th June, 1992.

NOTE 24: RECONCILIATION OF CASH

Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial positions as follows:

	1991-92 \$	1990-91 \$
Operating Fund		
Deposits at Call		
Bank Overdraft	(4,556,562)	(4,452,422)
Cash on Hand	59,436	685,243
	<u>(4,497,126)</u>	<u>(3,767,179)</u>
Capital Fund		
Deposits at Call	1,177,993	365,644
Specific Purpose Fund		
Deposits at Call	975,574	1,007,376
Cash on Hand	520	300
	<u>976,094</u>	<u>1,007,676</u>
Endowment Fund		
Deposits at Call	—	44,998
Bank Overdraft	(4,018)	—
	<u>(4,018)</u>	<u>44,998</u>
	<u>(2,347,057)</u>	<u>(2,348,861)</u>

NOTE 25: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year the hospital acquired equipment with an aggregate fair value of \$642,660 by means of a finance lease. This acquisition is not reflected in the statement of cash flows.

NOTE 26: GOVERNMENT GRANT RELATING TO PRIOR YEAR

Includes \$263,800 which relates to prior year operations (1990-91 \$276,400.)

NOTE 27: RECONCILIATION OF NET CASH USED

IN OPERATING ACTIVITIES TO OPERATING RESULT

	1991-92 \$	1990-91 \$
OPERATING RESULT	(3,479,482)	(1,373,799)
Depreciation	1,563,553	1,212,451
Decrease (Increase) in Accrued Expenses	(92,326)	106,914
Decrease (Increase) in Interest Receivable	(758)	2,562
Decrease (Increase) in Patient Fees Receivable	31,406	(68,850)
Decrease (Increase) in Prepayments	(173,833)	152,827
Decrease in Accrued Revenue	12,600	305,300
Decrease in Diagnostic Fees Receivable	178,981	98,563
Increase in Accrued Employee Entitlements	179,692	93,169
Increase in Creditors	2,242,566	53,632
Increase in Debtors	(75,013)	(121,242)
Increase in Income in Advance	22,333	—
Increase in Provision for Doubtful Debts	—	1,400
Increase in Provision for L.S.L.	290,471	405,713
Increase in Stores	(57,225)	(15,273)
Profit on Sale of Motor Vehicles	(5,720)	(3,399)
Profit on Sale of Residential Buildings	—	(269,858)
Loss on Sale of Motor Vehicles	6,167	584
Loss on Sale of P.A.B.X.	74,555	—
Capital Donations	180,797	297,253
Government Revenues	(475,282)	(145,546)
Net Cash Generated from Operating Activities	<u>423,482</u>	<u>732,401</u>

◆ ◆ ◆ ◆ NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE, 1992

**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 transition arrangements to meet the full requirements of the Annual Reporting (Contributed Income Sector) Regulations 1988. In order to comply with the requirements of Australian Accounting Standard AAS4, "Depreciation of Non-Current Assets," the cost of land and buildings has been apportioned. Depreciation of buildings has been calculated using this deemed cost.

Subject to the above, in our opinion the financial statements of the Ballarat Base Hospital comprising statement of cash flows, balance sheet, statement of changes in equity, revenue and expense statement and notes to the financial statements 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 for the year ended 30th June, 1992 and the financial position as at the date of the Ballarat Base Hospital.

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.

N. F. MAHAR Chairperson
W. L. COCHRAN, Member
E. D. MACAULAY, Chief Executive Officer
L. J. GIBBONS, B.Bus., A.S.A., Principal Accounting Officer
Dated the tenth day of September, 1992.

AUDITOR-GENERAL'S REPORT

Audit Scope

The accompanying financial statements of the Ballarat Base Hospital for the year ended 30th June 1992, comprising statement of cash flows, balance sheet, statement of changes in equity, revenue and expense statement and notes to the financial statements, have been audited. The members of the Hospital's Board of Management are responsible for the preparation and presentation of the financial statements and the information they contain. An independent audit of the financial statements has been carried out in order to express an opinion on them as required by the *Annual Reporting Act 1983*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The audit procedures included and examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Statements of Accounting Concepts and Australian Accounting Standards and comply with the requirements of the *Annual Reporting Act 1983*, so as to present a view which is consistent with my understanding of the financial position of the Ballarat Base Hospital and the results of its operations.

The audit opinion expressed on the financial statements has been formed on the above basis.

Qualifications

The Hospital has included in the balance sheet, land and buildings at a deemed value of \$563,000 and \$7.3 million respectively. 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 the deemed values assigned to these assets and the adequacy of the depreciation charge of \$526,000 for the year and the accumulated depreciation of \$6.1 million at year end relating to these buildings.

The Hospital did not maintain a record of the value of Crown land under its control and consequently this asset was not included in the balance sheet. As the land represents a significant resource utilised by the Hospital in the carrying out of its activities, it is my opinion that the land should have been valued and recorded as an asset in the balance sheet.

Qualified Audit Opinion

In my opinion, except for the effect on the financial statements of the matters referred to above, the financial statements present fairly the financial position of the Ballarat Base Hospital as at 30th June, 1992 and the results of its operations for the year ended on that date in accordance with Statements of Accounting Concepts and Australian Accounting Standards and comply with the requirements of the *Annual Reporting Act 1983*.

MELBOURNE,
30/10/1992.

C. A. BARAGWANATH,
Auditor-General.

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30th JUNE, 1992 ANALYSIS BY FUND



Hospital 1990-91 \$	Note	Hospital 1991-92 \$	%	Operating 1991-92 \$	MSP 1991-92 \$	Capital 1991-92 \$
OPERATING REVENUE PROVIDING FUND INFLOWS						
Services supported by Health Services Agreement						
33,137,746		Government grants	13	36,277,588	82.5%	36,277,588
		Indirect contributions by				
312,872		Health Department Victoria	14	358,824	0.8%	358,824
4,354,579		Patient fees	6	3,863,525	8.8%	3,863,525
		Recoupment from private practice				
1,860,781		for use of hospital facilities	6	1,818,212	4.1%	1,818,212
618,092		Other revenue	15	444,055	1.0%	285,659
					97.2%	158,396
Services supported by Hospital and Community Initiatives						
1,134,820		Private practice fees	6	729,379	1.7%	729,379
29,353		Interest		24,082	0.1%	24,082
358,179		Other revenue	16	459,917	1.0%	459,917
					2.8%	
41,806,422		TOTAL OPERATING REVENUE PROVIDING FUND INFLOWS		43,975,582	100.0%	42,603,808
						1,213,378
						158,396
LESS OPERATING EXPENSES REQUIRING FUND OUTFLOWS						
Services supported by Health Services Agreement						
19,497,098		Direct patient care service	17	20,891,517	46.2%	20,891,517
8,608,478		Diagnostic and medical support services	17	9,392,936	20.7%	9,392,936
3,015,282		Administration and quality assurance ...	17	3,582,711	7.9%	3,458,156
1,665,711		Engineering and maintenance	17	2,074,202	4.6%	1,749,688
4,139,919		Domestic and catering services	17	4,431,943	9.8%	4,431,943
		Corporate costs funded by				
312,872		Health Department Victoria	17	358,824	0.8%	358,824
2,260,458		Workcare and superannuation	17	2,905,554	6.4%	2,905,554
603,053		Teaching and research	17	589,212	1.3%	589,212
161,579		Other	17	152,718	0.3%	152,718
					98.0%	
Services supported by Hospital and Community Initiatives						
720,973		Diagnostic and medical support services	17	481,400	1.1%	481,400
59,419		Administration and quality assurance ...	17	268,097	0.6%	268,097
81,255		Engineering and maintenance	17	67,186	0.1%	67,186
48,375		Teaching and research	17	30,739	0.1%	30,739
27,421		Community services	17	50,889	0.1%	50,889
					2.0%	
41,201,893		TOTAL OPERATING EXPENSES REQUIRING FUND OUTFLOWS		45,277,928	100.0%	43,930,548
						898,311
						449,069

◆ ◆ ◆ ◆ REVENUE AND EXPENSE STATEMENT FOR THE
YEAR ENDED 30th JUNE, 1992 ANALYSIS BY FUND

Hospital 1990-91 \$	Note	Hospital 1991-92 \$	Operating 1991-92 \$	MSP 1991-92 \$	Capital 1991-92 \$
604,529		(1,302,346)	(1,326,740)	315,067	(290,673)
1,348,150		1,563,553	1,514,037		49,516
817,869		613,583	613,583		
2,166,019		2,177,136	2,127,620	—	49,516
(2,166,019)		(2,177,136)	(2,127,620)		(49,516)
(1,561,490)		(3,479,482)	(3,454,360)	315,067	(340,189)
187,691					
(1,373,799)		(3,479,482)	(3,454,360)	315,067	(340,189)
(10,127,361)		(12,946,520)	(9,318,321)		(3,628,199)
(11,501,160)		(16,426,002)	(12,772,681)	315,067	(3,968,388)
(1,445,360)	10	(622,586)	(307,519)	(315,067)	
(12,946,520)		(17,048,588)	(13,080,200)	—	(3,968,388)

◆ ◆ ◆ ◆

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30th JUNE, 1992 ANALYSIS BY FUND

Hospital 1990-91 \$	Note	Hospital 1991-92 \$	Operating 1991-92 \$	MSP 1991-92 \$	Capital 1991-92 \$
EQUITY					
Capital					
27,627,195		47,405,894			47,405,894
1,139,191	3	576,575		576,575	
47,679		47,679		47,679	
<u>28,814,065</u>		<u>48,030,148</u>		<u>624,254</u>	<u>47,405,894</u>
(12,946,520)		(17,048,588)	(13,080,200)		(3,968,388)
<u>15,867,545</u>		<u>30,981,560</u>	<u>(13,080,200)</u>	<u>624,254</u>	<u>43,437,506</u>
TOTAL EQUITY					
CURRENT LIABILITIES					
3,032,717	22	2,405,051	6,140,559	(803,679)	(2,931,829)
1,470,388	2	3,752,730	2,079,712	523,419	1,149,599
	21	49,507			49,507
		22,333	22,333		
1,687		1,962		1,962	
852,312		759,986	759,986		
2,503,314	5	2,683,006	2,683,006		
440,000	4	450,000	450,000		
<u>8,300,418</u>		<u>10,124,575</u>	<u>12,135,596</u>	<u>(278,298)</u>	<u>(1,732,723)</u>
TOTAL CURRENT LIABILITIES					
NON-CURRENT LIABILITIES					
3,033,878	21	593,153			593,153
	4	3,314,349	3,314,349		
<u>3,033,878</u>		<u>3,907,502</u>	<u>3,314,349</u>		<u>593,153</u>
TOTAL NON-CURRENT LIABILITIES					
<u>11,334,296</u>		<u>14,032,077</u>	<u>15,449,945</u>	<u>(278,298)</u>	<u>(1,139,570)</u>
TOTAL LIABILITIES					
<u>27,201,841</u>		<u>45,013,637</u>	<u>2,369,745</u>	<u>345,956</u>	<u>42,297,936</u>
TOTAL EQUITY AND LIABILITIES					
CURRENT ASSETS					
685,543		59,956	59,436	520	
973,646	6	942,240	942,240		
678,446	6	499,465	334,405	165,060	
514,122	7	571,347	544,322	27,025	
		173,833			173,833
514,736	12	577,907	489,342	88,565	
13,557	8	13,981		13,981	
<u>3,380,050</u>		<u>2,838,729</u>	<u>2,369,745</u>	<u>295,151</u>	<u>173,833</u>
TOTAL CURRENT ASSETS					
NON-CURRENT ASSETS					
2,400	8	50,805		50,805	
540,767	9	562,697			562,697
7,746,099	9	7,283,822			7,283,822
107,218	9	93,791			93,791
9,927,904	9	26,261,452			26,261,452
97,483	9	96,452			96,452
4,961,538	9	6,670,559			6,670,559
205,110	9	182,679			182,679
233,272	9	329,991			329,991
	20	642,660			642,660
<u>23,821,791</u>		<u>42,174,908</u>		<u>50,805</u>	<u>42,124,103</u>
TOTAL NON-CURRENT ASSETS					
<u>27,201,841</u>		<u>45,013,637</u>	<u>2,369,745</u>	<u>345,956</u>	<u>42,297,936</u>
TOTAL ASSETS					

◆ ◆ ◆ RECONCILIATION OF OPERATING DEFICIENCY IN ANNUAL ACCOUNTS
WITH CASH DEFICIENCY REPORTED TO HEALTH DEPARTMENT
VICTORIA YEAR ENDED 30th JUNE 1992

	\$	\$
Cash Deficit Reported to Health Department		
Budget Items	(7,437)	
Less Accrued Grant due from Health Department	263,800	256,363
Non-Budget Items (includes Interest)		(118,262)
		<u>138,101</u>
Add Increase in Provision for Annual Leave,		
Long Service Leave, Accrued Days Off	(470,163)	
Increase in Income in Advance	(22,333)	
Decrease in Grants Outstanding	(12,600)	
Increase in Creditors	(2,242,566)	
Decrease in Patient Fees Receivable	(31,406)	
Decrease in Diagnostic Fees Receivable	(178,981)	
Specific Grants to Capital Fund	(169,000)	
		<u>(3,127,049)</u>
Less Increase in Stores	33,501	
Increase in Prepayment	173,833	
Increase in Other Debtors	75,013	
Increase in Accrued Salaries	92,326	
Increase in Interest Receivable	758	
Equipment transfers to Capital Fund	296,561	
		<u>671,992</u>
Operating Fund Deficit 1991-92		(2,316,956)
Add Profit on sale of vehicles		6,167
Loss on sale of vehicles		(5,720)
Profit on sale of buildings		74,555
Depreciation Current Year		(1,563,553)
Less Special Purpose Funds Surplus		326,025
Deficit as per Revenue and Expense Statement		<u>(3,479,482)</u>
 RECONCILIATION OF ACCUMULATED DEFICIT		
	\$	\$
Cash Deficit from Prior Years	(3,954,584)	
Prior year Grant received 1991-92	276,400	
Cash Surplus 1991-92	138,101	
Current Year Grant outstanding	(263,800)	
Accumulated Cash Deficit as at 30.6.92		(3,803,883)
Accumulated Staff Entitlements Prior Years	(6,829,504)	
Increase in Staff Entitlements 1991-92	(470,163)	
Accumulated Staff Entitlements as at 30.6.92		(7,299,667)
Accrued Expenses Prior Years	(1,049,087)	
Accrued Stock and Debtors Prior Years	2,514,854	
Increase in Accrued Expenses 1991-92	(3,534,384)	
Decrease in Stock and Debtors 1991-92	91,967	
Net Operating Assets as at 30.6.92		(1,976,650)
Accumulated Capital Deficit as at 30.6.92		(3,968,388)
Accumulated Deficit as at 30.6.92		<u>(17,048,588)</u>