





## Certification

In our opinion the financial statements of the Ballarat Base Hospital comprising revenue and expense statement, balance sheet, statement of changes in equity, statement of cash flows 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 30 June 1994 and the financial position as at that 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.

DR. BRIAN HASSETT, Chairperson

MR. BRUCE CLARK, Treasurer

MR. MICHAEL KIRK, Acting, Chief Executive Officer

Miss LYNE GIBBONS, Principal Accounting Officer

Dated the 19th Day of October, 1994 at BALLARAT.

## Auditor-General's Report

### Audit Scope

The accompanying financial statements of the Ballarat Base Hospital for the year ended 30 June 1994, comprising revenue and expense statement, balance sheet, consolidated statement of changes in equity, statement of cash flows 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 an 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 the 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 and its cash flows.

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

### Qualification

As at 30 June 1994, the current liabilities of the Hospital were \$13.909 million, which exceeded its current assets, which totalled \$2.995 million, by \$10.914 million. As indicated in note 28 to the financial statements, the Department of Health and Community Services has confirmed its continuing support for the Hospital. However, this support is conditional upon the implementation of cost savings or productivity measures, together with the development of a debt reduction plan.

### Qualified Audit Opinion

In my opinion, subject to the effect on the financial statements of the matter referred to above, the financial statements present fairly the financial position of the Ballarat Base Hospital as at 30 June 1994 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and comply with the requirements of the *Annual Reporting Act 1983*.

MELBOURNE,  
26/10/1994.

C. A. BARAGWANATH,  
*Auditor-General.*



# FINANCIAL STATEMENTS 1993/1994

## Balance Sheet as at 30th June 1994

	Note	Hospital 1993-94 \$	Hospital 1992-93 \$
<b>EQUITY</b>			
<b>Capital</b>			
Contributed capital .....		57,746,748	54,844,637
Funds held for restricted purposes .....	3	2,212,145	1,398,173
Funds held in perpetuity .....		47,679	47,679
		<u>60,006,572</u>	<u>56,290,489</u>
<b>Reserves</b>			
Asset revaluation reserve .....	23	7,813,290	9,028,655
Accumulated deficit .....		(26,437,033)	(20,173,110)
		<u>41,382,829</u>	<u>45,146,034</u>
<b>TOTAL EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft .....	21	5,459,997	4,761,423
Creditors .....	2	3,134,381	2,409,984
Accrued expenses .....		745,454	505,676
Accrued employee entitlements .....	5	2,638,571	2,360,255
Provision for long service leave .....	4	425,000	430,000
Lease liabilities .....	24	24,677	—
Loans .....	17	1,480,885	—
		<u>13,908,965</u>	<u>10,467,338</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provision for long service leave .....	4	3,286,837	3,333,506
Lease liabilities .....	24	2,178,638	2,203,315
Loans .....	17	284,323	—
		<u>5,749,798</u>	<u>5,536,821</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>			
		<u>19,658,763</u>	<u>16,004,159</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u>61,041,592</u>	<u>61,150,193</u>
<b>CURRENT ASSETS</b>			
Cash at bank and on hand .....		1,705	1,595
Patient fees receivable .....	8	717,455	571,738
Diagnostic fees receivable .....	8	622,158	655,008
Stores .....	6	387,814	533,320
Prepayments .....		53,502	44,000
Debtors and accrued revenue .....	11	883,494	442,636
Investments .....	7	328,991	16,825
		<u>2,995,119</u>	<u>2,265,122</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments .....	7	119,524	48,424
Land .....	9	1,837,500	1,837,500
Buildings .....	9	46,951,934	47,851,500
Goodwill .....	9	66,927	80,327
Assets under construction .....	9	53,687	53,687
Library books .....	9	117,400	107,177
Plant and equipment .....	9	6,317,639	6,171,242
Office furniture and equipment .....	9	211,180	230,192
Motor vehicles .....	9	397,647	386,568
Leased assets .....	10	1,973,035	2,118,454
		<u>58,046,473</u>	<u>58,885,071</u>
<b>TOTAL NON-CURRENT ASSETS</b>			
<b>TOTAL ASSETS</b>			
		<u>61,041,592</u>	<u>61,150,193</u>

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



Statement of Changes in Equity for the Year Ended 30th June 1994

	Note	Contributed Capital	Funds held for restricted purposes	Funds held in Perpetuity	Asset Revaluation Reserve	Accumulated Deficit	Total 1993-94	Total 1992-93
		\$	\$	\$	\$	\$	\$	\$
Balance at beginning of the year		54,844,637	1,398,173	47,679	9,028,655	(20,173,110)	45,146,034	30,981,560
Deficit for the year						(5,449,951)	(5,449,951)	(2,302,924)
Capital receipts								
Donations		864,359					864,359	66,212
Capital grants	12	2,037,752					2,037,752	7,372,531
Transfer to reserves								
Surplus from Restricted Funds	18		813,972			(813,972)		
Asset revaluation	23				(1,215,365)		(1,215,365)	9,028,655
Balance at end of the year		<u>57,746,748</u>	<u>2,212,145</u>	<u>47,679</u>	<u>7,813,290</u>	<u>(26,437,033)</u>	<u>41,382,829</u>	<u>45,146,034</u>

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



# FINANCIAL STATEMENTS 1993/1994

## Revenue and Expense Statement for the Year Ended 30th June 1994

	Note	Hospital 1993-94 \$	Hospital 1992-93 \$
<b>OPERATING REVENUE PROVIDING FUND INFLOWS</b>			
<b>Services supported by Health Services Agreement</b>			
Government grants .....	12	36,878,041	39,553,008
Indirect contributions by H&CS.....	13	472,944	392,498
Patient fees .....	8	4,520,601	4,250,545
Other revenue.....	14	527,720	216,609
		<u>42,399,306</u>	<u>44,412,660</u>
<b>Services supported by Hospital and Community Initiatives</b>			
Private practice fees .....	8	4,066,952	3,793,206
Rental.....		35,187	45,902
Interest.....		14,077	5,715
Other revenue.....	15	1,772,077	1,079,802
		<u>5,888,293</u>	<u>4,924,625</u>
		<u>48,287,599</u>	<u>49,337,285</u>
<b>TOTAL OPERATING REVENUE PROVIDING FUND INFLOWS</b>			
<b>LESS OPERATING EXPENSES REQUIRING FUND OUTFLOWS</b>			
<b>Services supported by Health Services Agreement</b>			
Direct patient care services .....		21,919,113	22,432,530
Diagnostic and medical support services.....		4,815,614	4,560,848
Administration and quality assurance .....		3,791,983	3,905,567
Engineering and maintenance.....		1,946,764	1,477,725
Domestic and catering services .....		3,813,848	3,617,844
Corporate costs funded by H&CS.....		472,944	392,498
Workcover and superannuation .....		2,867,562	3,576,072
Teaching and research.....		461,949	531,859
Other .....		64,367	43,435
	16	<u>40,154,144</u>	<u>40,538,378</u>
<b>Services supported by Hospital and Community Initiatives</b>			
Research services.....		525	2,685
Private practice diagnostic services.....		7,311,880	6,674,039
Rental property expenses.....		56,860	33,160
Other .....		1,905,761	553,470
	16	<u>9,275,026</u>	<u>7,263,354</u>
		<u>49,429,170</u>	<u>47,801,732</u>
<b>TOTAL OPERATING EXPENSES REQUIRING FUND OUTFLOWS</b>			
<b>OPERATING SURPLUS (DEFICIT) PROVIDING FUND INFLOWS</b>			
		<u>(1,141,571)</u>	<u>1,535,553</u>
<b>Less Operating expenses not requiring fund outflows</b>			
Depreciation .....		2,582,167	2,051,722
Long Service Leave.....		814,937	843,412
		<u>3,397,104</u>	<u>2,895,134</u>
<b>OPERATING DEFICIT NOT REQUIRING FUND OUTFLOWS</b>			
		<u>(3,397,104)</u>	<u>(2,895,134)</u>
Operating deficit before Abnormal Items.....		<u>(4,538,675)</u>	<u>(1,359,581)</u>
Abnormal Items.....	19	911,276	943,343
Deficit for the Year .....		<u>(5,449,951)</u>	<u>(2,302,924)</u>
Accumulated deficit at 1 July.....		<u>(20,173,110)</u>	<u>(17,048,588)</u>
Amount available for appropriation .....		<u>(25,623,061)</u>	<u>(19,351,512)</u>
Aggregate of amounts transferred to reserves .....	18	(813,972)	(821,598)
Accumulated deficit at 30 June.....		<u>(26,437,033)</u>	<u>(20,173,110)</u>

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



## Statement of Cash Flows for the Year Ended 30th June 1994

	Note	Hospital 1993-94 \$ Inflows (Outflows)	Hospital 1992-93 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Services supported by Health Services Agreement</b>			
<b>RECEIPTS</b>			
Government grants .....		37,472,700	38,568,240
Patient fees .....		4,347,164	4,613,047
Other receipts .....		767,919	280,425
<b>PAYMENTS</b>			
Salaries and wages .....		(32,320,450)	(35,008,690)
Interest .....		(282,364)	(175,926)
Other .....		(7,418,869)	(8,069,259)
<b>Services supported by Hospital and Community Initiatives</b>			
<b>RECEIPTS</b>			
Private practice fees .....		3,928,982	3,605,663
Donations .....		864,359	66,212
Interest .....		14,077	5,714
Other receipts .....		1,143,708	901,187
<b>PAYMENTS</b>			
Salaries and wages .....		(4,323,091)	(3,976,549)
Other .....		(4,144,808)	(3,286,805)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES .....</b>	27	<u>49,327</u>	<u>(2,476,741)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of plant & equipment .....		(2,826,332)	(8,568,712)
Proceeds from disposal of plant & equipment .....		803,940	117,573
Payments for purchase of investments .....		(760,945)	(463)
<b>NET CASH USED IN INVESTING ACTIVITIES .....</b>		<u>(2,783,337)</u>	<u>(8,451,602)</u>
<b>CASH FLOWS FROM GOVERNMENT</b>			
Capital .....		2,037,752	7,372,531
Special/Other .....		—	1,140,835
<b>NET CASH PROVIDED BY GOVERNMENT .....</b>		<u>2,037,752</u>	<u>8,513,366</u>
<b>NET INCREASE IN CASH HELD .....</b>		<u>(696,258)</u>	<u>(2,414,977)</u>
<b>CASH AT 1 JULY 1993 .....</b>		<u>(4,762,034)</u>	<u>(2,347,057)</u>
<b>CASH AT 30 JUNE 1994 .....</b>	26	<u>(5,458,292)</u>	<u>(4,762,034)</u>

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



## Notes

Notes to and Forming Part of the Financial Statements for the Year Ended 30th June, 1994

### 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 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 capitalised 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 Department of Health and Community Services Victoria.

**(f) Stores**

Stores are valued at the lower of cost and net realisable value. Cost is determined principally by the first-in, first-out method.

**(g) Employee Entitlements**

Based on pay rates current at balance date.

**Long Service Leave**

Provision for long service leave is made on a pro-rata basis for all employees who have 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 classified as a current liability. The balance of the provision is classified as a non-current liability.

**Annual Leave**

The hospital's accrued liability for employee annual leave and leave loading at 30th June 1994 is classified as a current liability and disclosed separately in the balance sheet.

**Accrued Days Off**

The Hospital's obligation in respect of accrued days off not taken at 30th June, 1994 is classified as a current liability and included in accrued expenses.

**(h) Donations**

Donations for capital purposes are recognised as contributed capital. Donations (other than Capital) are recognised as revenue when the cash is received.

**(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 capital donations and receipts from fundraising activities conducted solely in respect of these funds. Separation of these 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 as Services Supported by Health Services Agreement are substantially funded by the Department of Health and Community Services while 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 incidental 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 acquired 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**

The gross proceeds from the 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 not requiring fund outflows.

**(n) Private practice fees**

The apportionment of private practice fees between the hospital and sessional 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

**NOTE 2: CREDITORS AND BORROWINGS**

	1993-94	1992-93
	\$	\$
Creditors .....	3,134,381	2,409,984
All outstanding debts are aged less than one year. No creditors result from public borrowing or other financial accommodation.		

**NOTE 3: FUNDS HELD FOR RESTRICTED PURPOSES**

	1993-94	1992-93
	\$	\$
Medical Special Purpose		
Pathology .....	618,382	377,097
Radiology .....	434,495	311,653
Clinical Services .....	89,603	107,393
	<u>1,142,480</u>	<u>796,143</u>
Other		
Building and Equipment .....	678,484	260,601
Specific Building and Equipment .....	—	29,304
General Staff Amenities .....	64,799	55,369
Nursing Prizes .....	33,440	33,508
Nursing Services .....	123,354	107,149
Education and Research .....	100,035	46,279
Historical Research .....	69,553	69,820
	<u>1,069,665</u>	<u>602,030</u>
<b>TOTAL</b>	<u>2,212,145</u>	<u>1,398,173</u>

**NOTE 4: PROVISION FOR LONG SERVICE LEAVE**

	Current	Non-Current	Total 1993-94	Total 1992-93
	\$	\$	\$	\$
Long service leave .....				
5-10 years service .....	—	1,606,925	1,606,925	1,501,140
Over 10 years service .....	425,000	1,679,912	2,104,912	2,262,366
	<u>425,000</u>	<u>3,286,837</u>	<u>3,711,837</u>	<u>3,763,506</u>
Long Service Leave paid during the year \$866,606 (1992-93 \$832,121).				

**NOTE 5: ACCRUED EMPLOYEE ENTITLEMENTS**

	1993-94	1992-93
	\$	\$
Annual leave .....	2,564,418	2,269,768
Accrued days off .....	74,153	90,487
	<u>2,638,571</u>	<u>2,360,255</u>

**NOTE 6: STORES**

	1993-94	1992-93
	\$	\$
Pharmaceuticals .....	143,256	188,521
Catering supplies .....	8,366	14,181
Housekeeping supplies .....	32,502	52,399
Medical and surgical lines .....	163,859	205,919
Administration stores .....	39,831	72,300
	<u>387,814</u>	<u>533,320</u>

**NOTE 7: INVESTMENTS**

Type of Investment	Specific Purpose Fund	Endowment Fund	Total 1994	Total 1993
	\$	\$	\$	\$
<b>Current</b>				
Interest Bearing Account .....	14,701	2,000	16,701	16,803
Preference Shares .....	266,268	22	266,290	22
Debenture Stock .....	46,000	—	46,000	—
	<u>326,969</u>	<u>2,022</u>	<u>328,991</u>	<u>16,825</u>
<b>Non-Current</b>				
Debenture Stock .....	71,324	48,200	119,524	48,424
<b>Total Investments</b>	<u>398,293</u>	<u>50,222</u>	<u>448,515</u>	<u>65,249</u>





# FINANCIAL STATEMENTS 1993/1994

## Notes

### NOTE 8: PATIENT FEES

	Patient Fees Raised		Patient Fees Receivable	
	1993-94	1992-93	as at 1993-94	as at 1992-93
	\$	\$	\$	\$
Inpatients.....	4,414,028	4,141,029	715,279	559,954
Outpatients.....	106,573	109,516	57,896	39,784
<b>Total</b>	<b>4,520,601</b>	<b>4,250,545</b>	<b>773,175</b>	<b>599,738</b>
Less Provision for doubtful debts .....			(55,720)	(28,000)
<b>Net patient fees receivable.....</b>			<b>717,455</b>	<b>571,738</b>

### DIAGNOSTIC FEES

	Diagnostic Fees Raised		Diagnostic Fees Receivable	
	1993-94	1992-93	as at 1993-94	as at 1992-93
	\$	\$	\$	\$
Pathology.....	2,096,608	1,981,876	544,877	440,974
Radiology.....	1,445,834	1,305,889	173,699	155,222
Computer Tomography.....	524,510	505,441	106,402	90,812
<b>Total</b>	<b>4,066,952</b>	<b>3,793,206</b>	<b>824,978</b>	<b>687,008</b>
Less Provision for doubtful debts .....			(202,820)	(32,000)
<b>Net diagnostic fees receivable.....</b>			<b>622,158</b>	<b>655,008</b>

### Diagnostic Fees Reconciliation

	Diagnostic Fees Raised		Diagnostic Fees Receivable	
	1993-94	1992-93	as at 1993-94	as at 1992-93
	\$	\$	\$	\$
<b>Services supported by Hospital and Community Initiatives</b>				
Pathology.....	2,096,608	1,981,876	544,877	440,974
Radiology.....	1,445,834	1,305,889	173,699	155,222
Computer Tomography.....	524,510	505,441	106,402	90,812
<b>Total Diagnostic Fees</b>	<b>4,066,952</b>	<b>3,793,206</b>	<b>824,978</b>	<b>687,008</b>

### NOTE 9: NON-CURRENT ASSETS

	At Cost 30.6.94	Depreciation for 1993-94	Accum. Depreciation at 30.6.94	Net Assets at 30.6.94	Net Assets at 30.6.93
	\$	\$	\$	\$	\$
<b>At Cost</b>					
Goodwill .....	134,000	13,400	67,073	66,927	80,327
Buildings.....	144,554	1,876	1,876	142,678	—
Assets under construction.....	53,687	—	—	53,687	53,687
Library books .....	305,094	34,138	187,694	117,400	107,177
Plant and equipment.....	13,535,631	1,182,381	7,217,992	6,317,639	6,171,242
Office furniture and equipment.....	485,415	32,788	274,235	211,180	230,192
Motor vehicles .....	484,737	129,921	87,090	397,647	386,568
<b>Total</b>	<b>15,143,118</b>	<b>1,394,504</b>	<b>7,835,960</b>	<b>7,307,158</b>	<b>7,029,193</b>

	At Valuation 30.6.94	Depreciation for 1993-94	Accum. Depreciation at 30.6.94	Net Assets at 30.6.94	Net Assets at 30.6.93
	\$	\$	\$	\$	\$
<b>At Valuation</b>					
Land .....	1,837,500	—	—	1,837,500	1,837,500
Buildings.....	47,851,500	1,042,244	1,042,244	46,809,256	47,851,500
<b>Total</b>	<b>49,689,000</b>	<b>1,042,244</b>	<b>1,042,244</b>	<b>48,646,756</b>	<b>49,689,000</b>

The Hospital's land and buildings excepting residential properties were valued by Edward Rushton Pty. Ltd on the 16th August, 1993. The valuation for residential properties was performed on the 30th August, 1993 by Mr. J. N. Tempany, A.V.L.E. (Val.) at Market Value for Existing Use, having regard to both physical depreciation and obsolescence factors. This has resulted in a Asset Revaluation reserve, refer Note 23.



Notes

**NOTE 10: LEASED ASSETS**

	Cost as at 30.6.94 \$	Amortisation for 1993-94 \$	Accum. Amortisation at 30.6.94 \$	Net cost of leased assets 30.6.94 \$	Net cost of leased assets 30.6.94 \$
Plant and equipment under lease .....	2,203,315	145,419	230,280	1,973,035	2,118,454

**NOTE 11: DEBTORS AND ACCRUED REVENUE**

	Less than 1 Year \$	Total 1993-94 \$	Total 1992-93 \$
Government grants outstanding .....	—	—	85,400
Inter hospital debtors .....	548,738	548,738	207,254
Trade debtors .....	329,873	329,873	149,079
Accrued revenue .....	4,883	4,883	903
	<u>883,494</u>	<u>883,494</u>	<u>442,636</u>

**NOTE 12: GOVERNMENT GRANTS**

	1993-94 \$	1992-93 \$
<b>H&amp;CS Ordinary Grants</b> .....	35,971,200	38,389,840
<b>H&amp;CS Other Grants</b>		
AIDS testing .....	72,000	71,297
Sexual Assault Clinic .....	160,284	140,180
Commonwealth Dental Program .....	26,146	—
Voluntary Departure Packages .....	648,411	951,691
<b>Total Operating Grants</b>	<u>36,878,041</u>	<u>39,553,008</u>
<b>H&amp;CS Capital Grants</b>		
Capital Works .....	1,618,252	7,350,504
Minor Works .....	—	—
Medical Equipment .....	419,500	22,027
<b>Total Capital Grants</b>	<u>2,037,752</u>	<u>7,372,531</u>

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

**NOTE 13: INDIRECT CONTRIBUTIONS BY DEPARTMENT OF HEALTH AND COMMUNITY SERVICES VICTORIA**

Health & Community Services 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 revenue and expenses. For the year ended 30 June, 1994 the Hospital paid the Audit fees and Health computing service charges on their own behalf.

	1993-94 \$	1992-93 \$
Audit fees .....	—	30,100
Insurance .....	463,650	299,559
Industrial relations service .....	9,294	10,684
Health computing service charges .....	—	52,155
	<u>472,944</u>	<u>392,498</u>

**NOTE 14: OTHER REVENUE - SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT**

	1993-94 \$	1992-93 \$
Meals and accommodation .....	—	—
Recoveries .....	60,905	50,141
Rent .....	32,309	43,895
Proceeds from Sale of Vehicles .....	434,506	117,573
Sale of obsolete items .....	—	5,000
	<u>527,720</u>	<u>216,609</u>



**FINANCIAL STATEMENTS 1993/1994**

**Notes**

**NOTE 15: OTHER REVENUE - HOSPITAL AND COMMUNITY INITIATIVES**

	1993-94	1992-93
	\$	\$
Recoveries .....	186,925	274,901
Sale of obsolete items .....	4,707	1,873
<b>Other Medical Services</b>		
Medical reports .....	25,767	25,032
E.E.G. services .....	52,882	68,775
Emergency Services .....	5,733	26,301
Staff clinic .....	1,301	3,577
Ante-natal classes .....	3,497	2,586
Clinical services .....	38,149	19,079
Veterinary pathology .....	29,004	27,931
Community services - child care .....	11,205	9,257
Fees received - child care .....	12,317	12,915
Sundry fund raising .....	310	764
Gold phone .....	28,590	20,549
Lecturing fees .....	41,776	859
Commissions .....	16,351	22,542
Waste disposal .....	16,071	17,545
Print Shop .....	26,112	17,584
Electricity Co-generation .....	356,985	213,159
Telephone/Television Systems .....	81,728	29,283
Car Parking .....	68,621	63,726
Food Services .....	336,085	192,352
Meals and accommodation .....	25,870	29,212
Dividends Received .....	3,510	—
Proceeds from Sale of Shares .....	369,434	—
Education Recoveries .....	29,147	—
	<u>1,772,077</u>	<u>1,079,802</u>

**NOTE 16: OPERATING EXPENSES**

	Acute Care 1993-94	Acute Care 1992-93
	\$	\$
<b>Services supported by Health Services Agreement</b>		
<b>Expenses requiring Fund Outflows</b>		
Salaries .....	28,288,201	28,871,703
Salary Oncosts .....	2,867,562	3,576,072
Other .....	8,998,381	8,090,603
	<u>40,154,144</u>	<u>40,538,378</u>
<b>Add Operating Expenses not requiring Fund Outflows</b>		
Depreciation .....	2,582,167	1,730,058
Long Service Leave .....	719,836	765,169
	<u>3,302,003</u>	<u>2,495,227</u>
<b>Services supported by Hospital and Community Initiatives</b>		
<b>Expenses requiring Fund Outflows</b>		
Salaries .....	3,871,559	3,771,005
Salary Oncosts .....	356,431	205,544
Other .....	5,047,036	3,286,805
	<u>9,275,026</u>	<u>7,263,354</u>
<b>Add Operating Expenses not requiring Fund Outflows</b>		
Depreciation .....	—	321,664
Long Service Leave .....	95,101	78,243
	<u>95,101</u>	<u>399,907</u>
<b>TOTAL EXPENSES EXCLUDING ABNORMAL ITEMS</b>	<u>52,826,274</u>	<u>50,696,866</u>
<b>Note</b>		
The loss on sale of non-current assets were as follows :		
Sale of Shares .....	8,245	—
The profit on sale of non-current assets were as follows :		
Sale of Motor Vehicles .....	146,900	75,175



Notes

**NOTE 17: LOANS**

	Total 1993-94 \$	Total 1992-93 \$
<b>Current</b>		
Department of Health and Community Services .....	1,416,100	—
Hire Purchase Agreement .....	64,785	—
	<u>1,480,885</u>	<u>—</u>
<b>Non-Current</b>		
Hire Purchase Agreement .....	284,323	—
<b>Total Loans</b>	<u>1,765,208</u>	<u>—</u>

**NOTE 18: TRANSFER TO RESERVES**

	1993-94 \$	1992-93 \$
Surplus from funds held for restricted purposes	813,972	821,598
	<u>813,972</u>	<u>821,598</u>

**NOTE 19: ABNORMAL ITEMS**

	1993-94 \$	1992-93 \$
Annual Leave Loading .....	353,195	(364,261)
Voluntary Departure Packages .....	558,081	913,848
Depreciation .....	—	393,756
	<u>911,276</u>	<u>943,343</u>

**Annual Leave Loading**

The reinstatement of the 17.5% Annual Leave loading resulted in a increase of \$353,195 in accrued annual leave entitlements as at 30th June, 1994. Previously, the abolition of the Loading resulted in a decrease of \$364,261 in accrued annual leave entitlements as at 30th June 1993.

**Voluntary Departure Packages**

The Voluntary Departure Package component of the Departure Package of \$558,081 has been included as an abnormal item as it does not represent a normal operating expense, (1993 \$913,848).

**Depreciation**

Depreciation was recalculated on depreciable assets over their estimated lives using the guidelines set down by the Department of Health and Community Services prior to 30th June, 1993.

**NOTE 20: CAPITAL WORKS COMMITMENT**

	1993-94 \$	1992-93 \$
Outstanding Contracts for works and services		
Building Redevelopment .....	213,111	1,564,712
	<u>213,111</u>	<u>1,564,712</u>

**NOTE 21: BANK OVERDRAFT**

The Hospital has an Overdraft facility with a limit of \$3,500,000, and a standby facility thereafter, with peak limit of \$5,750,000.

**NOTE 22: CONTINGENT LIABILITIES**

The Hospital is unaware of any contingent liabilities not recorded or disclosed in the financial statements as at 30th June, 1994.

**NOTE 23: ASSET REVALUATION RESERVE**

Total Valuation of Land & Buildings .....	49,689,000
less Written Down Value at 30th June, 1993 .....	40,660,345
Revaluation Increment .....	<u>9,028,655</u>
Works completed prior to valuation .....	1,215,365
	<u>7,813,290</u>

The Hospital's Crown Land Allotment and Buildings were valued during August, 1993 at Market Value for the Existing Use with the resultant increment being credited to the Asset Revaluation Reserve. As part of that Valuation \$1,215,365 paid this Financial Year for works completed prior to valuation, has been debited to the Asset Revaluation Reserve.



## FINANCIAL STATEMENTS 1993/1994

### Notes

#### NOTE 24: LEASE LIABILITIES

	1993-94 \$	1992-93 \$
<b>Aggregate lease expenditure contracted for at balance date.</b>		
<b>Operating leases</b>		
Not later than one year.....	141,424	94,276
Later than one year and not later than two years.....	108,432	91,523
Later than two years and not later than five years .....	226,295	168,531
	<u>476,151</u>	<u>354,330</u>
<b>Representing:-</b>		
Cancellable operating leases.....	<u>476,151</u>	<u>354,330</u>
<b>Finance leases</b>		
<b>Commitments in relation to finance leases are payable as follows:</b>		
Not later than one year.....	285,046	260,577
Later than one year and not later than two years.....	554,204	285,046
Later than two years and not later than five years .....	1,662,611	1,662,611
Greater than five years .....	728,352	1,282,556
	<u>3,230,213</u>	<u>3,490,790</u>
Minimum lease payments.....	3,230,213	3,490,790
Less Future finance charges.....	1,026,898	1,287,475
	<u>2,203,315</u>	<u>2,203,315</u>
<b>Representing lease liabilities:</b>		
Current.....	24,677	---
Non-current .....	2,178,638	2,203,315
	<u>2,203,315</u>	<u>2,203,315</u>

#### NOTE 25: UNFUNDED SUPERANNUATION LIABILITY

The hospital contributes on behalf of all eligible employees to the HOSPITALS SUPERANNUATION FUND. A basic benefit of 5% 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%, 4% or 6% of their salary to a contributory scheme. The hospital further finances the scheme for contributors in accordance with the HSB 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 \$5.593 million.

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

Contributing members.....	1,060,933
Non-contributing Basic 5%.....	1,722,191
Total contributions to HSB.....	<u>2,783,124</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 by 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 1993/94 are, for all Class A participating institutions:

Basic Benefit	Contributory			
	01/07/93 to 31/12/93		01/01/94 to 30/06/94	
6%	Employee	Employer	Employee	Employer
	3.0%	9.3%	3.0%	4.0%
	6.0%	14.2%	4.0%	5.0%
			6.0%	10.0%



Notes

**NOTE 26: 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 :

	1993-94 \$	1992-93 \$
<b>Operating Fund</b>		
Bank Overdraft .....	(2,199,512)	(3,896,891)
Cash on Hand .....	1,005	895
	<u>(2,198,507)</u>	<u>(3,895,996)</u>
<b>Capital Fund</b>		
Deposits at Call .....	138,532	867,434
<b>Specific Purpose Fund</b>		
Deposits at Call .....	—	—
Bank Overdraft .....	(3,395,428)	(1,730,152)
Cash on Hand .....	700	700
	<u>(3,394,728)</u>	<u>(1,729,452)</u>
<b>Endowment Fund</b>		
Bank Overdraft .....	(3,589)	(4,020)
Cash at June .....	<u>(5,458,292)</u>	<u>(4,762,034)</u>

**NOTE 27: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT**

	1993-94 \$	1992-93 \$
<b>OPERATING RESULT</b>	(5,449,951)	(2,302,924)
Depreciation .....	2,582,167	2,445,478
Long Service Leave Paid.....	(866,606)	(832,121)
Increase (Decrease) in Accrued Expenses.....	239,778	254,310
Decrease (Increase) in Interest Receivable.....	(3,980)	(1)
Decrease (Increase) in Patient Fees Receivable.....	(173,437)	362,502
Decrease (Increase) in Prepayments.....	(9,502)	129,833
Decrease in Accrued Revenue.....	85,400	178,400
Decrease (Increase) in Diagnostic Fees Receivable.....	(137,970)	(187,543)
Increase (Decrease) in Accrued Employee Entitlements .....	278,316	(41,510)
Increase (Decrease) in Creditors.....	724,397	(1,345,090)
Decrease in Patient Deposits.....	2,206	—
Increase in Loans.....	1,416,100	—
Increase in Debtors .....	(522,278)	(43,128)
Increase (Decrease) in Income in Advance .....	—	(22,333)
Increase in Provision for Doubtful Debts .....	198,540	40,000
Increase (Decrease) in Provision for LSL.....	814,937	(843)
Decrease in Stores.....	145,506	38,027
Profit on Sale of Motor Vehicles.....	(146,900)	(75,175)
Loss on Sale of Shares.....	8,245	—
Capital Donations.....	864,359	66,212
Government Revenues .....	—	(1,140,835)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>49,327</u>	<u>(2,476,741)</u>

**NOTE 28 CONTINUATION OF SERVICES**

The Board of Management of Ballarat Base Hospital are committed to the provision of health services to the community of Ballarat and surrounding areas within a financially viable environment. The provision of these services necessitates a dependance on the Department of Health and Community Services. The Department of Health and Community Services have advised that it considers that base hospitals have a critical and ongoing role in the provision of acute hospital services to rural Victoria. The Department of Health and Community Services have confirmed their support for Ballarat Base Hospital conditional upon the implementation of cost saving or productivity measures, together with the development of a debt reduction plan.



