

Beechworth Health Service

Annual Financial Statements

for the year ended 30 June 2023

Financial Statements

Financial Year ended 30 June 2023

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Beechworth Health Services at 30 June 2023.

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

We authorise the attached financial statements for issue on 24th August 2023.

Board member



Chair

Beechworth
24/08/2023

Accountable Officer



Chief Executive Officer

Beechworth
24/08/2023

Chief Finance & Accounting Officer



Chief Finance and Accounting Officer

Beechworth
24/08/2023

Independent Auditor's Report

To the Board of Beechworth Health Service

Opinion I have audited the financial report of Beechworth Health Service (the health service) which comprises the:

- Balance Sheet as at 30 June 2023
- Comprehensive Operating Statement for the year then ended
- Statement of Changes in Equity for the year then ended
- Cash Flow Statement for the year then ended
- Notes to the Financial Statements, including significant accounting policies
- Board member's, accountable officer's, and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
9 September 2023

Beechworth Health Services
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

		Total 2023 \$'000	Total 2022 \$'000
Revenue and income from transactions			
Operating activities	2.1	18,732	17,057
Non-operating activities	2.1	434	101
Total revenue and income from transactions		19,166	17,158
Expenses from transactions			
Employee expenses	3.1	(14,226)	(13,268)
Supplies and consumables	3.1	(1,742)	(1,512)
Depreciation and amortisation	3.1	(1,552)	(1,587)
Other administrative expenses	3.1	(1,573)	(1,275)
Other operating expenses	3.1	(939)	(866)
Bad and doubtful debts expense	3.1	(8)	(56)
Total Expenses from transactions		(20,040)	(18,564)
Net result from transactions - net operating balance		(874)	(1,406)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	2	10
Net gain/(loss) on financial instruments	3.2	(1)	1
Other gain/(loss) from other economic flows	3.2	(21)	40
Total other economic flows included in net result		(20)	51
Net result for the year		(894)	(1,355)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	-	4,879
Total other comprehensive income		-	4,879
Comprehensive result for the year		(894)	3,524

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

Beechworth Health Services
Balance Sheet
As at 30 June 2023

		Total	Total
	Note	2023	2022
		\$'000	\$'000
Current assets			
Cash and cash equivalents	6.2	12,697	9,286
Receivables	5.1	836	1,213
Inventories	4.6	166	240
Prepaid expenses		88	98
Total current assets		13,787	10,837
Non-current assets			
Receivables	5.1	624	622
Property, plant and equipment	4.1 (a)	25,854	26,838
Right of use assets	4.2 (a)	15	6
Intangible assets	4.4 (a)	2	2
Total non-current assets		26,495	27,468
Total assets		40,282	38,305
Current liabilities			
Payables	5.2	1,481	1,268
Contract liabilities	5.3	551	294
Borrowings	6.1	3	25
Employee benefits	3.3	3,062	2,884
Other liabilities	5.4	9,345	7,123
Total current liabilities		14,442	11,594
Non-current liabilities			
Borrowings	6.1	76	68
Employee benefits	3.3	320	305
Total non-current liabilities		396	373
Total liabilities		14,838	11,967
Net assets		25,444	26,338
Equity			
Property, plant and equipment revaluation surplus	4.3	22,706	22,706
Contributed capital	SCE	8,311	8,311
Accumulated surplus/(deficit)	SCE	(5,573)	(4,679)
Total equity		25,444	26,338

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

Beechworth Health Services
Statement of Changes in Equity
For the Financial Year Ended 30 June 2023

Total	Note	Property, Plant and Equipment	Contributed Capital	Accumulated	Total
		Revaluation Surplus		Surplus/(Deficits)	
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021		17,827	8,311	(3,324)	22,814
Net result for the year		-	-	(1,355)	(1,355)
Other comprehensive income for the year		4,879	-	-	4,879
Balance at 30 June 2022		22,706	8,311	(4,679)	26,338
Net result for the year		-	-	(894)	(894)
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2023		22,706	8,311	(5,573)	25,444

The statement of changes in equity should be read in conjunction with the accompanying notes.

Beechworth Health Services
Cash Flow Statement
For the Financial Year Ended 30 June 2023

	Total 2023 \$'000	Total 2022 \$'000
Cash Flows from operating activities		
Operating grants from State Government	9,628	8,927
Operating grants from Commonwealth Government	5,557	4,396
Capital grants from government - State Government	81	41
Patient fees received	2,070	1,752
Donations and bequests received	20	1
Interest and investment income received	434	101
Commercial Income Received	1,246	1,162
Movement in Monies Held in Trust	7	-
Other receipts	588	191
Total receipts	19,631	16,571
Payments to employees	(14,081)	(12,918)
Payments for supplies and consumables	(1,336)	(1,345)
Payments for medical indemnity insurance	(38)	(41)
Payments for repairs and maintenance	(625)	(546)
GST paid to ATO	(15)	5
Other payments	(1,780)	(1,742)
Total payments	(17,875)	(16,587)
Net cash flows from/(used in) operating activities	8.1 1,756	(16)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(583)	(247)
Other capital receipts	-	25
Purchase of Intangible assets	-	1
Proceeds from disposal of property, plant and equipment	8	27
Net cash flows from/(used in) investing activities	(575)	(194)
Cash flows from financing activities		
Repayment of borrowings	(15)	(23)
Receipt of accommodation deposits	4,462	2,070
Repayment of accommodation deposits	(2,217)	(2,430)
Net cash flows from /(used in) financing activities	2,230	(383)
Net increase/(decrease) in cash and cash equivalents held	3,411	(593)
Cash and cash equivalents at beginning of year	9,286	9,879
Cash and cash equivalents at end of year	6.2 12,697	9,286

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

Beechworth Health Services
Notes to the Financial Statements
For the Financial Year Ended 30 June 2023

Note 1: Basis of preparation

Structure

1.1 Basis of preparation of the financial statements

1.2 Impact of COVID-19 pandemic

1.3 Abbreviations and terminology used in the financial statements

1.4 Joint arrangements

1.5 Key accounting estimates and judgements

1.6 Accounting standards issued but not yet effective

1.7 Goods and Services Tax (GST)

1.8 Reporting entity

Beechworth Health Services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Beechworth Health Services for the year ended 30 June 2023. The report provides users with information about Beechworth Health Services's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

Beechworth Health Services is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Beechworth Health Services on 24th August 2023.

Beechworth Health Services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Where financial impacts of the pandemic are material to Beechworth Health Services, they are disclosed in the explanatory notes. For Beechworth Health Services, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.

Note 1.3 Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in Beechworth Health Services's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Beechworth Health Services has the following joint arrangements:

- Hume Region Health Alliance - Joint Operation

Details of the joint arrangements are set out in Note 8.7.

Beechworth Health Services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Intangible assets
- Note 4.5: Depreciation and amortisation
- Note 4.7: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 5.4: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

Beechworth Health Services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 1.6 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Beechworth Health Services and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Beechworth Health Services in future periods.

Beechworth Health Services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2023

Note 1.7 Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.8 Reporting Entity

The financial statements include all the controlled activities of Beechworth Health Services.

Beechworth Health Service's principal address is:

52 Sydney Road
Beechworth, Victoria 3747

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

Note 2: Funding delivery of our services

Beechworth Health Services's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Beechworth Health Services is predominantly funded by grant funding for the provision of outputs. Beechworth Health Services also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was limited to implementing COVID safe practices.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Beechworth Health Services applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Beechworth Health Services to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>Beechworth Health Services applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>Beechworth Health Services applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

Note 2.1 Revenue and income from transactions

	Total 2023 \$'000	Total 2022 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	66	145
Government grants (Commonwealth) - Operating	5,542	4,385
Patient and resident fees	2,131	1,708
Commercial activities ¹	1,246	1,162
Total revenue from contracts with customers	8,985	7,400
	Note 2.1(a)	
Other sources of income		
Government grants (State) - Operating	8,725	8,581
Government grants (Commonwealth) - Operating	15	11
Government grants (State) - Capital	81	41
Other capital purpose income	109	25
Assets received free of charge or for nominal consideration	298	510
Other revenue from operating activities (including non-capital donations)	519	489
Total other sources of income	9,747	9,657
	Note 2.2	
Total revenue and income from operating activities	18,732	17,057
Non-operating activities		
Income from other sources		
Other interest	434	101
Total other sources of income	434	101
Total income from non-operating activities	434	101
Total revenue and income from transactions	19,166	17,158

1. Commercial activities represent business activities which Beechworth Health Services enter into to support their operations.

Note 2.1 Revenue and income from transactions (continued)

Note 2.1(a): Timing of revenue from contracts with customers

	Total 2023 \$'000	Total 2022 \$'000
Beechworth Health Services disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	7,739	6,238
Over time	1,246	1,162
Total revenue from contracts with customers	8,985	7,400

How we recognise revenue and income from operating activities

Government operating grants

To recognise revenue, Beechworth Health Services assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
 - recognises revenue as it satisfied its performance obligations, at a point in time or over time as and when services are rendered.

If a contract liability is recognised, Beechworth Health Service recognises revenue in profit or loss as and when it satisfies its obligations under the contract.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
 - recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Beechworth Health Service's goods or services. Beechworth Health Services funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Note 2.1 Revenue and income from transactions

This policy applies to each of Beechworth Health Service's revenue streams, with information detailed below relating to Beechworth Health Service's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Commonwealth Aged Care Funding	Commonwealth Aged Care Funding is provided on behalf of residents who occupy our aged care facilities. Funding is based on individual assessments for each resident and is paid on a monthly basis. Adjustments are made based on revised assessments and/or variations in the number of days occupying our facility. Revenue is recognised based on the entitlement earned on a daily basis.

Capital grants

Where Beechworth Health Services receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Beechworth Health Services's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Commercial activities

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How we recognise revenue and income from non-operating activities

Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2023 \$'000	Total 2022 \$'000
Cash donations and gifts	20	1
Personal protective equipment	278	416
Assets received free of charge under State supply arrangements	-	93
Total fair value of assets and services received free of charge or for nominal consideration	298	510

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Beechworth Health Services usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Beechworth Health Services as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions of resources

Beechworth Health Services may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Beechworth Health Services obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Beechworth Health Services as a capital contribution transfer.

Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

Volunteer Services

Beechworth Health Services receives volunteer services from members of the community to support and assist our residents in aged care and patients within the hospital setting.

Beechworth Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Beechworth Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Beechworth Health Services as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Beechworth Health Services which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions

3.2 Other economic flows

3.3 Employee benefits and related on-costs

3.4 Superannuation

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic because its response was limited to implementing COVID safe practices.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Beechworth Health Services applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Beechworth Health Services does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Beechworth Health Services has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Beechworth Health Services applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> • an inflation rate of 4.35%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 9.14% and 79% • discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

Note 3.1 Expenses from transactions

Note	Total 2023 \$'000	Total 2022 \$'000
Salaries and wages	12,518	11,696
On-costs	1,241	1,145
Agency expenses	27	9
Fee for service medical officer expenses	162	191
Workcover premium	278	227
Total employee expenses	14,226	13,268
Drug supplies	96	82
Medical and surgical supplies (including Prostheses)	718	662
Diagnostic and radiology supplies	25	47
Other supplies and consumables	903	721
Total supplies and consumables	1,742	1,512
Other administrative expenses	1,573	1,275
Total other administrative expenses	1,573	1,275
Fuel, light, power and water	284	274
Repairs and maintenance	509	460
Maintenance contracts	116	86
Medical indemnity insurance	38	41
Expenditure for capital purposes	(8)	5
Total other operating expenses	939	866
Total operating expense	18,480	16,921
Depreciation and amortisation	4.5 1,552	1,587
Total depreciation and amortisation	1,552	1,587
Bad and doubtful debt expense	8	56
Total other non-operating expenses	8	56
Total non-operating expense	1,560	1,643
Total expenses from transactions	20,040	18,564

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

Supplies and consumables

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

Other operating expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of Beechworth Health Services. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2 Other economic flows included in net result

	Total 2023 \$'000	Total 2022 \$'000
Net gain/(loss) on disposal of property plant and equipment	2	10
Total net gain/(loss) on non-financial assets	2	10
Allowance for impairment losses of contractual receivables	-	(4)
Other gains/(losses) from other economic flows	(1)	5
Total net gain/(loss) on financial instruments	(1)	1
Net gain/(loss) arising from revaluation of long service liability	(21)	40
Total other gains/(losses) from other economic flows	(21)	40
Total gains/(losses) from other economic flows	(20)	51

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and

Net gain/(loss) on non-financial assets

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

- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Note 3.3 Employee benefits and related on-costs

	Total 2023 \$'000	Total 2022 \$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	34	34
	34	34
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	1,166	1,013
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	198	162
	1,364	1,175
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	185	218
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	1,127	1,144
	1,312	1,362
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	160	128
Unconditional and expected to be settled after 12 months ⁱⁱ	192	185
	352	313
	3,062	2,884
Total current employee benefits and related on-costs		
Non-current provisions and related on-costs		
Conditional long service leave	279	266
Provisions related to employee benefit on-costs	41	39
Total non-current employee benefits and related on-costs	320	305
	3,382	3,189
Total employee benefits and related on-costs	3,382	3,189

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3 (a) Employee benefits and related on-costs

	Total 2023 \$'000	Total 2022 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	34	34
Unconditional annual leave entitlements	1,525	1,293
Unconditional long service leave entitlements	1,503	1,557
Total current employee benefits and related on-costs	3,062	2,884
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	320	305
Total non-current employee benefits and related on-costs	320	305
Total employee benefits and related on-costs	3,382	3,189
Attributable to:		
Employee benefits	2,989	2,837
Provision for related on-costs	393	352
Total employee benefits and related on-costs	3,382	3,189

Note 3.3 (b) Provision for related on-costs movement schedule

	Total 2023 \$'000	Total 2022 \$'000
Carrying amount at start of year	312	312
Additional provisions recognised	203	156
Unwinding of discount and effect of changes in the discount rate	(2)	4
Amounts incurred during the year	(160)	(160)
Carrying amount at end of year	353	312

How we recognise employee benefits

Employee benefit recognition

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Beechworth Health Services does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Beechworth Health Services expects to wholly settle within 12 months or
- Present value – if Beechworth Health Services does not expect to wholly settle within 12 months.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Nominal value – if Beechworth Health Services expects to wholly settle within 12 months or
- Present value – if Beechworth Health Services does not expect to wholly settle within 12 months.

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

Provision for on-costs related to employee benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from employee benefits.

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total	Total	Total	Total
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans:ⁱ				
Aware Super	7	10	-	-
Defined contribution plans:				
Aware Super	596	639	-	105
Hesta	266	234	-	-
HostPlus	66	58	-	-
Other	306	204	-	-
Total	1,241	1,145	-	105

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

How we recognise superannuation

Employees of Beechworth Health Services are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Beechworth Health Services to the superannuation plans in respect of the services of current Beechworth Health Services's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Beechworth Health Services.

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

Defined contribution superannuation plans

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

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

Note 4: Key assets to support service delivery

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

Structure

4.1 Property, plant & equipment

4.2 Right-of-use assets

4.3 Revaluation surplus

4.4 Intangible assets

4.5 Depreciation and amortisation

4.6 Inventories

4.7 Impairment of assets

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Beechworth Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Beechworth Health Services applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.

Key judgements and estimates (continued)

Key judgements and estimates	Description
Estimating restoration costs at the end of a lease	Where a lease agreement requires Beechworth Health Services to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Beechworth Health Services assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Beechworth Health Services assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 Property, plant & equipment
Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2023 \$'000	Total 2022 \$'000
Land at fair value - Freehold	2,451	2,451
Total land at fair value	2,451	2,451
Buildings at fair value	23,296	23,240
Less accumulated depreciation	(1,339)	-
Total buildings at fair value	21,957	23,240
Works in progress at fair value	382	182
Total land and buildings	24,790	25,873
Plant and equipment at fair value	1,364	1,113
Less accumulated depreciation	(750)	(659)
Total plant and equipment at fair value	614	454
Motor vehicles at fair value	558	712

Note 4.1 (b) Reconciliations of the carrying amount by class of asset

	Land \$'000	Buildings \$'000	Building works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000	Furniture & Fittings \$'000	Total \$'000
Balance at 1 July 2021	1,585	20,630	146	379	139	241	35	65	23,220
Additions	-	-	36	150	-	64	15	74	339
Disposals	-	-	-	-	(17)	-	-	-	(17)
Revaluation increments/(decrements)	866	4,013	-	-	-	-	-	-	4,879
Depreciation	-	(1,403)	-	(75)	(25)	(53)	(15)	(12)	(1,583)
Balance at 30 June 2022	2,451	23,240	182	454	97	252	35	127	26,838
Additions	-	-	298	206	-	53	-	12	569
Disposals	-	-	-	-	-	(6)	-	-	(6)
Net Transfers between classes	-	56	(98)	42	-	-	-	-	-
Depreciation	-	(1,339)	-	(88)	(24)	(63)	(15)	(18)	(1,547)
Balance at 30 June 2023	2,451	21,957	382	614	73	236	20	121	25,854

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Beechworth Health Services owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019 for buildings and 30 June 2022 for land.

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Beechworth Health Services in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Beechworth Health Services perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGv) indices.

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2023 \$'000	Total 2022 \$'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	25	11
Less accumulated depreciation	(10)	(5)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	15	6
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	15	6
Total right of use assets	15	6

Note 4.2(b) Reconciliations of the carrying amount by class of asset

	Note	Right-of-use - PE, FF&V \$'000	Total \$'000
Balance at 1 July 2021		9	9
Depreciation	4.5	(3)	(3)
Balance at 30 June 2022	4.2 (a)	6	6
Additions		12	12
Depreciation	4.5	(3)	(3)
Balance at 30 June 2023	4.2 (a)	15	15

Note 4.2 (b) Reconciliations of the carrying amount by class of asset

How we recognise right-of-use assets

Where Beechworth Health Services enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Beechworth Health Services presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	2 to 5 years

Presentation of right-of-use assets

Beechworth Health Services presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

Initial recognition

When a contract is entered into, Beechworth Health Services assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1(a).

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.3 Revaluation Surplus

	Total 2023 \$'000	Total 2022 \$'000
Note		
Balance at the beginning of the reporting period	22,706	17,827
Revaluation increment		
- Land	4.1 (b) -	866
- Buildings	4.1 (b) -	4,013
Balance at the end of the Reporting Period*	22,706	22,706
* Represented by:		
- Land	2,181	2,181
- Buildings	20,525	20,525
	22,706	22,706

Note 4.4 Intangible assets

Note 4.4 (a) Intangible assets - Gross carrying amount and accumulated amortisation

	Total 2023 \$'000	Total 2022 \$'000
Intangible produced assets - software	7	19
Less accumulated amortisation	(5)	(17)
Total intangible produced assets - software	2	2
Total intangible assets	2	2

Note 4.4 (b) Intangible assets - Reconciliations of the carrying amount by class of asset

	Note	Software \$'000	Total \$'000
Balance at 1 July 2021		3	3
Additions		-	-
Impairment losses recognised in net result		-	-
Amortisation	4.5	(1)	(1)
Balance at 30 June 2022	4.4	2	2
Additions		2	2
Amortisation	4.5	(2)	(2)
Balance at 30 June 2023	4.4	2	2

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment

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

Note 4.5 Depreciation and amortisation

	Total 2023 \$'000	Total 2022 \$'000
Depreciation		
Buildings	1,339	1,403
Plant and equipment	88	75
Motor vehicles	24	25
Medical equipment	63	53
Computer equipment	15	15
Furniture and fittings	18	12
Total depreciation	1,547	1,583
Right-of-use assets		
Right of use - plant, equipment, furniture, fittings and motor vehicles	3	3
Total Depreciation - right-of-use assets	3	3
Amortisation		
Software	2	1
Total amortisation	2	1
Total depreciation	1,552	1,587

How we recognise depreciation

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

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

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

	2023	2022
Buildings		
- Structure shell building fabric	10 to 40 years	10 to 40 years
- Site engineering services and central plant	10 years	10 years
Central Plant		
- Fit Out	10 years	10 years
- Trunk reticulated building system	10 to 16 years	10 to 16 years
Plant and equipment	3 to 7 years	3 to 7 years
Medical equipment	7 to 10 years	7 to 10 years
Computers and communication	3 years	3 years
Furniture and fitting	13 years	13 years
Motor Vehicles	10 years	10 years

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

Note 4.6 Inventories

	Total 2023 \$'000	Total 2022 \$'000
Medical and surgical consumables at cost	78	78
Pharmacy supplies at cost	27	27
General stores at cost	61	135
Total inventories	166	240

How we recognise inventories

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

Note 4.7: Impairment of assets

How we recognise impairment

At the end of each reporting period, Beechworth Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Beechworth Health Service which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Beechworth Health Service compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Beechworth Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Beechworth Health Service did not record any impairment losses for the year ended 30 June 2023.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Beechworth Health Services's operations.

Structure

5.1 Receivables

5.2 Payables

5.3 Contract liabilities

5.4 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Beechworth Health Services uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	<p>Where Beechworth Health Services has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Beechworth Health Services applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	Beechworth Health Services applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables

	Total 2023 \$'000	Total 2022 \$'000
Current receivables		
Contractual		
Inter hospital debtors	128	235
Trade receivables	190	73
Patient fees	303	242
Allowance for impairment losses - Patient Fees	(32)	(39)
Accrued revenue	198	128
Amounts receivable from governments and agencies	24	564
Total contractual receivables	811	1,203
Statutory		
GST receivable	25	10
Total statutory receivables	25	10
Total current receivables	836	1,213
Non-current receivables		
Contractual		
Long service leave - Department of Health	624	622
Total contractual receivables	624	622
Total non-current receivables	624	622
Total receivables	1,460	1,835
<i>(i) Financial assets classified as receivables(Note 7.1(a))</i>		
Total receivables	1,460	1,835
Provision for impairment	32	39
GST receivable	(25)	(10)
Total financial assets classified as receivables	1,467	1,864

7.1(a)

Note 5.1 (a) Movement in the allowance for impairment losses of contractual receivables

	Total 2023 \$'000	Total 2022 \$'000
Balance at the beginning of the year	39	35
Increase in allowance	(7)	4
Balance at the end of the year	32	39

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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

Impairment losses of contractual receivables

Refer to Note 7.2 (a) for Beechworth Health Services's contractual impairment losses.

Note 5.2 Payables

Note	Total 2023 \$'000	Total 2022 \$'000
Current payables		
Contractual		
Trade creditors	262	386
Accrued salaries and wages	412	439
Accrued expenses	394	124
Deferred Capital grant income	411	299
Inter hospital creditors	2	14
Amounts payable to governments and agencies	-	6
Total contractual payables	1,481	1,268
Total payables	1,481	1,268
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	1,481	1,268
Deferred grant income	(411)	(299)
Total financial liabilities classified as payables	7.1(a) 1,070	969

How we recognise payables

Payables consist of:

- Contractual payables, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Beechworth Health Services prior to the end of the financial year that are unpaid.
- **Statutory payables** comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Net 60 days.

Note 5.2 (a) Deferred capital grant income

	Total 2023 \$'000	Total 2022 \$'000
Opening balance of deferred capital grant income	299	210
Grant consideration for capital works received during the year	160	108
Deferred grant revenue recognised as revenue due to completion of capital works	(48)	(19)
Closing balance of deferred capital grant income	411	299

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health to support the construction of community walking paths. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Beechworth Health Services satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Beechworth Health Services has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Beechworth Health Services expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2024.

Note 5.3 Contract liabilities

	Total 2023 \$'000	Total 2022 \$'000
Opening balance of contract liabilities	294	192
Grant consideration for sufficiently specific performance obligations received during the year	559	236
Revenue recognised for the completion of a performance obligation	(302)	(134)
Total contract liabilities	551	294
* Represented by:		
- Current contract liabilities	551	294
	551	294

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activity based funding and Primary Care Innovative Multidisciplinary modelling. The balance of contract liabilities was significantly higher than the previous reporting period due to receipt of project funding in the final month of the year which is to be expended in the next financial period.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

Please refer to Note 7.2(b) for the maturity analysis of payables.

Note 5.4 Other liabilities

	Total 2023 \$'000	Total 2022 \$'000
Current monies held in trust		
Patient monies	158	151
Refundable accommodation deposits	9,051	6,806
Other monies	136	166
Total current monies held in trust	9,345	7,123
Total other liabilities	9,345	7,123
* Represented by:		
- Cash assets	6.2 9,345	7,123
	9,345	7,123

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Beechworth Health Services upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Beechworth Health Services applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>Beechworth Health Services applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Beechworth Health Services discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Beechworth Health Services uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.18% and 2.42%.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Beechworth Health Services is reasonably certain to exercise such options.</p> <p>Beechworth Health Services determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. • The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

Note	Total 2023 \$'000	Total 2022 \$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	3	2
Advances from government (ii)	-	23
Total current borrowings	3	25
Non-current borrowings		
Lease liability ⁽ⁱ⁾	12	5
Advances from government (ii)	64	63
Total non-current borrowings	76	68
Total borrowings	79	93

ⁱ Secured by the assets leased.

ⁱⁱ These are unsecured loans which bear no interest.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities and other interest-bearing arrangements.

Initial recognition

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

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

Beechworth Health Services's lease liabilities are summarised below:

	Total 2023 \$'000	Total 2022 \$'000
Total undiscounted lease liabilities	16	8
Less unexpired finance expenses	(1)	(1)
Net lease liabilities	15	7

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Total 2023 \$'000	Total 2022 \$'000
Not longer than one year	3	2
Longer than one year but not longer than five years	11	6
Longer than five years	2	-
Minimum future lease liability	16	8
Less unexpired finance expenses	(1)	(1)
Present value of lease liability	15	7
* Represented by:		
- Current liabilities	3	2
- Non-current liabilities	12	5
	15	7

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Beechworth Health Services to use an asset for a period of time in exchange for payment.

To apply this definition, Beechworth Health Services ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Beechworth Health Services and for which the supplier does not have substantive substitution rights.
- Beechworth Health Services has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Beechworth Health Services has the right to direct the use of the identified asset throughout the period of use and
- Beechworth Health Services has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Beechworth Health Services's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	2 to 5 years

Note 6.1 (a) Lease liabilities

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Beechworth Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 5%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

The following types of lease arrangements, contain extension and termination options:

- Motor vehicle leases provided through VicFleet

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Leases with significantly below market terms and conditions

Beechworth Health Service does not hold any lease arrangements which contain significantly below-market terms and conditions.

Note 6.2 Cash and Cash Equivalents

	Total 2023 \$'000	Total 2022 \$'000
Note		
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	1,231	1,278
Cash at bank - CBS (excluding monies held in trust)	2,120	884
Total cash held for operations	3,352	2,163
Cash on hand (monies held in trust)	1	1
Cash at bank (monies held in trust)	41	30
Cash at bank - CBS (monies held in trust)	9,180	6,970
Term deposits < 3 months (monies held in trust)	123	122
Total cash held as monies in trust	9,345	7,123
Total cash and cash equivalents	12,697	9,286

7.1 (a)

How we recognise cash and cash equivalents

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3 Commitments for expenditure

	Total 2023 \$'000	Total 2022 \$'000
Capital expenditure commitments		
Less than one year	411	299
Total capital expenditure commitments	411	299
Operating commitments		
Less than one year	315	298
Total non-cancellable short term and low value lease commitments	315	298
Total commitments for expenditure (exclusive of GST)	726	597
Less GST recoverable from Australian Tax Office	(66)	(54)
Total commitments for expenditure (exclusive of GST)	660	543

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

How we disclose our commitments

Our commitments relate to expenditure on the provision of IT services.

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

- 7.1 Financial instruments**
- 7.2 Financial risk management objectives and policies**
- 7.3 Contingent assets and contingent liabilities**
- 7.4 Fair value determination**

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Beechworth Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Beechworth Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Beechworth Health Service’s specialised land are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Beechworth Health Service’s specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. ▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Beechworth Health Service does not this use approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Beechworth Health Service does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Beechworth Health Service categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Beechworth Health Service categorises specialised land, specialised buildings, plant, equipment, furniture, fittings, vehicles and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Beechworth Health Services's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1 (a) Categorisation of financial instruments

Total	Financial Assets at		Financial Liabilities		Total
30 June 2023	Amortised Cost	at Amortised Cost	Amortised Cost	at Amortised Cost	\$'000
Contractual Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	12,697	-	-	-	12,697
Receivables	1,467	-	-	-	1,467
Total Financial Assetsⁱ	14,164	-	-	-	14,164
Financial Liabilities					
Payables	-	1,070	-	1,070	1,070
Borrowings	-	79	-	79	79
Other Financial Liabilities - Refundable Accommodation Deposits	-	9,051	-	9,051	9,051
Other Financial Liabilities - Patient and other monies held in trust	-	294	-	294	294
Total Financial Liabilitiesⁱ	-	10,494	-	10,494	10,494

Note 7.1 (a) Categorisation of financial instruments

Total	Financial Assets at		Financial Liabilities		Total
30 June 2022	Amortised Cost	at Amortised Cost	Amortised Cost	at Amortised Cost	\$'000
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and cash equivalents	9,286	-	-	-	9,286
Receivables	1,864	-	-	-	1,864
Total Financial Assets¹	11,150	-	-	-	11,150
Financial Liabilities					
Payables	-	969	-	969	969
Borrowings	-	93	-	93	93
Other Financial Liabilities - Refundable Accommodation Deposits	-	6,806	-	6,806	6,806
Other Financial Liabilities - Patient monies held in trust	-	317	-	317	317
Total Financial Liabilities¹	-	8,185	-	8,185	8,185

¹ The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Beechworth Health Services becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Beechworth Health Services commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Beechworth Health Services solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

Beechworth Health Services recognises the following assets in this category:

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

Note 7.1 (a) Categorisation of financial instruments

Categories of financial liabilities

Financial liabilities are recognised when Beechworth Health Services becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Beechworth Health Services recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Beechworth Health Services has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Beechworth Health Services does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Note 7.1 (a) Categorisation of financial instruments

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Beechworth Health Services's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, Beechworth Health Services's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

Beechworth Health Services's main financial risks include credit risk, liquidity risk and interest rate risk. Beechworth Health Services manages these financial risks in accordance with its financial risk management policy. It is considered these risks are insignificant for Beechworth Health Services.

Beechworth Health Services uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a) Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Beechworth Health Services's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Beechworth Health Services. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Beechworth Health Services's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

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

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

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

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

There has been no material change to Beechworth Health Services's credit risk profile in 2022-23.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

Beechworth Health Services records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

Credit loss allowance is classified as other economic flows in the net result.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

Beechworth Health Services applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Beechworth Health Services has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Beechworth Health Services's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Beechworth Health Services determines the closing loss allowance at the end of the financial year as follows:

Note 7.2 (b) Contractual receivables at amortised cost

		30 June 2023								
		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total			
Expected loss rate		0.0%	0.0%	10.0%	32.0%	0.0%				
	Gross carrying amount of contractual receivables	499	13	13	96	0	621			
	Loss allowance	-	-	(1)	(31)	-	(32)			
		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total			
Expected loss rate		0.0%	0.0%	10.0%	70.0%	0.0%				
	Gross carrying amount of contractual receivables	457	32	7	54	0	550			
	Loss allowance	-	-	(1)	(38)	-	(39)			

Note 7.2 (b) Contractual receivables at amortised cost

Statutory receivables and debt investments at amortised cost

Beechworth Health Services's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2 (c) Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Beechworth Health Services is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Beechworth Health Services's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from other financial assets.

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

Note 7.2 (b) Payables and borrowings maturity analysis

	Carrying Amount	Nominal Amount	Maturity Dates				
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total							
30 June 2023							
Payables	1,070	1,070	1,070	-	-	-	-
Borrowings	79	79	1	2	23	53	-
Other Financial Liabilities - Refundable Accommodation Deposits	9,051	9,051	9,051	-	-	-	-
Other Financial Liabilities - Patient and other monies held in trust	294	294	294	-	-	-	-
Total Financial Liabilities	10,494	10,494	10,416	2	23	53	-

	Carrying Amount	Nominal Amount	Maturity Dates				
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total							
30 June 2022							
Financial Liabilities at amortised cost							
Payables	969	969	969	-	-	-	-
Borrowings	93	93	1	1	23	68	-
Other Financial Liabilities - Refundable Accommodation Deposits	6,806	6,806	6,806	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	317	317	317	-	-	-	-
Total Financial Liabilities	8,185	8,185	8,093	1	23	68	-

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

Note 7.3: Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 7.4: Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

Beechworth Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

Beechworth Health Service monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Beechworth Health Service's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 7.4 (a) Fair value determination of non-financial physical assets

	Note	Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2023	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$'000	\$'000	\$'000	\$'000
Specialised land		2,451	-	-	2,451
Total land at fair value	4.1 (a)	2,451	-	-	2,451
Specialised buildings		21,957	-	-	21,957
Total buildings at fair value	4.1 (a)	21,957	-	-	21,957
Plant and equipment	4.1 (a)	614	-	-	614
Motor vehicles	4.1 (a)	73	-	-	73
Medical equipment at	4.1 (a)	236	-	-	236
Computer equipment	4.1 (a)	20	-	-	20
Furniture and fittings	4.1 (a)	121	-	-	121
Total plant, equipment, furniture, fittings and vehicles		1,064	-	-	1,064
Right of use equipment	4.2 (a)	15	-	-	15
Total right-of-use assets at fair value		15	-	-	15
Total non-financial physical assets at fair value		25,487	-	-	25,487
		Total carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2022	Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		\$'000	\$'000	\$'000	\$'000
Specialised land		2,451	-	-	2,451
Total land at fair value	4.1 (a)	2,451	-	-	2,451
Specialised buildings		23,240	-	-	23,240
Total buildings at fair value	4.1 (a)	23,240	-	-	23,240
Plant and equipment	4.1 (a)	454	-	-	454
Motor vehicles	4.1 (a)	96	-	-	96
Medical equipment	4.1 (a)	252	-	-	252
Computer equipment	4.1 (a)	35	-	-	35
Furniture and fittings	4.1 (a)	128	-	-	128
Total plant, equipment, furniture, fittings and vehicles at fair value		965	-	-	965
Right of use equipment	4.2 (a)	6	-	-	6
Total right-of-use assets at fair value		6	-	-	6
Total non-financial physical assets at fair value		26,662	-	-	26,662

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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

Beechworth Health Service has assumed the current use of a non-financial asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Specialised land and specialised buildings

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

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

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

An independent valuation of Beechworth Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019 for buildings and 30 June 2022 for land.

How we measure fair value of non-financial physical assets

Vehicles

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2023

7.4 (b): Reconciliation of level 3 fair value measurement

Total	Note	Land \$'000	Buildings \$'000	Plant, equipment, vehicles, furniture & fittings \$'000	Right of Use Assets \$'000
Balance at 1 July 2021		1,585	20,630	859	9
Additions/(Disposals)		-	-	286	-
Gains/(Losses) recognised in net result					
- Depreciation and amortisation		-	(1,403)	(180)	(3)
Items recognised in other comprehensive income					
- Revaluation		866	4,013	-	-
Balance at 30 June 2022	7.4 (a)	2,451	23,240	965	6
Additions/(Disposals)		-	56	307	12
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation		-	(1,339)	(208)	(3)
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
Balance at 30 June 2023	7.4 (a)	2,451	21,957	1,064	15

ⁱ Classified in accordance with the fair value hierarchy, refer Note 7.4.

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Specialised buildings	Current replacement cost approach	- Cost per square metre
		- Useful life
Vehicles	Market approach	N/A
	Current replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit
		- Useful life

(i) A community service obligation (CSO) of 20% was applied to Beechworth Health Services's specialised land.

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities

	Total 2023 \$'000	Total 2022 \$'000
Net result for the year	(894)	(1,355)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	3.2 (2)	(10)
Depreciation and amortisation of non-current assets	4.5 1,552	1,587
Assets and services received free of charge	2.2 -	(93)
Bad and doubtful debt expense	3.1 (7)	4
Discount (interest) / expense on loan	1	(5)
Other non-cash movements	-	(25)
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables	382	(405)
(Increase)/Decrease in inventories	74	(124)
(Increase)/Decrease in prepaid expenses	10	(8)
Increase/(Decrease) in payables and contract liabilities	470	76
Increase/(Decrease) in employee benefits	193	176
Increase/(Decrease) in other liabilities	(23)	166
Net cash inflow from operating activities	1,756	(16)

Note 8.2 Responsible person disclosures

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

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

	Period
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
Governing Boards	
Mr Harold Thomas	1 Jul 2022 - 30 Jun 2023
Ms Jennifer Bennett	1 Jul 2022 - 30 Jun 2023
Mr Nicholas Rideout	1 Jul 2022 - 30 Jun 2023
Dr David Lawrence	1 Jul 2022 - 30 Jun 2023
Dr Isabel Paton	1 Jul 2022 - 30 Jun 2023
Ms Kim Rowley	1 Jul 2022 - 30 Jun 2023
Ms Natalie Willis	1 Jul 2022 - 30 Jun 2023
Ms Glenda Beecher	1 Jul 2022 - 30 Jun 2023
Ms Gael Evans-Barr	1 Jul 2022 - 30 Jun 2023
Accountable Officers	
Dr Mark Ashcroft (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

\$10,000 - \$19,999

\$210,000 - \$219,999

\$240,000 - \$249,999

Total Numbers

Total 2023 No	Total 2022 No
8	11
1	-
-	1
1	-
10	12

Total 2023 \$'000	Total 2022 \$'000
\$291	\$271

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

Amounts relating to Responsible Ministers are reported within the States' Annual Financial Report

Note 8.3 Remuneration of executives

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

Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

Short-term benefits

Post-employment benefits

Other long-term benefits

Total remunerationⁱ

Total number of executives

Total annualised employee equivalentⁱⁱ

	Total Remuneration	
	2023	2022
	\$'000	\$'000
Short-term benefits	302	412
Post-employment benefits	31	42
Other long-term benefits	9	22
Total remuneration ⁱ	342	476
Total number of executives	3	5
Total annualised employee equivalent ⁱⁱ	2.2	3.0

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Beechworth Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

ii Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-term employee benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

Beechworth Health Services is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the HRHA Joint Venture Alliance and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

Key management personnel

The Board of Directors, Chief Executive Officer and the Executive Directors of Beechworth Health Services are deemed to be KMPs.

Entity	KMPs	Position Title
Beechworth Health Services	Mr Harold Thomas	Board Chair
Beechworth Health Services	Ms Jennifer Bennett	Board Member
Beechworth Health Services	Mr Nicholas Rideout	Board Member
Beechworth Health Services	Dr David Lawrence	Board Member
Beechworth Health Services	Dr Isabel Paton	Board Member
Beechworth Health Services	Ms Kim Rowley	Board Member
Beechworth Health Services	Ms Natalie Willis	Board Member
Beechworth Health Services	Ms Glenda Beecher	Board Member
Beechworth Health Services	Ms Gael Evans-Barr	Board Member
Beechworth Health Services	Dr Mark Ashcroft	Chief Executive Officer
Beechworth Health Services	Ms Angela Clement	Director of Clinical Services
Beechworth Health Services	Ms Carolyn Shaw	Director of Corporate Services
Beechworth Health Services	Mr Shell Morphy	Director of Excellence & Innovation (July - August 2022)

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

	Total 2023 \$'000	Total 2022 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	559	657
Post-employment Benefits	57	61
Other Long-term Benefits	16	27
Total ⁱⁱ	632	745

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

ⁱⁱ KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties

Significant transactions with government related entities

Beechworth Health Services received funding from the Department of Health of \$8.872 m (2022: \$8.86 m) and indirect contributions of \$0.092 m (2022: \$0.058 m). Balances outstanding as at 30 June 2023 are \$0.073 m (2022 \$0.496 m)

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

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the Beechworth Health Services to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Beechworth Health Services, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: none).

There were no related party transactions required to be disclosed for Beechworth Health Services Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office
Audit of the financial statements
Total remuneration of auditors

Total 2023 \$'000	Total 2022 \$'000
24	29
24	29

Note 8.6: Events occurring after the balance sheet date

There have been no further events occurring after balance date that require additional disclosure.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023 %	2022 %
Hume Region Health Alliance	Information Technology Services	4.38	4.22

Beechworth Health Services interest in the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2023 \$'000	2022 \$'000
Current assets		
Cash and cash equivalents	546	420
Receivables	62	40
Prepaid expenses	14	9
Total current assets	622	469
Non-current assets		
Property, plant and equipment	21	13
Total non-current assets	21	13
Total assets	643	482
Current liabilities		
Payables	233	78
Monies in Trust	136	166
Lease Liability	3	2
Total current liabilities	372	246
Non-current liabilities		
Lease Liability	11	5
Total non-current liabilities	11	5
Total liabilities	383	251
Net assets	260	231
Equity		
Accumulated surplus	260	231
Total equity	260	231

Note 8.7 Joint arrangements

Beechworth Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2023	2022
	\$'000	\$'000
Revenue		
Operating Activities	290	275
Non Operating Activities	14	1
Capital Purpose Income	10	15
Total revenue	314	291
Expenses		
Employee Benefits	113	93
Other Expenses from Continuing Operations	175	173
Depreciation	10	9
Capital Purpose Expenditure	25	14
Total expenses	323	289
Net result	(9)	2

Figures obtained from the unaudited Hume Region Health Alliance Joint Venture annual report.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

Note 8.8: Equity

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Beechworth Health Services.

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

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital

Note 8.9: Economic dependency

Beechworth Health Services is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Beechworth Health Services.

Financial Statements

Financial Year ended 30 June 2023

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Beechworth Health Services at 30 June 2023.

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

We authorise the attached financial statements for issue on 24th August 2023.

Board member



Chair

Beechworth
24/08/2023

Accountable Officer



Chief Executive Officer

Beechworth
24/08/2023

Chief Finance & Accounting Officer



Chief Finance and Accounting Officer

Beechworth
24/08/2023



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