

**Financial Statements**  
**Financial Year ended 30 June 2020**

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

The attached financial statements for Corryong Health 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 2020 and the financial position of Corryong Health at 30 June 2020.

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.

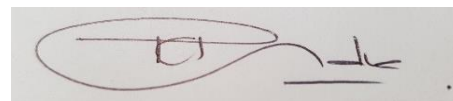
We authorise the attached financial statements for issue on 28 August, 2020.



Deborah Culhane  
**Board Chair**  
Corryong  
28 August 2020



Dominic Sandilands  
**Chief Executive Officer**  
Corryong  
28 August 2020



Kerrie Clarke  
**Chief Finance and Accounting Officer**  
Corryong  
28 August 2020

**Corryong Health**  
**Comprehensive Operating Statement**  
**For the financial year ended 30 June 2020**

		<b>Total</b>	<b>Total</b>
	Note	<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Income from transactions</b>			
Operating activities	2.1	13,184	11,813
Non-operating activities	2.1	58	90
<b>Total Income from Transactions</b>		<b>13,242</b>	<b>11,903</b>
<b>Expenses from Transactions</b>			
Employee expenses	3.1	(10,018)	(9,178)
Supplies and consumables	3.1	(972)	(730)
Finance costs	3.1	(6)	(1)
Depreciation and amortisation	4.3	(1,244)	(997)
Other administrative expenses	3.1	(1,017)	(976)
Other operating expenses	3.1	(486)	(547)
<b>Total Expenses from Transactions</b>		<b>(13,743)</b>	<b>(12,429)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(501)</b>	<b>(526)</b>
<b>Other Economic Flows included in Net Result</b>			
Net Gain/(Loss) on sale of non-financial assets	3.2	-	29
Net Gain/(Loss) on financial instruments at fair value	3.2	9	-
Other Gain/(Loss) from other economic flows	3.2	-	11
<b>Total Other Economic Flows included in Net Result</b>		<b>9</b>	<b>40</b>
<b>Net Result for the year</b>		<b>(492)</b>	<b>(486)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	2,733
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>2,733</b>
<b>Comprehensive Result for the Year</b>		<b>(492)</b>	<b>2,247</b>

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

## Corryong Health Balance Sheet as at 30 June 2020

	Note	Total 2020 \$'000	Total 2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6.2	7,626	4,515
Receivables	5.1	200	296
Prepayments		4	24
<b>Total Current Assets</b>		<b>7,830</b>	<b>4,835</b>
<b>Non-Current Assets</b>			
Receivables	5.1	(53)	207
Property, plant and equipment	4.1 (a)	12,129	12,403
Intangible assets	4.2	16	19
<b>Total Non-Current Assets</b>		<b>12,092</b>	<b>12,629</b>
<b>TOTAL ASSETS</b>		<b>19,922</b>	<b>17,464</b>
<b>Current Liabilities</b>			
Payables	5.2	2,090	951
Borrowings	6.1	81	13
Provisions	3.4	2,029	2,052
Other liabilities	5.3	3,434	1,834
<b>Total Current Liabilities</b>		<b>7,634</b>	<b>4,850</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	158	11
Provisions	3.4	274	255
<b>Total Non-Current Liabilities</b>		<b>432</b>	<b>266</b>
<b>TOTAL LIABILITIES</b>		<b>8,066</b>	<b>5,116</b>
<b>NET ASSETS</b>		<b>11,856</b>	<b>12,348</b>
<b>EQUITY</b>			
Property, plant and equipment revaluation surplus	4.1(f)	8,667	8,667
Contributed capital		4,909	4,909
Accumulated deficits		(1,720)	(1,228)
<b>TOTAL EQUITY</b>		<b>11,856</b>	<b>12,348</b>

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

**Corryong Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2020**

		Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2018</b>	4.1 (f)	5,934	4,909	(742)	10,101
Net result for the year		-	-	(486)	(486)
Other comprehensive income for the year		2,733	-	-	2,733
<b>Balance at 30 June 2019</b>		8,667	4,909	(1,228)	12,348
Net result for the year		-	-	(492)	(492)
<b>Balance at 30 June 2020</b>		8,667	4,909	(1,720)	11,856

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

**Corryong Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2020**

	Note	Total 2020 \$'000	Total 2019 \$'000
<b>Cash Flows from Operating Activities</b>			
Operating grants from government		11,543	8,601
Capital grants from government - State		223	491
Patient fees received		1,223	1,208
Private practice fees received		845	998
GST received from ATO		44	-
Interest and investment income received		58	90
Commercial income received		62	-
Other receipts		614	634
<b>Total Receipts</b>		<b>14,612</b>	<b>12,022</b>
Employee expenses paid		(10,030)	(8,810)
Payments for supplies and consumables		(890)	(730)
Payments for medical indemnity insurance		(22)	-
Payments for repairs and Maintenance		(231)	(297)
Finance Costs		(6)	(1)
GST paid to ATO		-	(83)
Cash outflow for leases		(56)	-
Other payments		(1,174)	(1,029)
<b>Total Payments</b>		<b>(12,409)</b>	<b>(10,950)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>	8.1	<b>2,203</b>	<b>1,072</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of non-financial assets		(965)	(1,100)
Other Capital Receipts		60	-
Purchase of Intangible assets		(2)	(23)
Proceeds from disposal of non-financial assets		-	29
Proceeds from disposal of investments		-	1,009
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(907)</b>	<b>(85)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from/(Repayment) of borrowings		215	(4)
Net Receipt/(refund) of accommodation deposits		1,600	182
<b>Net Cash Flows from / (used in) Financing Activities</b>		<b>1,815</b>	<b>178</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>3,111</b>	<b>1,165</b>
Cash and cash equivalents at beginning of year		<b>4,515</b>	<b>3,350</b>
<b>Cash and Cash Equivalents at End of Year</b>	6.2	<b>7,626</b>	<b>4,515</b>

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

**Corryong Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2020**

**Basis of preparation**

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

**Note 1 – Summary of Significant Accounting Policies**

These annual financial statements represent the audited general purpose financial statements for Corryong Health for the year ended 30 June 2020. The report provides users with information about Corryong Health's stewardship of resources entrusted to it.

**(a) Statement of Compliance**

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

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

Corryong Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

**(b) Reporting Entity**

The financial statements include all the controlled activities of Corryong Health.

Its principal address is:

Kiell Street

Corryong, Victoria 3707

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

**(c) Basis of Accounting Preparation and Measurement**

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Corryong Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

**Intersegment Transactions**

Transactions between segments within Corryong Health have been eliminated to reflect the extent of Corryong Health's operations as a group.

# **Corryong Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2020**

#### ***(c) Basis of Accounting Preparation and Measurement (Continued)***

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

#### ***Covid-19***

The global health pandemic Covid-19, has impacted Australia and the World in a significant manner. Victoria was originally declared a State of Emergency and subsequently moved to a State of Disaster prior to signing these financial statements. The impact on communities and businesses has been varied, with Government policies put in place to provide support to those who are most in need. Financial support in the form of JobKeeper and JobSeeker have been implemented for those who are unable to be fully employed or have been made redundant. State Government entities have also been instructed to provide 100% rent relief to tenants and to ensure trade creditor payments are made more regularly, with a target of net 5 days from invoice.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government have recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Private Patient Revenue due to restrictions on surgical activity.
- Recoveries from clinicians for use of hospital facilities as they have not been able to provide them.
- Recoveries from clients for services normally provided directly, but are no longer able to be provided.
- Activity based funding areas where there is no dispensation or reduced dispensation made available by the provider.
- Specific costs incurred in the prevention and/or treatment of Covid-19.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.1 Property, Plant and Equipment.

#### **Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

**Corryong Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2020**

***(d) Jointly Controlled Operation***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Corryong Health recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Corryong Health is a member of the Hume Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

***(e) Equity***

***Contributed Capital***

Consistent with the requirements of AASB 1004 *Contributions*, 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 Corryong Health.

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: 2 Funding delivery of our services

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

### Structure

2.1 Income from Transactions

## Note 2.1: Income from Transactions

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Government grants (state) - Operating <sup>1</sup>	6,531	5,095
Government grants (Commonwealth) - Operating	3,687	3,496
Government grants (State) - Capital	223	388
Government grants (Commonwealth) - Capital	-	103
Other capital purpose income	60	-
Patient and resident fees	1,195	1,184
Private practice fees	845	998
Commercial activities <sup>2</sup>	62	91
Other revenue from operating activities (including non-capital donations)	581	458
<b>Total Income from Operating Activities</b>	<b>13,184</b>	<b>11,813</b>
Other interest	58	90
<b>Total Income from Non-Operating Activities</b>	<b>58</b>	<b>90</b>
<b>Total Income from Transactions</b>	<b>13,242</b>	<b>11,903</b>

<sup>1</sup> Government Grants (State) - Operating includes \$0.09m of funding support for COVID-19 impact on health service operations.

<sup>2</sup> Commercial activities represent business activities which health services enter into to support their operations.

### Revenue Recognition

#### Impact of COVID-19 on revenue and income

As indicated at Note 1, Corryong Health's response to the pandemic included introduction of restrictions for entry and reduced activity. This resulted in Corryong Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services continues to monitor the impact of Covid-19 and provides funding for lost revenue and certain direct and indirect COVID-19 costs where it has had a negative impact on the budgeted result for the year.

#### Government Grants

Income from grants to construct major infrastructure is recognised when (or as) Corryong Health satisfies its obligations under the transfer. This aligns with Corryong Health's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Corryong Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Corryong Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, as portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).

## **Note 2.1: Income from Transactions**

### ***Performance obligations***

The types of government grants recognised under AASB 15 *Revenue from Contracts with Customers* includes:

- Activity based funding with identifiable targets,
- Grants requiring acquittal of services and/or expenditure which have specific identifiable targets.

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they align with the terms and conditions of the funding provided. For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For grants requiring acquittal of services and/or expenditure, revenue is recognised in accordance with the funding agreement. Corryong Health exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

### **Previous accounting policy for 30 June 2019**

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Corryong Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Corryong Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Corryong Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

### ***Patient and Resident Fees***

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Corryong Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

### ***Private Practice Fees***

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

### ***Commercial activities***

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities and is recognised on an accruals basis.

### **Non-cash contributions from the Department of Health and Human Services**

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- 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 and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

## Note 2.1: Income from Transactions

### *Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in the contract with the customer. Corryong Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

### 2.1 (b) Other non operating income

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	58	90
<b>Total other income</b>	<b>58</b>	<b>90</b>

#### *Interest Income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

### Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital 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 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

#### Note 3.1: Expenses from Transactions

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Salaries and wages	8,688	7,965
On-costs	784	719
Agency expenses	138	148
Fee for service medical officer expenses	318	265
Workcover premium	90	81
<b>Total Employee Expenses</b>	<b>10,018</b>	<b>9,178</b>
Drug supplies	35	37
Medical and surgical supplies (including Protheses)	574	381
Diagnostic and radiology supplies	53	42
Other supplies and consumables	310	270
<b>Total Supplies and Consumables</b>	<b>972</b>	<b>730</b>
Finance costs	6	1
<b>Total Finance Costs</b>	<b>6</b>	<b>1</b>
Other administrative expenses	1,017	976
<b>Total Other Administrative Expenses</b>	<b>1,017</b>	<b>976</b>
Fuel, light, power and water	171	187
Repairs and maintenance	174	154
Maintenance contracts	57	41
Medical indemnity insurance	22	22
Expenses related to short term leases	20	90
Expenses related to leases of low value assets	36	53
Expenditure for capital purposes	6	-
<b>Total Other Operating Expenses</b>	<b>486</b>	<b>547</b>
<b>Total Operating Expense</b>	<b>12,499</b>	<b>11,432</b>
Depreciation and amortisation (refer Note 4.3)	1,244	997
<b>Total Depreciation and Amortisation</b>	<b>1,244</b>	<b>997</b>
<b>Total Non-Operating Expense</b>	<b>1,244</b>	<b>997</b>
<b>Total Expenses from Transactions</b>	<b>13,743</b>	<b>12,429</b>

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

## **Note 3.1: Expenses from Transactions**

### ***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 premium.

### ***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.

### ***Finance costs***

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

### ***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 and Human Services also makes certain payments on behalf of Corryong Health. 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.

### ***Operating lease payments***

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

### Note 3.2: Other economic flows included in net result

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<i>Net gain/(loss) on non-financial assets</i>		
Net gain on disposal of property plant and equipment	-	29
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>-</b>	<b>29</b>
<i>Net gain/(loss) on financial instruments</i>		
Allowance for impairment losses of contractual receivables	9	-
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>9</b>	<b>-</b>
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	-	11
<b>Total other Gains/(Losses) from Other Economic Flows</b>	<b>-</b>	<b>11</b>
<b>Total Gains/(Losses) From Other Economic Flows</b>	<b>9</b>	<b>40</b>

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.

#### *Net gain/ (loss) on non-financial assets*

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment.)
- 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.

#### *Net gain/ (loss) on financial instruments*

Net gain/ (loss) on financial instruments at fair value includes:

- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Investments and other financial assets; and

#### *Amortisation of non-produced intangible assets*

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

#### *Other gains/ (losses) from other economic flows*

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

### Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	<b>Expense</b>		<b>Revenue</b>	
	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Commercial Activities</b>				
Catering	-	-	24	29
Cafeteria	-	-	5	4
Property	-	-	33	58
<b>Total Commercial Activities</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>91</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>91</b>

### Note 3.4: Employee Benefits in the Balance Sheet

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT PROVISIONS</b>		
Employee Benefits <sup>i</sup>		
Accrued days off		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	12	9
Annual leave		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	671	589
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	60	50
Long service leave		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	54	50
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	1,031	1,151
	<b>1,828</b>	<b>1,849</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	81	71
Unconditional and expected to be settled after 12 months <sup>iii</sup>	120	132
	<b>201</b>	<b>203</b>
<b>TOTAL CURRENT PROVISIONS</b>	<b>2,029</b>	<b>2,052</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional long service leave	247	230
Provisions related to employee benefit on-costs	27	25
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>274</b>	<b>255</b>
<b>TOTAL PROVISIONS</b>	<b>2,303</b>	<b>2,307</b>

<sup>i</sup> Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

<sup>ii</sup> The amounts disclosed are nominal amounts.

<sup>iii</sup> The amounts disclosed are discounted to present values.

## Note 3.4: Employee Benefits in the Balance Sheet

### (a) Employee Benefits and Related On-Costs

#### Current Employee Benefits and Related On-Costs

Unconditional long service leave entitlements

Annual leave entitlements

Accrued days off

#### Total Current Employee Benefits and Related On-Costs

#### Non-Current Employee Benefits and Related On-Costs

Conditional long service leave entitlements

#### Total Non-Current Employee Benefits and Related On-Costs

#### TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

<b>Total 2020</b>	<b>Total 2019</b>
<b>\$'000</b>	<b>\$'000</b>
1,204	1,333
811	709
14	10
<b>2,029</b>	<b>2,052</b>
274	255
<b>274</b>	<b>255</b>
<b>2,303</b>	<b>2,307</b>

### (b) Movement in On-Costs Provision

#### Balance at start of year

Additional provisions recognised

Unwinding of discount and effect of changes in the discount rate

Reduction due to transfer out

#### Balance at end of year

<b>Total 2020</b>	<b>Total 2019</b>
<b>\$'000</b>	<b>\$'000</b>
<b>228</b>	<b>195</b>
229	248
-	11
(229)	(226)
<b>228</b>	<b>228</b>

#### *Employee Benefit Recognition*

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

#### *Provisions*

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

#### *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 Corryong Health 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 Corryong Health expects to wholly settle within 12 months; or
- Present value – if Corryong Health 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 the Corryong Health 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 Corryong Health expects to wholly settle within 12 months; or
- Present value – if Corryong Health does not expect to wholly settle within 12 months.

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



### Note 3.4: Employee Benefits in the Balance Sheet

#### *Termination Benefits*

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

#### *On-Costs Related to Employee Benefits*

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

### Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
<b>Defined Benefit Plans:<sup>i</sup></b>				
First State Super	17	18	1	1
<b>Defined Contribution Plans:</b>				
First State Super	512	429	47	38
Hesta	71	60	7	5
Other	184	149	15	15
<b>Total</b>	<b>784</b>	<b>656</b>	<b>70</b>	<b>59</b>

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

Employees of Corryong Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

#### *Defined Benefit Superannuation Plans*

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Corryong Health to the superannuation plans in respect of the services of current Corryong Health'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.

Corryong Health 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 Department of Treasury and Finance 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 Corryong Health.

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

#### *Defined Contribution Superannuation Plans*

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

## Note 4: Key Assets to support service delivery

Corryong Health 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 Corryong Health to be utilised for delivery of those outputs.

### Structure

- 4.1 Property, plant & equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation

### Note 4.1: Property, plant and equipment

#### *Initial Recognition*

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government 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. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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.

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

#### *Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement*

Corryong Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- 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:** Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard 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) and is summarised on the following page by asset category.

#### *Right-of-use asset – Subsequent measurement*

Corryong Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

#### *Revaluations of Non-Current Physical Assets*

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

### ***Revaluations of Non-Current Physical Assets***

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, Corryong Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### ***Fair value measurement***

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.

For the purpose of fair value disclosures, Corryong Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Corryong Health 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.

The Valuer-General Victoria (VGV) is Corryong Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

### ***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.

### ***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.

### ***Consideration of highest and best use (HBU) for non-financial physical assets***

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.

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Corryong Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

### ***Non-Specialised Land, Non-Specialised Buildings***

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

### **Specialised Land and Specialised Buildings**

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets 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 use.

During the reporting period, Corryong Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land and specialised buildings 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 Corryong Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Corryong Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

### ***Motor Vehicles***

The Corryong Health 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).

### ***Plant and Equipment***

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) 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 2020.

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

**Note 4.1: Property, Plant and Equipment**  
**(a) Gross carrying amount and accumulated depreciation**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Land - Crown	304	304
Land - Freehold	229	229
<b>TOTAL LAND AT FAIR VALUE</b>	<b>533</b>	<b>533</b>
Buildings at cost	183	-
Less accumulated depreciation	(2)	-
<b>Sub-totals Buildings at Cost</b>	<b>181</b>	<b>-</b>
Buildings at fair value	9,791	9,791
Less accumulated depreciation	(864)	-
<b>Sub-totals Buildings at Fair Value</b>	<b>8,927</b>	<b>9,791</b>
Building work in progress at cost	165	280
<b>TOTAL BUILDINGS</b>	<b>9,273</b>	<b>10,071</b>
Plant and equipment at fair value	2,945	2,413
Less accumulated depreciation	(1,505)	(1,312)
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>1,440</b>	<b>1,101</b>
Motor vehicles at fair value	25	25
Less accumulated depreciation	(25)	(25)
<b>TOTAL MOTOR VEHICLES</b>	<b>-</b>	<b>-</b>
Medical equipment at fair value	1,512	1,480
Less accumulated depreciation	(1,131)	(1,036)
<b>TOTAL MEDICAL EQUIPMENT</b>	<b>381</b>	<b>444</b>
Computers and communication equipment at fair value	837	760
Less accumulated depreciation	(714)	(658)
<b>TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT</b>	<b>123</b>	<b>102</b>
Furniture and fittings at fair value	936	894
Less accumulated depreciation	(794)	(766)
<b>TOTAL FURNITURE AND FITTINGS</b>	<b>142</b>	<b>128</b>
Leased/Right of use- plant, equipment, furniture and fittings and vehicles	312	85
Less accumulated depreciation	(75)	(61)
<b>TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES</b>	<b>237</b>	<b>24</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>12,129</b>	<b>12,403</b>

## Note 4.1: Property, Plant and Equipment (Continued)

### (b) Reconciliations of the carrying amounts of each class of asset

Total	Note	Land \$'000	Buildings \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computers & Communica tion Equipment \$'000	Furniture & Fittings \$'000	Leased/ Right of use - PPE, F&V	Assets under construction	Total \$'000
<b>Balance at 1 July 2018</b>		<b>383</b>	<b>7,928</b>	<b>698</b>	-	<b>527</b>	-	-	<b>27</b>	-	<b>9,563</b>
Additions		-	264	805	-	17	-	-	14	-	1,100
Revaluation increments/(decrements)		150	2,583	-	-	-	-	-	-	-	2,733
Net Transfers between classes		-	(280)	(301)	-	-	136	158	7	280	-
Depreciation	4.3	-	(704)	(101)	-	(100)	(34)	(30)	(24)	-	(993)
<b>Balance at 30 June 2019</b>	4.1 (a)	<b>533</b>	<b>9,791</b>	<b>1,101</b>	-	<b>444</b>	<b>102</b>	<b>128</b>	<b>24</b>	<b>280</b>	<b>12,403</b>
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	-	85	-	85
<b>Adjusted balance at 1 July 2019</b>		<b>533</b>	<b>9,791</b>	<b>1,101</b>	-	<b>444</b>	<b>102</b>	<b>128</b>	<b>109</b>	<b>280</b>	<b>12,488</b>
Additions		-	69	463	-	32	69	43	204	-	880
Net Transfers between classes		-	115	-	-	-	-	-	-	(115)	-
Depreciation	4.3	-	(866)	(123)	-	(95)	(48)	(28)	(79)	-	(1,239)
<b>Balance at 30 June 2020</b>	4.1 (a)	<b>533</b>	<b>9,109</b>	<b>1,441</b>	-	<b>381</b>	<b>123</b>	<b>143</b>	<b>234</b>	<b>165</b>	<b>12,129</b>

#### Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Corryong Health 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.

In compliance with FRD 103H, in the year ended 30 June 2020, Corryong Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The fair value of the land and buildings had been adjusted by an independent assessment in 2019. The latest indices did not identify that a further revaluation was required in 2020.

In undertaking this assessment, management considered whether the impact of Covid on the fair value of property may not have been reflected in the indices for the financial year and concluded the effect cannot yet be fully understood. In the absence of evidence to undermine the reliability of the indices, management have not altered their estimates of fair value as determined using the indices.

## Note 4.1: Property, Plant and Equipment (Continued)

### (c) Fair value measurement hierarchy for assets

#### Balance at 30 June 2020

- Non-specialised land
- Specialised land

#### Total Land at Fair Value

- Non-specialised buildings
- Specialised buildings

#### Total Building at Fair Value

Plant and equipment at fair value

Motor vehicles at fair value

Medical equipment at Fair Value

Computers and communication equipment at fair value

Furniture and fittings at fair value

Leased/Right of use PPE, furniture & fittings and vehicles

#### Total Other Plant and Equipment at Fair Value

#### Total Property, Plant and Equipment

Note

	Total Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
	229	-	229	-
	304	-	-	304
4.1 (a)	<b>533</b>	-	<b>229</b>	<b>304</b>
	1,021	-	1,021	-
	8,087	-	-	8,087
4.1 (a)	<b>9,108</b>	-	<b>1,021</b>	<b>8,087</b>
4.1 (a)	1,440	-	-	1,440
4.1 (a)	-	-	-	-
4.1 (a)	381	-	-	381
4.1 (a)	123	-	-	123
4.1 (a)	142	-	-	142
4.1 (a)	237	-	237	-
	<b>2,323</b>	-	<b>237</b>	<b>2,086</b>
	<b>11,964</b>	-	<b>1,487</b>	<b>10,477</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## Note 4.1: Property, Plant and Equipment (Continued)

### Balance at 30 June 2019

- Non-specialised land
- Specialised land

### Total Land at Fair Value

- Non-specialised buildings
- Specialised buildings

### Total Building at Fair Value

- Plant and equipment at fair value
- Motor vehicles at fair value
- Medical equipment at Fair Value value
- Furniture and fittings at fair value
- Leased Assets

### Total other plant and equipment at fair value

### Total Property, Plant and Equipment

4.1 (a)

4.1 (a)

4.1 (a)

4.1 (a)

4.1 (a)

4.1 (a)

4.1 (a)

4.1 (a)

Total Carrying Amount	Fair value measurement at end of reporting period using:		
	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
\$'000	\$'000	\$'000	\$'000
229	-	229	-
304	-	-	304
<b>533</b>	<b>-</b>	<b>229</b>	<b>304</b>
1,021	-	1,021	-
8,770	-	-	8,770
<b>9,791</b>	<b>-</b>	<b>1,021</b>	<b>8,770</b>
1,101	-	-	1,101
-	-	-	-
444	-	-	444
102	-	-	102
128	-	-	128
24	-	24	-
<b>1,799</b>	<b>-</b>	<b>24</b>	<b>1,775</b>
<b>12,123</b>	<b>-</b>	<b>1,274</b>	<b>10,849</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

ii There has been a transfer between level 3 to level 2 for leased assets during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.



## Note 4.1: Property, Plant and Equipment (Continued)

### (d) Reconciliation of Level 3 Fair Value <sup>i</sup>

Total	Note	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm \$'000	Furniture & Fittings \$'000
<b>Balance at 1 July 2018</b>	4.1 (b)	383	7,928	698	-	527	-	-
Additions/(Disposals)	4.1 (b)	-	264	805	-	17	-	-
Assets provided free of charge		-	-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	(280)	(301)	-	-	136	158
Gains/(Losses) recognised in net result		-	-	-	-	-	-	-
- Depreciation and amortisation	4.3	-	(704)	(101)	-	(100)	(34)	(30)
- Impairment loss		-	-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-	-
- Revaluation		150	2,583	-	-	-	-	-
<b>Balance at 30 June 2019</b>	4.1 ( c )	<b>533</b>	<b>9,791</b>	<b>1,101</b>	<b>-</b>	<b>444</b>	<b>102</b>	<b>128</b>
Additions/(Disposals)	4.1 (b)	-	69	463	-	32	69	43
Assets provided free of charge		-	-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	115	-	-	-	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-	-	-
- Depreciation and Amortisation	4.3	-	(866)	(123)	-	(95)	(48)	(28)
- Impairment loss		-	-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-	-
- Revaluation		-	-	-	-	-	-	-
<b>Balance at 30 June 2020</b>	4.1 ( c )	<b>533</b>	<b>9,109</b>	<b>1,441</b>	<b>-</b>	<b>381</b>	<b>123</b>	<b>143</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

### Note 4.1: Property, Plant and Equipment (Continued)

Note 4.1 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only) <sup>(c)</sup>
Non-specialised land	Market approach	n.a.
Specialised land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments <sup>(a)</sup>
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

<sup>a</sup> A community Service Obligation (CSO) of 20% was applied to Corryong Health's specialised land classified in accordance with the fair value hierarchy.

**Note 4.1: Property, Plant and Equipment (Continued)**

Note 4.1 (f): Property, Plant and Equipment Revaluation Surplus

**Property, Plant and Equipment Revaluation Surplus**

Balance at the beginning of the reporting period

**Revaluation Increment**

- Land
- Buildings

**Balance at the end of the Reporting Period\***

**\* Represented by:**

- Land
- Buildings

Note	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
	8,667	5,934
4.1 (b)	-	150
4.1 (b)	-	2,583
	<b>8,667</b>	<b>8,667</b>
	337	337
	8,330	8,330
	<b>8,667</b>	<b>8,667</b>

## Note 4.2: Intangible Assets

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

	Note	2020 \$'000	2019 \$'000
Intangible Assets - Software		32	30
Less Accumulated Amortisation		(16)	(11)
		<b>16</b>	<b>19</b>
<b>TOTAL INTANGIBLE ASSETS</b>		<b>16</b>	<b>19</b>

### (b) Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Note	Software \$'000	Total \$'000
<b>Balance at 1 July 2018</b>		-	-
Additions		23	23
Amortisation	4.3	(4)	(4)
<b>Balance at 1 July 2019</b>		<b>19</b>	<b>19</b>
Additions		2	2
Amortisation	4.3	(5)	(5)
<b>Balance at 30 June 2020</b>		<b>16</b>	<b>16</b>

## Note 4.2: Intangible Assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Corryong Health.

### Note 4.3: Depreciation and Amortisation

#### Depreciation

Buildings
Plant and equipment
Medical equipment
Computers and communication equipment
Furniture and fittings
Right of use assets
- Right of use plant, equipment and vehicles

#### Total Depreciation

#### Amortisation

Software

#### Total Amortisation

#### Total Depreciation and Amortisation

Total 2020 \$'000	Total 2019 \$'000
866	704
123	101
95	100
48	34
28	30
79	24
<b>1,239</b>	<b>993</b>
5	4
<b>5</b>	<b>4</b>
<b>1,244</b>	<b>997</b>

#### Depreciation

All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases and land) 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 shorter of the asset's useful life and the lease term. Where Corryong Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

#### 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.

### Note 4.3 (a): Useful life of Non-current Assets

	2020	2019
Buildings		
- Structure shell building fabric	10 to 50 years	10 to 50 years
- Site engineering services and central plant	10 to 40 years	10 to 40 years
Central Plant		
- Fit out	7 to 30 years	7 to 30 years
- Trunk reticulated building system	8 to 30 years	8 to 30 years
Plant and equipment	3 to 30 years	3 to 30 years
Medical equipment	4 to 20 years	4 to 20 years
Computers and communication	3 to 12 years	3 to 12 years
Furniture and fittings	5 to 20 years	5 to 20 years
Motor vehicles	4 to 7 years	4 to 7 years
Intangible assets	3 to 4 years	3 to 4 years

## Note 5: Other assets and liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables

5.3 Other liabilities

### Note 5.1: Receivables

	Notes	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>			
<b>Contractual</b>			
Trade Debtors		3	41
Patient Fees		117	145
Amounts receivable from governments and agencies		5	-
<i>Allowance for Impairment</i>	5.1(a)		
- Patient Fees	7.1(c)	(2)	(11)
<b>Sub-Total Contractual Receivables</b>		<b>123</b>	<b>175</b>
<b>Statutory</b>			
GST Receivable		77	121
<b>Sub-Total Statutory Receivables</b>		<b>77</b>	<b>121</b>
<b>TOTAL CURRENT RECEIVABLES</b>		<b>200</b>	<b>296</b>
<b>NON-CURRENT</b>			
<b>Statutory</b>			
Long service leave - Department of Health and Human Services		(53)	207
<b>Sub-Total Statutory Receivables</b>		<b>(53)</b>	<b>207</b>
<b>TOTAL NON-CURRENT RECEIVABLES</b>		<b>(53)</b>	<b>207</b>
<b>TOTAL RECEIVABLES</b>		<b>147</b>	<b>503</b>

## Note 5.1: Receivables

### (a) Movement in the Allowance for impairment losses of contractual receivables

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Balance at beginning of year	<b>11</b>	<b>51</b>
Increase/(decrease) in allowance recognised in the net result	(9)	(40)
<b>Balance at end of year</b>	<b>2</b>	<b>11</b>
Increase/(Decrease) in allowance recognised in the net result	(9)	(40)

#### **Receivables recognition**

Receivables consist of:

**Contractual 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. Corryong Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**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. Corryong Health 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*.

Corryong Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

## Note 5.2: Payables

	Notes	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>			
<b>Contractual</b>			
Trade creditors		284	257
Accrued salaries and wages		235	150
Accrued expenses		196	190
Deferred grant revenue	5.2(a)	222	-
Contract Liabilities - income received in advance	5.2(b)	607	21
Inter- hospital creditors		49	-
		<b>1,593</b>	<b>618</b>
<b>Statutory</b>			
Department of Health and Human Services		427	170
Superannuation Obligations Payable		70	14
Australian Taxation Office		-	149
		<b>497</b>	<b>333</b>
<b>TOTAL CURRENT PAYABLES</b>		<b>2,090</b>	<b>951</b>
<b>TOTAL PAYABLES</b>		<b>2,090</b>	<b>951</b>

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Corryong Health prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 Nett 60 days.

### Note 5.2 (a) Deferred grant revenue

	<b>2020 \$'000</b>
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-
Grant consideration for capital works received during the year	222
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-
<b>Closing balance of deferred grant consideration received for capital works</b>	<b>222</b>

Grant consideration was received for major infrastructure works. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Corryong Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, Corryong Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.



**Note 5.2 (b) Contract liabilities**

	<b>2020</b>
	<b>\$'000</b>
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	21
Add: Payments received for performance obligations yet to be completed during the period	586
<b>Total contract liabilities</b>	<b>607</b>
<b>Represented by</b>	
Current contract liabilities	607

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes. Invoices are raised once the goods and services are delivered/provided.

**Maturity analysis of payables**

Please refer to Note 7.1(b) for the ageing analysis of payables.

**Note 5.3: Other liabilities**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>		
Monies held in trust*: Refundable accommodation deposits	3,434	1,834
<b>Total Current</b>	<b>3,434</b>	<b>1,834</b>
<b>Total Other Liabilities</b>	<b>3,434</b>	<b>1,834</b>

**\* Total Monies Held in Trust Represented by the Following Assets:**

Cash assets	3,434	1,834
<b>TOTAL</b>	<b>3,434</b>	<b>1,834</b>

**Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities**

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Health Service 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 Corryong Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Corryong Health.

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

### Note 6.1: Borrowings

#### CURRENT

Lease liability <sup>(i)</sup>

**Total Current Borrowings**

#### NON CURRENT

Lease liability <sup>(i)</sup>

**Total Non Current Borrowings**

**Total Borrowings**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
	81	13
	<b>81</b>	<b>13</b>
	158	11
	<b>158</b>	<b>11</b>
	<b>239</b>	<b>24</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

#### (a) Maturity Analysis of Borrowings

Please refer to Note 7.1 for the ageing analysis of borrowings.

#### (b) Defaults and Breaches

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

#### (c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	<b>Minimum future lease payments</b>		<b>Present value of minimum future lease payments</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Not later than one year	95	16	95	16
Later than 1 year and not later than 5 years	164	12	158	12
Minimum lease payments	<b>259</b>	<b>28</b>	<b>253</b>	<b>28</b>
Less future finance charges	(20)	(4)	(20)	(4)
<b>TOTAL</b>	<b>239</b>	<b>24</b>	<b>233</b>	<b>24</b>
Included in the financial statements as:				
Current borrowings - lease liability	81	13	81	13
Non-current borrowings - lease liability	158	11	152	11
<b>TOTAL</b>	<b>239</b>	<b>24</b>	<b>233</b>	<b>24</b>

The weighted average interest rate implicit in the finance lease is 4.73% (2019: 5.86%).

## **Note 6.1: Borrowings (continued)**

### **Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

#### **Corryong Health's leasing activities**

Corryong Health has entered into leases related to motor vehicles and also leases associated with Hume Rural Health Alliance.

For any new contracts entered into on or after 1 July 2019, Corryong Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Corryong Health assesses whether the contract meets three key evaluations which are whether:

- 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 Corryong Health and for which the supplier does not have substantive substitution rights;
- Corryong Health 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 Corryong Health has the right to direct the use of the identified asset throughout the period of use; and
- Corryong Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

#### **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.

#### **Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)**

##### **Lease Liability – 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 Corryong Health incremental borrowing rate.

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.

##### **Lease Liability – 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-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.

##### **Short-term leases and leases of low value assets**

Corryong Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

##### **Below market/Peppercorn lease**

Corryong Health has no material below market/peppercorn leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Corryong Health to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### **Presentation of right-of-use assets and lease liabilities**

Corryong Health 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. Lease liabilities are presented as 'borrowings' in the balance sheet.

## **Note 6.1: Borrowings (continued)**

### **Recognition and measurement of leases (under AASB 117 until 30 June 2019)**

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Corryong Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Corryong Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Corryong Health balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**Operating lease payments up until 30 June 2019** (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

**Other leasing arrangements in 2019:** The other leases relate to equipment with lease terms of varying years. Corryong Health has options to purchase the equipment at the conclusion of the lease agreements. Some leases provide for additional rent payments based on changes in a local price index.

### ***Entity as lessee***

Leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

### ***Borrowings***

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Corryong Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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'.

## Note 6.2: Cash and Cash Equivalents

Cash at Bank (excluding monies held in trust)  
Cash at Bank (monies held in trust)  
Cash at Bank - CBS (excluding monies held in trust)

### TOTAL CASH AND CASH EQUIVALENTS

#### 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.

<b>Total</b>	<b>Total</b>
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
141	419
312	-
7,173	4,096
<b>7,626</b>	<b>4,515</b>

## Note 6.3 : Commitments for expenditure

### Capital Expenditure Commitments

Less than 1 year

#### Total Capital Expenditure Commitments

### Non-cancellable Short Term and low value lease commitments

Less than 1 year

Longer than 1 year but not longer than 5 years

5 years or more

#### Total Non-cancellable Lease Commitments

### Total Commitments for Expenditure (inclusive of GST)

Less GST recoverable from the Australian Tax Office

#### TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)

<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
98	37
<b>98</b>	<b>37</b>
1	120
-	57
-	-
<b>1</b>	<b>177</b>
<b>99</b>	<b>214</b>
(9)	(19)
<b>90</b>	<b>195</b>

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

#### 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

Corryong Health 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 Contingent Assets and Contingent Liabilities

## Note 7.1 (a): 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 Corryong Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*

### (a) Categorisation of financial instruments

<b>Total 2020</b>	<b>Note</b>	<b>Financial Assets at Amortised Cost \$'000</b>	<b>Financial Liabilities at Amortised Cost \$'000</b>	<b>Total \$'000</b>
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	7,626	-	7,626
Receivables - Trade Debtors	5.1	3	-	3
Other Receivables	5.1	122	-	122
<b>Total Financial Assets<sup>i</sup></b>		<b>7,751</b>	<b>-</b>	<b>7,751</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	764	764
Borrowings	6.1	-	239	239
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	3,434	3,434
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>4,437</b>	<b>4,437</b>

**Note 7.1 (a): Financial Instruments**  
**(a) Categorisation of financial instruments**

<b>Total 2019</b>	<b>Note</b>	<b>Financial Assets at Amortised Cost \$'000</b>	<b>Financial Liabilities at Amortised Cost \$'000</b>	<b>Total \$'000</b>
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	4,515	-	4,515
Receivables - Trade Debtors	5.1	41	-	41
Other Receivables	5.1	145	-	145
<b>Total Financial Assets<sup>i</sup></b>		<b>4,701</b>	<b>-</b>	<b>4,701</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	597	597
Borrowings	6.1	-	24	24
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,834	1,834
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>2,455</b>	<b>2,455</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

**Categories of Non-Derivative Financial Instruments**

**Financial assets at amortised cost**

Financial assets are measured at amortised costs 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 Corryong Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Corryong Health recognises the following assets in this category:

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

### Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Corryong Health Service's own credit risk. In this case, the portion of the change attributable to changes in Corryong Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Corryong Health recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

**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

Corryong Health 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

Corryong Health 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 Corryong Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Corryong Health'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: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Corryong Health's business model for managing its financial assets has changes such that its previous model would no longer apply.



## Note 7.1 (b): Payables and Borrowings Maturity Analysis

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

### Maturity analysis of Financial Liabilities as at 30 June

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
<b>2020</b>								
<b>Financial Liabilities at amortised cost</b>								
Payables	5.2	764	764	764	-	-	-	-
Borrowings	6.1	239	239	6	12	54	167	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	3,434	3,434	-	-	3,434	-	-
<b>Total Financial Liabilities</b>		<b>4,437</b>	<b>4,437</b>	<b>770</b>	<b>12</b>	<b>3,488</b>	<b>167</b>	<b>-</b>
<b>2019</b>								
<b>Financial Liabilities at amortised cost</b>								
Payables	5.2	597	597	597	-	-	-	-
Borrowings	6.1	24	24	2	6	16	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	1,834	1,834	-	-	1,834	-	-
<b>Total Financial Liabilities</b>		<b>2,455</b>	<b>2,455</b>	<b>599</b>	<b>6</b>	<b>1,850</b>	<b>-</b>	<b>-</b>

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

## Note 7.1 (c)

### Contractual receivables at amortised cost

	1-Jul-19	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>			1.0%	4.0%	10.0%	25.0%		
Gross carrying amount of contractual receivables (\$'000s)		5.1	186	75	74	14	23	186
<b>Loss allowance</b>			(1)	(3)	(1)	(6)	-	(11)
<b>30-Jun-20</b>								
<b>Expected loss rate</b>			1.5%	4.0%	10.0%	25.0%	0.0%	
Gross carrying amount of contractual receivables		5.1	125	125	-	-	-	125
<b>Loss allowance</b>			(2)	-	-	-	-	(2)

## Note 7.1 (c ) Contractual receivables at amortised cost (Continued)

### Impairment of financial assets under AASB 9 *Financial Instruments*

Corryong Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Subject to AASB 9 *Financial Instruments*, impairment assessment includes the Corryong Health's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, any identified impairment loss would be immaterial.

### Contractual receivables at amortised cost

The Corryong Health applies AASB 9 *Financial Instruments* 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. The Corryong Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Corryong Health's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Corryong Health determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020	2019
<b>Balance at beginning of the year (\$'000s)</b>		<b>11</b>	<b>51</b>
Increase/(Decrease) in provision recognised in the net result	3.1	(9)	(40)
<b>Balance at end of the year</b>	<b>5.1</b>	<b>2</b>	<b>11</b>

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

### Statutory receivables and debt investments at amortised cost

The Corryong Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 *Financial Instruments* 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, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

## Note 7.2: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent assets or contingent liabilities for Corryong Health at the date of this report.

## 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 Executive Officers
- 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 Economic Dependency
- 8.9 Changes in Accounting Policy, Revision of Estimates and Corrections of Prior Period Errors
- 8.10 AASBs Issued that are not yet Effective

## Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

Note	Total 2020 \$'000	Total 2019 \$'000
<b>Net Result for the Year</b>	<b>OS</b>	
	(492)	(486)
<b>Non-Cash Movements:</b>		
Depreciation	4.3	1,239
Amortisation of Intangible Non-Produced Assets	4.3	5
Provision for Doubtful Debts	5.1 (a)	(9)
		(40)
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	3.2	-
Less cash inflow/outflow from investing and financing activities		(60)
		(29)
		-
<b>Movements in Assets and Liabilities:</b>		
<i>Change in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	5.1	365
(Increase)/Decrease in Prepayments		20
Increase/(Decrease) in Payables	5.2	1,139
(Increase)/Decrease in employee benefits		(4)
		295
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2,203</b>	<b>1,072</b>

## Note 8.2: Responsible Persons Disclosure

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.

### Responsible Ministers:

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services

The Honourable Martin Foley, Minister for Mental Health

The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

### Governing Boards

R. Ruddick

S. Sullivan

A. Brown

T. Hammersley

J. Woodall

D. Culhane

F. Evans

I. Buffier

S. Owens

R. Bennetts

### Accountable Officers

D. Sandilands (Chief Executive Officer)

### Remuneration of Responsible Persons

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

#### Income Band

\$0 - \$9,999

\$70,000 - \$79,999

\$200,000 - \$209,999

\$220,000 - \$229,999

#### Total Numbers

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

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Corryong Healths' financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

01/07/2019 - 30/06/2020

Total 2020 No.	Total 2019 No.
10	6
-	1
-	1
1	-
<b>11</b>	<b>8</b>

2020 \$'000	2019 \$'000
<b>\$255</b>	<b>\$297</b>

### Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and Accountable Officers, 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  
Termination Benefits  
**Total Remuneration<sup>i</sup>**

Total Number of Executives

Total Annualised Employee Equivalent<sup>ii</sup>

<b>Total Remuneration</b>	
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
398	410
31	35
9	4
-	-
<b>438</b>	<b>449</b>
<hr/>	
3	4
2.4	3.4

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

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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 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

Corryong Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the Corryong Health include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of a regional Information Technology Joint Venture; and
- All hospitals 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 Corryong Health, directly or indirectly.

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

<b>KMPs</b>	<b>Position Title</b>
R. Ruddick	Chair of the Board
S. Sullivan	Board Member
A. Brown	Board Member
T. Hammersley	Board Member
J. Woodall	Board Member
D. Culhane	Board Member
F. Evans	Board Member
I. Buffier	Board Member
S. Owens	Board Member
R. Bennetts	Board Member
D. Sandilands	Chief Executive Officer
K. Clarke	Chief Finance Officer
I. Bruce	Director of Corporate Services
M. Steen	Director of Clinical Services

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 Department of Parliamentary Services' Financial Report.

### Compensation - KMPs

Short-term Employee Benefits <sup>i</sup>	630	681
Post-employment Benefits	47	57
Other Long-term Benefits	16	8
Termination Benefits	-	-
<b>Total <sup>ii</sup></b>	<b>693</b>	<b>746</b>

<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
630	681
47	57
16	8
-	-
<b>693</b>	<b>746</b>

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

<sup>ii</sup> 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*

The Corryong Health received funding from the Department of Health and Human Services of \$6.7M (2019: \$5.42M).

Expenses incurred by the Corryong Health in delivering services and outputs are in accordance with Health Purchasing 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 Corryong Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services 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 Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Corryong Health, there were no related party transactions that involved key management personnel, their close family members and 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 2020.

There were no related party transactions required to be disclosed for the Corryong Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

## Note 8.5: Remuneration of Auditors

### **Victorian Auditor-General's Office**

Audit of the Financial Statements

### **TOTAL REMUNERATION OF AUDITORS**

<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
18	17
<b>18</b>	<b>17</b>

## Note 8.6: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Corryong Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet Date.

## Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
Hume Rural Health Alliance	Information Technology	3.58	3.33

Corryong Health's interest in the above jointly controlled operations are detailed below. The amounts are included in the financial statements under their respective categories:

### Note 8.7: Jointly Controlled Operations

#### CURRENT ASSETS

Cash and Cash Equivalents  
Receivables  
Prepayments

#### TOTAL CURRENT ASSETS

#### NON-CURRENT ASSETS

Property, Plant and Equipment  
Intangible Assets

#### TOTAL NON-CURRENT ASSETS

#### TOTAL ASSETS

#### CURRENT LIABILITIES

Payables  
Borrowings

#### TOTAL CURRENT LIABILITIES

#### NON-CURRENT LIABILITIES

Borrowings

#### TOTAL NON-CURRENT LIABILITIES

#### TOTAL LIABILITIES

#### NET ASSETS

#### EQUITY

Accumulated Surpluses/(Deficits)

#### TOTAL EQUITY

	2020 \$'000 *	2019 \$'000 *
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	312	222
Receivables	29	41
Prepayments	4	8
<b>TOTAL CURRENT ASSETS</b>	<b>345</b>	<b>271</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	22	35
Intangible Assets	16	19
<b>TOTAL NON-CURRENT ASSETS</b>	<b>38</b>	<b>54</b>
<b>TOTAL ASSETS</b>	<b>383</b>	<b>325</b>
<b>CURRENT LIABILITIES</b>		
Payables	150	117
Borrowings	6	13
<b>TOTAL CURRENT LIABILITIES</b>	<b>156</b>	<b>130</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	9	11
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9</b>	<b>11</b>
<b>TOTAL LIABILITIES</b>	<b>165</b>	<b>141</b>
<b>NET ASSETS</b>	<b>218</b>	<b>184</b>
<b>EQUITY</b>		
Accumulated Surpluses/(Deficits)	218	184
<b>TOTAL EQUITY</b>	<b>218</b>	<b>184</b>

Corryong Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

#### REVENUE

Operating Activities  
Non Operating Activities  
Capital Purpose Income

#### TOTAL REVENUE

#### EXPENSES

Other Expenses from Continuing Operations  
Expenditure from Capital Purpose Income  
Finance Lease Charges  
Depreciation & Amortisation

#### TOTAL EXPENSES

#### NET RESULT

	2020 \$'000 *	2019 \$'000 *
<b>REVENUE</b>		
Operating Activities	242	292
Non Operating Activities	2	3
Capital Purpose Income	61	-
<b>TOTAL REVENUE</b>	<b>305</b>	<b>295</b>
<b>EXPENSES</b>		
Other Expenses from Continuing Operations	249	258
Expenditure from Capital Purpose Income	-	2
Finance Lease Charges	1	1
Depreciation & Amortisation	21	27
<b>TOTAL EXPENSES</b>	<b>271</b>	<b>288</b>
<b>NET RESULT</b>	<b>34</b>	<b>7</b>

\* Figures obtained from the unaudited Hume Rural Health Alliance Joint Venture annual report.

#### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.



## Note 8.8: Economic Dependency

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

## Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

### Changes in accounting policy

#### Leases

This note explains the impact of the adoption of AASB 16 Leases on Corryong Health's financial statements.

Corryong Health has applied AASB 16 with a date of initial application of 1 July 2019. Corryong Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Corryong Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Corryong Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Corryong Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### Leases classified as operating leases under AASB 117

As a lessee, Corryong Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Corryong Health. Under AASB 16, Corryong Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Corryong Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Corryong Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Corryong Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### Impacts on financial statements

On transition to AASB 16, Corryong Health recognised \$84,648 of right-of-use assets and \$84,648 of lease liabilities. When measuring lease liabilities, Corryong Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.17%.

	1-Jul-19 \$'000
Total Operating lease commitments disclosed at 30 June 2019	177
Discounted using the incremental borrowing rate at 1 July 2019	-7
Finance lease liabilities as at 30 June 2019	170
Recognition exemption for:	
Short-term leases	0
Leases of low-value assets	-85
Lease liabilities recognised at 1 July 2019	85

## Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

### Changes in accounting policy (continued)

#### Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Corryong Health assessed our revenue for application of the transitional provision of AASB 15, using the modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Corryong Health did not consider there were any uncompleted contracts at the date of initial application. Corryong Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

#### Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Corryong Health assessed our revenue for application of the transitional provision of AASB 1058, using the modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Corryong Health did not consider there were any uncompleted contracts at the date of initial application.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

#### Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income of Not-for-Profit Entities*; and
- AASB 16 *Leases*.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

<i>Balance sheet</i>	<i>Before new accounting standards Opening 1 July 2019</i>	<i>Impact of new accounting standards - AASB 16, 15 &amp; 1058</i>	<i>After new accounting standards Opening 1 July 2019</i>
Property, Plant and Equipment	12,403	85	12,488
Total other assets	7,519	-	7,519
Total Assets	19,922	85	20,007
Payables and Contract Liabilities	5,092	-	5,092
Borrowings	24	85	109
Total Liabilities	5,116	85	5,201
Accumulated surplus/(deficit)	(1,228)	-	(1,228)
Physical Revaluation Surplus	8,667	-	8,667
Other items in equity	4,909	-	4,909
Total Equity	12,348	-	12,348

The adoption of AASB 1058 and AASB 15 did not have an impact on the Statement of Changes in Equity for the financial year.

## Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Corryong Health of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Corryong Health has not and does not intend to adopt these standards early.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.