



Dental Health Services Victoria

# Financial Statements

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2015–2016



dental health  
services victoria  
oral health for better health



## Dental Health Services Victoria

### Board Member's, Accountable Officer's and Chief Financial & Accounting Officer's declaration

The attached financial statements for Dental Health Services Victoria have been prepared in accordance with Standing Directions 4.2 of 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 present fairly the financial transactions during the year ended 30 June 2016 and the financial position of Dental Health Services Victoria at 30 June 2016.

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 this day.

Zoe Wainer  
Board Chair

Carlton  
28 July 2016

Deborah Cole  
Chief Executive Officer

Carlton  
28 July 2016

Tim Hogan  
Chief Financial Officer

Carlton  
28 July 2016



## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Dental Health Services Victoria

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of Dental Health Services Victoria which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Financial & Accounting Officer's declaration.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of Dental Health Services Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

## **Independent Auditor's Report (continued)**


### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Dental Health Services Victoria as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
8 August 2016

  
Dr Peter Frost  
Acting Auditor-General

# DENTAL HEALTH SERVICES VICTORIA

## FINANCIAL STATEMENTS

Comprehensive operating statement

For the financial year ended 30 June 2016

	Note	Total 2016 \$'000	Total 2015 \$'000
Revenue from operating activities	2	185,287	165,859
Revenue from non-operating activities	2	740	802
Employee expenses	3	(38,826)	(38,733)
Non salary labour costs	3	(268)	(279)
Supplies and consumables	3	(4,223)	(3,687)
Grants to other Health Services and Community Agencies	3	(126,080)	(110,239)
Other expenses	3	(15,068)	(13,599)
<b>Net result before capital and specific items</b>		<b>1,562</b>	<b>124</b>
Capital purpose income	2	2,334	929
Assets received free of charge	2b	6,400	-
Specific income	2c	1,090	5,466
Assets written-off due to change in capitalisation threshold	3	(461)	-
Depreciation and amortisation	4	(5,326)	(5,880)
Specific expenses	3b	(2,562)	(1,523)
Expenditure using capital purpose income	3	(181)	(59)
<b>Net result</b>		<b>2,856</b>	<b>(943)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	2a	-	1
Revaluation of Long Service Leave	3	74	(162)
<b>Total other economic flows included in net result</b>		<b>74</b>	<b>(161)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>2,930</b>	<b>(1,104)</b>
<b>Items that will not be reclassified to net result</b>			
Changes in physical assets revaluation surplus	10b / 16a	3,370	-
<b>Total other comprehensive income</b>		<b>3,370</b>	<b>-</b>
<b>Comprehensive result</b>		<b>6,300</b>	<b>(1,104)</b>

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

# DENTAL HEALTH SERVICES VICTORIA

## Balance sheet

As at 30 June 2016

	Note	Total 2016 \$'000	Total 2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5	8,783	21,639
Receivables	6	2,173	2,081
Investments and other financial assets	7	8,000	7,000
Inventories	8	724	653
Prepayments and Other Assets	9	442	481
<b>Total current assets</b>		<b>20,122</b>	<b>31,854</b>
<b>Non-current assets</b>			
Receivables	6	910	884
Property, plant and equipment	10	111,747	107,489
Intangible assets	11	104	159
<b>Total non-current assets</b>		<b>112,761</b>	<b>108,532</b>
<b>TOTAL ASSETS</b>		<b>132,883</b>	<b>140,386</b>
<b>Current liabilities</b>			
Payables	12	11,396	14,134
Provisions	13	8,503	7,837
Other current liabilities	15	397	10,123
<b>Total current liabilities</b>		<b>20,296</b>	<b>32,094</b>
<b>Non-current liabilities</b>			
Provisions	13	1,147	1,248
<b>Total non-current liabilities</b>		<b>1,147</b>	<b>1,248</b>
<b>TOTAL LIABILITIES</b>		<b>21,443</b>	<b>33,342</b>
<b>NET ASSETS</b>		<b>111,440</b>	<b>107,044</b>
<b>EQUITY</b>			
Property, plant and equipment revaluation surplus	16a	85,032	81,662
General purpose surplus	16a	512	512
Contributed capital	16b	52,612	54,516
Accumulated deficits	16c	(26,716)	(29,646)
<b>TOTAL EQUITY</b>	<b>16</b>	<b>111,440</b>	<b>107,044</b>
Contingent assets and contingent liabilities	20		
Commitments	19		

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

**DENTAL HEALTH SERVICES VICTORIA**  
**Statement of changes in equity**  
**For the financial year ended 30 June 2016**

<b>Total</b>		<b>Property, Plant &amp; Equipment Revaluation Surplus</b>	<b>General Purpose Surplus</b>	<b>Contributed Capital</b>	<b>Accumulated Surpluses / (Deficits)</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2014</b>		<b>81,662</b>	<b>512</b>	<b>54,516</b>	<b>(28,542)</b>	<b>108,148</b>
Net result for the year		-	-	-	(1,104)	(1,104)
<b>Balance at 30 June 2015</b>		<b>81,662</b>	<b>512</b>	<b>54,516</b>	<b>(29,646)</b>	<b>107,044</b>
Net result for the year		-	-	-	2,930	2,930
Other comprehensive income for the year	<b>16a</b>	<b>3,370</b>	-	-	-	<b>3,370</b>
Return of Land & Building (North Fitzroy) to Victorian Gov't	<b>16b</b>	-	-	(1,904)	-	(1,904)
<b>Balance at 30 June 2016</b>		<b>85,032</b>	<b>512</b>	<b>52,612</b>	<b>(26,716)</b>	<b>111,440</b>

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

# DENTAL HEALTH SERVICES VICTORIA

## Cash flow statement

For the financial year ended 30 June 2016

	Note	Total 2016 \$'000	Total 2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating grants from government		163,038	173,046
Capital grants from government		2,334	6,207
Patient fees received		2,856	2,819
Donations and bequests received		52	-
GST received from ATO		8,169	7,191
Interest received		735	768
Other receipts		10,730	10,269
<b>Total receipts</b>		<b>187,914</b>	<b>200,300</b>
Employee expenses paid		(38,187)	(39,443)
Non salary labour costs		(268)	(297)
Payments for supplies and consumables		(4,223)	(3,669)
Grant payments to other Health Services and Community Agencies		(125,960)	(113,828)
Purchase of inventories for resale		(4,197)	(4,391)
Other payments		(24,811)	(17,961)
<b>Total payments</b>		<b>(197,646)</b>	<b>(179,589)</b>
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>17</b>	<b>(9,732)</b>	<b>20,711</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for non-financial assets		(2,159)	(1,094)
Proceeds from sale of non-financial assets		35	19
Proceeds from sale of investments		(1,000)	(7,000)
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(3,124)</b>	<b>(8,075)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(12,856)</b>	<b>12,636</b>
Cash and cash equivalents at beginning of financial year		<b>21,639</b>	<b>9,003</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>5</b>	<b>8,783</b>	<b>21,639</b>

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



# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

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# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Dental Health Services Victoria (DHSV) for the period ending 30 June 2016. The report provides users with information about DHSVs 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 Australian Accounting Standards (AASs), 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 (SDs) authorised by the Minister for Finance.

DHSV is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of DHSV on 28 July 2016.

#### (b) 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 set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

The going concern basis was used to prepare the financial statements.

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

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.

The financial statements are prepared in accordance with the historical cost convention, except for:

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result).
- the fair value of assets other than land is generally based on their depreciated replacement value.

Judgments, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgments 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 also in future periods that are affected by the revision. Judgments and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment, (refer to Note 1(i));
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(j)).

Consistent with AASB 13 *Fair Value Measurement*, DHSV determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

In addition, DHSV determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 DHSVs independent valuation agency.

DHSV, in conjunction with VGV, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgments and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, plant and equipment (refer to Note 1(i));
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(j)).

#### (c) Reporting entity

The financial statements include all the controlled activities of DHSV.

Its principal address is:

The Royal Dental Hospital of Melbourne  
720 Swanston Street  
CARLTON Victoria 3053

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

#### Objectives and Funding

DHSVs overall objective is to lead improvement in oral health for all Victorians, particularly vulnerable groups and those most in need.

DHSV is predominantly funded by accrual based grant funding for the provision of outputs.

#### (d) Scope and Presentation of Financial Statements

##### Fund Accounting

DHSV operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. DHSVs Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

##### Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and Human Services and are also funded from other sources such as the Commonwealth and patients, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by DHSVs own activities or local initiatives.

#### Comprehensive Operating Statement

The comprehensive operating statement includes the subtotal entitled 'net result before capital & specific items' to enhance the understanding of the financial performance of DHSV. This subtotal

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'net result before capital & specific items' is used by the management of DHSV, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total, comprise:

- capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1(e)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- specific income/expense, comprises the following items, where material:
  - Non-current asset revaluation increments/decrements
  - Funding/Purchase of capital items for Agencies
- impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1(g).
- depreciation and amortisation, as described in Note 1(f).
- assets provided or received free of charge (refer to Notes 1 (e)); and
- expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Other economic flows; are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans; and
- fair value changes of financial instruments.

#### Balance Sheet

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

#### Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

#### Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Rounding**

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

**Comparative Information**

Where necessary, the previous year's figures have been reclassified to facilitate comparisons.

**(e) Income from Transactions**

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to DHSV and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are where applicable, net of returns, allowances and duties and taxes.

**Government Grants and Other Transfers of Income (Other Than Contributions By Owners)**

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when DHSV gains control of the underlying assets irrespective of whether conditions are imposed on DHSVs use of the contributions.

Contributions are deferred as income in advance when DHSV has a present obligation to repay them and the present obligation can be reliably measured.

**Indirect Contributions from the Department of Health and Human Services**

- Insurance is 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 arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

**Patient Fees**

Patient fees are recognised as revenue at the time invoices are raised.

**Private Practice Fees**

Private practice fees are recognised as revenue at the time invoices are raised.

**Donations and Other Bequests**

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

**Interest Revenue**

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.

**Sale of Investments**

The gain/loss on the sale of investments is recognised when the investment is realised.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 1: Statement of Significant Accounting Policies (continued)**

##### **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.

##### **Other Income**

Other income includes non-property rental.

##### **Technical Support Income**

Technical support income is recognised at the time when the goods and services are provided to the agencies.

##### **Overseas Dentists Training Program Income**

Overseas dentists training program income is recognised at the time when the courses are provided to the students.

#### **(f) Expense Recognition**

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

##### **Cost of Goods Sold**

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

##### **Employee expenses**

Employee expenses include:

- wages and salaries;
- fringe benefit tax;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

##### **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.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

##### **Defined Benefit Superannuation Plans**

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by DHSV to the superannuation plans in respect of the services of current DHSV 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.

DHSV does not recognise any defined benefit liability in respect of the plan(s) because the entity 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.

Employees of DHSV are entitled to receive superannuation benefits and DHSV contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by DHSV are disclosed in Note 14: *Superannuation*.

##### **Depreciation**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of \$2,500 (\$1,000 in 2015) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. The change in capitalisation policy requires that only assets with value of \$2,500 or more will be capitalised from 1 July 2015. Prior to this date, the capitalisation threshold was set at \$1,000.

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

	2016	2015
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	15 to 40 years	15 to 40 years
Central Plant		
- Fit Out	15 to 30 years	15 to 30 years
- Trunk Reticulated Building Systems	15 to 30 years	15 to 30 years
Relocatable Buildings	20 years	20 years
Building Improvements	5 years	5 years
Plant and Equipment	5 to 10 years	5 to 10 years
Medical Equipment	5 to 15 years	5 to 15 years
Computers and Communication	3 years	3 years
Furniture and Fittings	5 years	5 years
Motor Vehicles	5 to 15 years	5 to 15 years

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



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life.

##### **Amortisation**

Amortisation is allocated to intangible non-produced assets with finite useful lives on a systematic (typically straight-line) 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. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying amount exceeds its recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, DHSV tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a 3-5 year period (2015: 3-5 years).

##### **Grants and Other Transfers**

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

##### **Other Operating Expenses**

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

###### **Supplies and Consumables**

Supplies and services costs which 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.

###### **Bad and Doubtful Debts**

Refer to Note 1(i) *Impairment of Financial Assets*.

**Note 1: Statement of Significant Accounting Policies (continued)**

**(g) Other Comprehensive Income**

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

**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 1(i) *Revaluations of Non-Financial Physical Assets*.

**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 and is the difference between the proceeds and the carrying amount of the asset at the time.

**Net Gain / (Loss) on Financial Instruments**

Net gain / (loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(i)); and
- Disposals of financial assets and derecognition of financial liabilities.

**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.

**Impairment of Non-Financial Assets**

Intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1(i) *Assets*.

**Other Gains / (Losses) from Other Comprehensive Income**

Other gains / (losses) include:

- Material changes in the revaluation of the present value of the long service leave liability due to changes in the bond interest rates, this will also include the impact of changes related to the impact of moving from the 2004 long service leave model to the 2008 long service leave model; and
- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**Note 1: Statement of Significant Accounting Policies (continued)**

**(h) Financial Liabilities at Amortised Cost**

Financial instrument liabilities 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.

Financial instrument liabilities measured at amortised cost include all of DHSVs contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

**(i) Assets**

**Cash and Cash Equivalents**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity 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 with an 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.

**Receivables**

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services, and accrued investment income; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. 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.

**Investments and Other Financial Assets**

Hospital Investments must be in accordance with Standing Direction 4.5.6 - Treasury Risk Management.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

**Note 1: Statement of Significant Accounting Policies (continued)**

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; and
- available-for-sale financial assets.

DHSV classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

DHSV assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

**Inventories**

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

**Property, Plant and Equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated 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 are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 *Property, plant and equipment*.

**Crown Land** 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 asset(s) are not taken into account until it is

**Note 1: Statement of Significant Accounting Policies (continued)**

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.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

**Leasehold Improvements**

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.

**Revaluations of Non-Financial Physical Assets**

Non-financial physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-financial physical assets*. This revaluation process normally occurs at least 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 amount and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity 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.

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 normally transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103F, DHSVs non-financial physical assets were assessed to determine whether revaluation of the non-financial physical assets was required.

**Intangible Assets**

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

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 DHSV.

The change in capitalisation policy requires that only intangible assets with value of \$2,500 or more will be capitalised from 1 July 2015. Prior to this date, the capitalisation threshold was set at \$1,000.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

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

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

#### Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to Note 1(g) - 'comprehensive income'.

#### Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other non-financial assets are assessed annually for indications of impairment, except for inventories.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying amount exceeds their possible recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs of disposal. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

#### Impairment of Financial Assets

At the end of each reporting period DHSV assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts are written off and allowances for doubtful receivables are expensed.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

#### Net Gain / (Loss) on Financial Instruments

Net gain / (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

#### Revaluations of Financial Instruments at Fair Value

The revaluation gain / (loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

#### (j) Liabilities

##### Payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to DHSV prior to the end of the financial year that are unpaid, and arise when DHSV becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

##### Provisions

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

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### **Employee Benefits**

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

#### ***Wages and Salaries, Annual Leave and Accrued Days Off***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because DHSV does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- Undiscounted value - component that DHSV expects to wholly settle within 12 months; or
- Present value - component that DHSV does not expect to wholly settle within 12 months.

#### ***Long Service Leave (LSL)***

Liability for 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 DHSV 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.

The components of this current LSL liability are measured at:

- Undiscounted value - component that DHSV expects to wholly settle within 12 months; and
- Present value - component that DHSV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction in the operating statement.



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

##### ***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.

DHSV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

Provision for on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.

##### **Superannuation Liabilities**

DHSV does not recognise any unfunded defined benefit liability in respect of the superannuation plans because DHSV 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.

#### **(k) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases.

##### **Finance Leases**

###### ***Entity as lessor***

DHSV does not hold any finance lease arrangements with other parties.

###### ***Entity as Lessee***

DHSV does not hold any finance lease arrangements with other parties.

##### **Operating Leases**

###### ***Entity as Lessor***

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

#### ***Entity as Lessee***

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement 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. The leased asset is not recognised in the balance sheet.

#### ***Leasehold Improvements***

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

### **(I) Equity**

#### **Contributed Capital**

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

#### **Property, Plant & Equipment Revaluation Surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

#### **Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the surplus which relates to that financial asset is recognised in the comprehensive operating statement.

#### **General Purpose Surplus**

A specific purpose internal surplus was established for research and innovation to support strategic research projects, seed grants, innovation awards and postgraduate scholarships.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 1: Statement of Significant Accounting Policies (continued)**

##### **(m) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 19) 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 individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

##### **(n) 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 taxation authority. 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 taxation authority 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 taxation authority, are presented as an operating cash flow.

Commitments for expenditure are presented on a gross basis.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

#### (o) AASs issued that are not yet effective

Certain new Australian Accounting Standards have been published that are not mandatory for the 30 June 2016 reporting period. The Department of Treasury and Finance (DTF) assesses the impact of all these new standards and advises DHSV of its applicability and early adoption where applicable.

As at 30 June 2016, 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 the reporting periods commencing after the stated operative dates as detailed in the table below. DHSV has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation <sup>1</sup>	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 14 <i>Regulatory Deferral Accounts</i> <sup>2</sup>	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP.	1 Jan 2016	The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation <sup>1</sup>	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: - the entity's right to receive payment of the dividend is established; - it is probable that the economic benefits associated with the dividend will flow to the entity; and - the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: - A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation <sup>1</sup>	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116&amp; AASB 138]</i>	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: - establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; - prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 &amp; 128]</i>	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation <sup>1</sup>	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 &amp; AASB 128]</i>	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: - a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and - a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 &amp; AASB 140]</i>	Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations. Amends AASB 7 Financial Instruments by including further guidance on servicing contracts.	1 Jan 2016	The assessment has indicated that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, the asset does not have to be reinstated in the financial statements. Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset.



# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation <sup>1</sup>	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

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 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1056 Superannuation Entities
- AASB 1057 Application of Australian Accounting Standards
- AASB 2014-1 Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only] <sup>2</sup>
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128] <sup>2</sup>
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 1: Statement of Significant Accounting Policies (continued)

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Notes:

<sup>1</sup> For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

<sup>2</sup> This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

#### (p) Category Groups

DHSV has used the following category groups for reporting purposes for the current and previous financial years.

**Primary, Community and Dental Health** comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 2: Analysis of Revenue by Source

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
Government Grants	172,633	154,038
Indirect contributions by Department of Health and Human Services	119	363
Patient Fees	2,898	2,827
Donations and Bequests	52	-
Commercial Activities	7,356	6,403
Other Revenue from Operating Activities	2,229	2,228
<b>Total Revenue from Operating Activities</b>	<b>185,287</b>	<b>165,859</b>
Interest	740	802
<b>Total Revenue from Non-Operating Activities</b>	<b>740</b>	<b>802</b>
Capital Purpose Income (excluding interest)	2,334	929
<b>Total Capital Purpose Income</b>	<b>2,334</b>	<b>929</b>
Net gain / (loss) on non-financial assets (refer to note 2a)	-	1
Asset Received Free of Charge (refer to note 2b)	6,400	-
Specific Income (refer note 2c)	1,090	5,466
<b>Total Revenue</b>	<b>195,851</b>	<b>173,057</b>

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2016

**Note 2a: Net Gain / (Loss) on Disposal of Non-Financial Assets**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Proceeds from Disposals of Non-Current Assets</b>		
Motor Vehicles	35	19
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>35</b>	<b>19</b>
<b>Less: Written Down Value of Non-Current Assets Sold</b>		
Motor Vehicles	35	18
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>35</b>	<b>18</b>
<b>Net gain / (loss) on Disposal of Non-Financial Assets</b>	<b>-</b>	<b>1</b>

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 2b: Assets Received Free of Charge or For Nominal consideration

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
During the reporting period, the fair value of assets received free of charge, was as follows:		
Assets received free of charge - Land	5,045	-
Assets received free of charge - Buildings	1,355	-
<b>TOTAL</b>	<b>6,400</b>	<b>-</b>

The land and building occupied by the DHSV Corporate Services were received from the Department of Health and Human Services (DHHS) free of charge.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 2c: Specific Income

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Specific Income</b>		
Funding Received from Department of Health and Human Services to Purchase Dental Equipment on Behalf of External Dental Agencies	-	5,288
Litigation Settlements - CDO <sup>(i)</sup>	1,029	-
Other	61	178
<b>TOTAL</b>	<b>1,090</b>	<b>5,466</b>

<sup>(i)</sup> The class action regarding the failed CDO was settled with the Commonwealth Bank of Australia (CBA). DHSV received approximately \$1m in settlement of its claim against CBA.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 3: Analysis of Expenses by Source

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
Employee Expenses	38,826	38,733
Revaluation of Long Service Leave	(74)	162
<b>Net Employee Expenses</b>	<b>38,752</b>	<b>38,895</b>
Non Salary Labour Costs	268	279
Supplies and Consumables	4,223	3,687
Grants to other Health Services and Community Agencies	126,080	110,239
Other Expenses from Continuing Operations	15,068	13,599
<b>Total Expenditure from Operating Activities</b>	<b>184,391</b>	<b>166,699</b>
Expenditure for Capital Purposes	181	59
Depreciation and Amortisation (refer note 4)	5,326	5,880
Specific Expenses (refer note 3b)	2,562	1,523
Assets written-off due to change in capitalisation threshold (refer to notes 10 and 11)	461	-
<b>Total Other Expenses</b>	<b>8,530</b>	<b>7,462</b>
<b>Total Expenses</b>	<b>192,921</b>	<b>174,161</b>

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 3a: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Total 2016 \$'000	Total 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
<b>Other Activities</b>				
Technical Support	6,298	5,066	6,603	5,479
Overseas Dentists Training Program	394	480	476	699
Research and Innovation	229	246	-	10
Executive CPD	-	-	46	15
Car Park	-	-	2	2
Property Income	-	-	229	198
<b>TOTAL</b>	<b>6,921</b>	<b>5,792</b>	<b>7,356</b>	<b>6,403</b>



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 3b: Specific Expenses

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Specific Expenses</b>		
Amounts Paid for the Purchase of Dental Equipment on Behalf of External Dental Agencies <sup>(i)</sup>	2,562	1,523
<b>Total Specific Expenses</b>	<b>2,562</b>	<b>1,523</b>

<sup>(i)</sup> DHSV receives funding from DHHS to provide dental equipment to external dental agencies. These funding are recognised as a specific income in the year they are received. Specific expenses are recognised once dental equipment are provided to the agencies.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 4: Depreciation and Amortisation

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Depreciation</b>		
Buildings	4,089	4,110
Plant and Equipment	69	113
Medical Equipment	250	445
Computers and Communication	401	592
Furniture and Fittings	7	13
Motor Vehicles	400	422
<b>Total Depreciation</b>	<b>5,216</b>	<b>5,695</b>
<b>Amortisation</b>		
Intangible Assets	110	185
<b>Total Depreciation and Amortisation</b>	<b>5,326</b>	<b>5,880</b>

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 5: Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
Cash on hand	6	6
Cash at bank	8,777	5,633
Short-term deposits <sup>(i)</sup>	-	16,000
<b>Total Cash and Cash Equivalents</b>	<b>8,783</b>	<b>21,639</b>

**Represented by:**

Cash for Health Service Operations (as per Cash Flow Statement)	<b>8,783</b>	<b>21,639</b>
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<sup>(i)</sup> Term deposits, with exception of \$2m, were held with TCV as per the investment policy issued by the Department of Treasury and Finance.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 6: Receivables

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Inter Hospital Debtors	128	117
Debtors	840	946
Patient Fees	128	157
Accrued Investment Income	40	35
Accrued Revenue - Cost Recovery	224	244
Less Allowance for Doubtful Debts		
Trade Debtors	(15)	(2)
Patient Fees	(38)	(45)
	<b>1,307</b>	<b>1,452</b>
<b>Statutory</b>		
GST Receivable	866	629
<b>TOTAL CURRENT RECEIVABLES</b>	<b>2,173</b>	<b>2,081</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	910	884
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>910</b>	<b>884</b>
<b>TOTAL RECEIVABLES</b>	<b>3,083</b>	<b>2,965</b>
<b>(a) Movement in the Allowance for Doubtful Debts</b>		
	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
Balance at beginning of year	47	88
Amounts written off during the year	(69)	(89)
Increase in allowance recognised in net result	75	48
<b>Balance at end of year</b>	<b>53</b>	<b>47</b>

### (b) Ageing analysis of receivables

Please refer to note 18(c) for the ageing analysis of contractual receivables

### (c) Nature and extent of risk arising from receivables

Please refer to note 18(c) for the nature and extent of credit risk arising from contractual receivables

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 7: Investments and Other Financial Assets

	Operating Fund	
	Total	Total
	2016	2015
	\$'000	\$'000
<b>CURRENT</b>		
<b><i>Loans and Receivables</i></b>		
<i>Term Deposits</i>		
Australian Dollar Term Deposits > 90 days <sup>(i)</sup>	8,000	7,000
<b>Total Current</b>	8,000	7,000
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	8,000	7,000
<b>Represented by:</b>		
Health Service Investments	8,000	7,000

<sup>(i)</sup> Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days. Term deposits are held with TCV as per the investment policy issued by the Department of Treasury and Finance.

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2016

**Note 8: Inventories**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Medical and Surgical Lines</b>		
At Cost	437	423
Loss of Service Potential	(35)	(58)
<b>Total Medical and Surgical Lines</b>	<b>402</b>	<b>365</b>
<b>Engineering Stores</b>		
At Cost	322	288
<b>Total Engineering Stores</b>	<b>322</b>	<b>288</b>
<b>TOTAL INVENTORIES</b>	<b>724</b>	<b>653</b>

**Note 9: Prepayments and Other Assets**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>CURRENT</b>		
Prepayments	400	321
Minor Works in Progress	42	160
<b>TOTAL CURRENT OTHER ASSETS</b>	<b>442</b>	<b>481</b>

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2016

**Note 10: Property, Plant and Equipment****(a) Gross Carrying Amount and Accumulated Depreciation**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Crown Land</b>		
Crown Land at Fair Value	24,966	18,138
<b>Total Crown Land</b>	<b>24,966</b>	<b>18,138</b>
<b>Buildings</b>		
Buildings at Fair Value	92,070	90,653
Less Accumulated Depreciation	9,487	5,461
<b>Total Buildings</b>	<b>82,583</b>	<b>85,192</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	873	955
Less Accumulated Depreciation	614	639
<b>Total Plant and Equipment</b>	<b>259</b>	<b>316</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair value	4,733	4,487
Less Accumulated Depreciation	2,489	2,830
<b>Total Medical Equipment</b>	<b>2,244</b>	<b>1,657</b>
<b>Computers and Communication</b>		
Computers and Communication at Fair value	3,810	3,749
Less Accumulated Depreciation	3,303	3,102
<b>Total Computers and Communications</b>	<b>507</b>	<b>647</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	57	80
Less Accumulated Depreciation	24	36
<b>Total Furniture &amp; Fittings</b>	<b>33</b>	<b>44</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	1,959	1,915
Less Accumulated Depreciation	804	420
<b>Total Motor Vehicles</b>	<b>1,155</b>	<b>1,495</b>
<b>TOTAL</b>	<b>111,747</b>	<b>107,489</b>

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 10: Property, Plant and Equipment (continued)**

(b) Reconciliations of the Carrying Amounts of Each Class of Asset at the Beginning and End of the Previous and Current Financial Year are Set Out Below.

	Crown Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Communication \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	18,138	89,101	422	1,513	1,041	25	1,882	112,122
Additions	-	201	7	589	198	32	53	1,080
Disposals	-	-	-	-	-	-	(18)	(18)
Depreciation and amortisation (note 4)	-	(4,110)	(113)	(445)	(592)	(13)	(422)	(5,695)
<b>Balance at 1 July 2015</b>	<b>18,138</b>	<b>85,192</b>	<b>316</b>	<b>1,657</b>	<b>647</b>	<b>44</b>	<b>1,495</b>	<b>107,489</b>
Additions	-	211	41	236	64	4	102	658
Disposals	-	-	-	-	-	-	(35)	(35)
Work in progress assets	-	297	5	891	218	11	8	1,430
Assets written-off due to change in capitalisation threshold <sup>(i)</sup>	-	(65)	(34)	(290)	(21)	(19)	(15)	(444)
Revaluation increments <sup>(ii)</sup>	3,370	-	-	-	-	-	-	3,370
Assets provided free of charge <sup>(iii)</sup>	5,045	1,355	-	-	-	-	-	6,400
Return of land & buildings to Victorian Govt <sup>(iv)</sup>	(1,587)	(318)	-	-	-	-	-	(1,905)
Depreciation and amortisation (note 4)	-	(4,089)	(69)	(250)	(401)	(7)	(400)	(5,216)
<b>Balance at 30 June 2016</b>	<b>24,966</b>	<b>82,583</b>	<b>259</b>	<b>2,244</b>	<b>507</b>	<b>33</b>	<b>1,155</b>	<b>111,747</b>

**Crown land and buildings carried at valuation**

An independent valuation of DHSVs crown land and buildings was performed by the *Valuer-General Victoria* on 30 June 2014 to determine the 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.

<sup>(i)</sup> DHSV asset capitalisation threshold was increased to \$2,500 from \$1,000 on 01 July 2015. As a result assets with acquisition amount below \$2,500 were expensed in 2015/16. Assets with carrying amount below \$2,500 as at 01 July 2015 were also written-off in 2015/16. This amounted to \$461k (Property, Plant & Equipment - \$444k and Intangibles - \$17k).

<sup>(ii)</sup> In accordance with FRD 103F Non-Financial Physical Assets, DHSV made an upward revaluation of \$3,370k for land as the index factor (issued by Valuer-General Victoria) for land for the period between 30 June 2014 and 30 June 2016 increased by 10% or more (actual increase was 16%).

<sup>(iii)</sup> On 4 November 2015, DHSV received the land and building for the Corporate Service Building located at 720 Swanston Street, Carlton from the DHHS free of charge. The land and building had a value of \$6,400k (refer to note 2b).

<sup>(iv)</sup> The land and building at 658 Nicholson St, Fitzroy North were returned to the Victorian Government on 16 June 2016. At the time of return, the land and building had a book value of \$1,905k.



# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 10: Property, Plant and Equipment (continued)

#### (c) Fair Value Measurement Hierarchy for Assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Crown land at fair value</b>				
Specialised land	24,966	-	-	24,966
Total of crown land at fair value	<b>24,966</b>	-	-	<b>24,966</b>
<b>Buildings at fair value</b>				
Specialised buildings	82,583	-	-	82,583
Total of building at fair value	<b>82,583</b>	-	-	<b>82,583</b>
<b>Plant and equipment at fair value</b>				
Plant, equipment and vehicles at fair value				
- Vehicles <sup>(ii)</sup>	1,155	-	136	1,019
- Plant and equipment	259	-	-	259
- Computer and communications	507	-	-	507
- Furniture and fittings	33	-	-	33
Total of plant, equipment and vehicles at fair value	<b>1,954</b>	-	<b>136</b>	<b>1,818</b>
<b>Medical equipment at fair value</b>				
Total medical equipment at fair value	<b>2,244</b>	-	-	<b>2,244</b>
	<b>111,747</b>	-	<b>136</b>	<b>111,611</b>

#### Fair Value Measurement Hierarchy for Assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>Crown land at fair value</b>				
Specialised land	18,138	-	-	18,138
Total of crown land at fair value	<b>18,138</b>	-	-	<b>18,138</b>
<b>Buildings at fair value</b>				
Specialised buildings	85,192	-	-	85,192
Total of building at fair value	<b>85,192</b>	-	-	<b>85,192</b>
<b>Plant and equipment at fair value</b>				
Plant, equipment and vehicles at fair value				
- Vehicles <sup>(ii)</sup>	1,495	-	336	1,159
- Plant and equipment	316	-	-	316
- Computer and communications	647	-	-	647
- Furniture and fittings	44	-	-	44
Total of plant, equipment and vehicles at fair value	<b>2,502</b>	-	<b>336</b>	<b>2,166</b>
<b>Medical equipment at fair value</b>				
Total medical equipment at fair value	<b>1,657</b>	-	-	<b>1,657</b>
	<b>107,489</b>	-	<b>336</b>	<b>107,153</b>

#### Note

<sup>(i)</sup> Classified in accordance with the fair value hierarchy, see Note 1.

<sup>(ii)</sup> Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between the levels during the period.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 10: Property, Plant and Equipment (continued)**

##### **Specialised land and specialised buildings**

The market approach is also used for specialised land and specialised buildings although 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 DHSV, 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 DHSVs 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 2014.

##### **Vehicles**

DHSV 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 DHSV 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 is 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 2016.

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

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 10: Property, Plant and Equipment (continued)**

**(d) Reconciliation of Level 3 Fair Value**

30 June 2016

**Opening Balance**

**Purchases (sales)**

Gains or losses recognised in net result

- Depreciation

- Impairment loss

**Subtotal**

Items recognised in other comprehensive income

- Revaluation

**Subtotal**

**Closing Balance**

Land	Buildings	Plant and Equipment	Medical Equipment
18,138	85,192	2,166	1,657
3,458	1,545	453	1,127
-	(4,089)	(712)	(250)
-	(65)	(89)	(290)
-	<b>(4,154)</b>	<b>(801)</b>	<b>(540)</b>
3,370	-	-	-
<b>3,370</b>	-	-	-
<b>24,966</b>	<b>82,583</b>	<b>1,818</b>	<b>2,244</b>
24,966	82,583	1,818	2,244

30 June 2015

**Opening Balance**

**Purchases (sales)**

Gains or losses recognised in net result

- Depreciation

- Impairment loss

**Subtotal**

Items recognised in other comprehensive income

- Revaluation

**Subtotal**

**Closing Balance**

Land	Buildings	Plant and Equipment	Medical Equipment
18,138	89,101	3,034	1,513
-	201	272	589
-	(4,110)	(1,140)	(445)
-	-	-	-
-	<b>(4,110)</b>	<b>(1,140)</b>	<b>(445)</b>
-	-	-	-
-	-	-	-
<b>18,138</b>	<b>85,192</b>	<b>2,166</b>	<b>1,657</b>
18,138	85,192	2,166	1,657

There have been no transfers between levels during the period.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 10: Property, Plant and Equipment (continued)

#### (e) Description of Significant Unobservable Inputs to Level 3 Valuations:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Specialised land</b>	Market approach	Community Service Obligation (CSO) adjustment	10 -20% (20%) <sup>(i)</sup>	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
<b>Specialised buildings</b>	Depreciated replacement cost	Direct cost per square metre  Useful life of specialised buildings	\$700 - \$8,000/m <sup>2</sup> (\$7,470/m <sup>2</sup> )  5 - 50 years (18 years)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Plant and equipment at fair value</b>	Depreciated replacement cost	Cost per unit  Useful life of PPE	\$1,000 - \$135,000 (\$47,000 per unit)  1 - 10 years (4 years)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Vehicles</b>	Depreciated replacement cost	Cost per unit  Useful life of vehicles	\$1,000 - \$245,000 (\$111,000 per unit)  1 - 7 years (3 years)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.  A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Medical equipment at fair value</b>	Depreciated replacement cost	Cost per unit  Useful life of medical equipment	\$1,000 - \$150,000 (\$37,000 per unit)  5 - 13 years (10 years)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.  Increase (decrease) in useful life of the asset would result in a significantly higher (lower) valuation.

<sup>(i)</sup> CSO adjustments ranging from 10% to 20% were applied to reduce the market approach value for the Department's specialised land, with the weighted average 20% reduction applied.

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2016

**Note 11: Intangible Assets**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
Software Licences	3,633	3,594
Less Accumulated Amortisation	3,529	3,435
<b>Total Intangible Assets</b>	<b>104</b>	<b>159</b>

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

	<b>Total \$'000</b>
<b>Balance at 1 July 2014</b>	<b>330</b>
Additions	14
Amortisation (note 4)	(185)
<b>Balance at 1 July 2015</b>	<b>159</b>
Additions	-
Work in progress assets	72
Assets written-off due to change in capitalisation threshold <sup>(i)</sup>	(17)
Amortisation (note 4)	(110)
<b>Balance at 30 June 2016</b>	<b>104</b>

<sup>(i)</sup> DHSV asset capitalisation threshold was increased to \$2,500 from \$1,000 on 01 July 2015. As a result assets with acquisition amount below \$2,500 were expensed in 2015/16. Assets with carrying amount below \$2,500 as at 01 July 2015 were also written-off in 2015/16. This amounted to \$461k (Property, Plant & Equipment - \$444k and Intangibles - \$17k).

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 12: Payables

##### CURRENT

###### Contractual

Trade Creditors <sup>(i)</sup>

Accrued Expenses

###### Statutory

GST Payable

##### TOTAL CURRENT

Total 2016 \$'000	Total 2015 \$'000
9,596	12,798
1,800	1,336
11,396	14,134
-	-
-	-
11,396	14,134

<sup>(i)</sup> The average credit period is 30 days. No interest is charged on the other payables.

##### (a) Maturity analysis of payables

Please refer to Note 18 for the ageing analysis of contractual payables.

##### (b) Nature and extent of risk arising from payables

Please refer to Note 18 for the nature and extent of risks arising from contractual payables.

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 13: Provisions**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Current Provisions</b>		
Employee Benefits (Note 13(a))		
- Accrued salaries	502	285
- Accrued day off	183	202
Annual Leave (Note 13(a))		
- Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	1,715	1,638
- Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	479	451
Long Service Leave (Note 13(a))		
- Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	464	529
- Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	4,325	3,968
Employee Termination Benefits		
- Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	36	-
	<b>7,704</b>	<b>7,073</b>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	235	220
- Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	564	544
	<b>799</b>	<b>764</b>
<b>Total Current Provisions</b>	<b>8,503</b>	<b>7,837</b>
<b>Non-Current Provisions</b>		
Employee Benefits <sup>(i)</sup> (Note 13(a))	1,042	1,135
Provisions related to Employee Benefit On-Costs (Note 13(a) and Note 13(b))	105	113
	<b>1,147</b>	<b>1,248</b>
<b>Total Provisions</b>	<b>9,650</b>	<b>9,085</b>
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and related on-costs</b>		
Annual Leave Entitlements	2,425	2,309
Accrued Wages and Salaries	538	285
Accrued Days Off	183	202
Unconditional Long Service Leave Entitlements	5,357	5,040
<b>Non-Current Employee Benefits and related on-costs</b>		
Conditional Long Service Leave Entitlements <sup>(ii)</sup>	1,147	1,249
<b>Total Employee Benefits and Related On-Costs</b>	<b>9,650</b>	<b>9,085</b>
<b>Notes:</b>		
<i>(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as worker's compensation insurance and superannuation are not employee benefits and are reflected as a separate provision.</i>		
<i>(ii) The amounts disclosed are in accordance with note 1(j).</i>		
<b>(b) Movements in provisions</b>		
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	6,289	5,916
Provision made during the year		
- Revaluations	(74)	162
- Expense recognising Employee Service	1,024	1,021
Settlement made during the year	(735)	(810)
<b>Balance at end of year</b>	<b>6,504</b>	<b>6,289</b>

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 14: Superannuation

Employees of DHSV are entitled to receive superannuation benefits and DHSV contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

DHSV does not recognise any defined benefit liability in respect of the plan(s) because the entity 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 DHSV. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by DHSV are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>(i) Defined benefit plans:</b>				
Emergency Services & State Super	70	84	1	1
Other	61	60	-	3
<b>Defined contribution plans:</b>				
First State Super	2,645	2,617	47	126
Other	415	333	-	16
<b>Total</b>	<b>3,191</b>	<b>3,094</b>	<b>48</b>	<b>146</b>

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



**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 15: Other Liabilities**

**CURRENT**

Income in Advance

**Total Other Liabilities**

<b>Total</b>	<b>Total</b>
<b>2016</b>	<b>2015</b>
<b>\$'000</b>	<b>\$'000</b>
397	10,123
<b>397</b>	<b>10,123</b>

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 16: Equity

	Total 2016 \$'000	Total 2015 \$'000
<b>(a) Surpluses</b>		
<b>Property, Plant and Equipment Revaluation Surplus <sup>(i)</sup></b>		
Balance at the beginning of the reporting period	81,662	81,662
Revaluation Increment		
- Crown Land	3,370	-
Total Revaluation Increment	3,370	-
<b>Balance at the end of the reporting period*</b>	<b>85,032</b>	<b>81,662</b>
* Represented by:		
- Crown Land	21,338	17,968
- Buildings	63,245	63,245
- Medical Equipment	331	331
- Motor Vehicles	118	118
Total	<b>85,032</b>	<b>81,662</b>
<b>General Purpose Surplus</b>		
Balance at the beginning of the reporting period	512	512
<b>Balance at the end of the reporting period</b>	<b>512</b>	<b>512</b>
<b>Total Reserves</b>	<b>85,544</b>	<b>82,174</b>
<sup>(i)</sup> The property, plant and equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.		
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	54,516	54,516
Return of Land & Building (North Fitzroy) to Victorian Government	(1,904)	-
<b>Balance at the end of the reporting period</b>	<b>52,612</b>	<b>54,516</b>
<b>(c) Accumulated Deficits</b>		
Balance at the beginning of the reporting period	(29,646)	(28,542)
Net Result for the Year	2,930	(1,104)
<b>Balance at the end of the reporting period</b>	<b>(26,716)</b>	<b>(29,646)</b>
<b>Total Equity at end of financial year</b>	<b>111,440</b>	<b>107,044</b>

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2016

**Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow / (Outflow) from Operating Activities**

	<b>Total 2016 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Net Result for the Period</b>	2,930	(1,104)
<b>Non-Cash Movements:</b>		
Depreciation and Amortisation	5,326	5,880
Impairment of Non-Current Assets	461	-
Provision for Doubtful Debts	75	48
Resources Received Free of Charge	(6,400)	-
<b>Movements Included in Investing and Financing Activities:</b>		
Net Gain from Disposal of Non-Financial Physical Assets	-	(1)
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
(Increase) / Decrease in Receivables	(193)	12,821
Decrease in Other Assets	39	564
(Decrease) in Payables	(2,738)	(4,659)
Increase / (Decrease) in Employee Benefits	565	(548)
Increase / (Decrease) in Other Liabilities	(9,726)	7,544
Change in Inventories	(71)	166
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(9,732)</b>	<b>20,711</b>

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 18: Financial Instruments

#### (a) Financial Risk Management Objectives and Policies

DHSVs principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

DHSVs main financial risks include credit risk, liquidity risk and interest rate risk. DHSV manages these financial risks in accordance with its financial risk management policy.

The main purpose in holding financial instruments is to prudentially manage DHSVs financial risks within the government policy parameters.

#### Categorisation of Financial Instruments

	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Liabilities At Amortised Cost \$'000	Total \$'000
2016			
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	8,783		8,783
Other Financial Assets			
- Term Deposits	8,000		8,000
Loans and Receivables	1,360		1,360
<b>Total Financial Assets <sup>(i)</sup></b>	<b>18,143</b>		<b>18,143</b>
<b>Financial Liabilities</b>			
At Amortised Cost		11,396	11,396
<b>Total Financial Liabilities <sup>(ii)</sup></b>		<b>11,396</b>	<b>11,396</b>
2015	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Liabilities At Amortised Cost \$'000	Total \$'000
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	21,639		21,639
Other Financial Assets			
- Term Deposits	7,000		7,000
Loans and Receivables	1,499		1,499
<b>Total Financial Assets <sup>(i)</sup></b>	<b>30,138</b>		<b>30,138</b>
<b>Financial Liabilities</b>			
At Amortised Cost		14,134	14,134
<b>Total Financial Liabilities <sup>(ii)</sup></b>		<b>14,134</b>	<b>14,134</b>

<sup>(i)</sup> The total amount of financial assets disclosed here excludes statutory receivables.

<sup>(ii)</sup> The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable).

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 18: Financial Instruments (Continued)**

**(b) Net Holding Gain / (Loss) on Financial Instruments by Category**

	<b>Net Holding Gain / (Loss) \$'000</b>	<b>Total Interest Income \$'000</b>	<b>Impairment Loss \$'000</b>	<b>Total \$'000</b>
<b>2016</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents <sup>(i)</sup>	-	740	-	740
Receivables <sup>(i)</sup>	-	-	(75)	(75)
<b>Total Financial Assets</b>	-	<b>740</b>	<b>(75)</b>	<b>665</b>
<b>Financial Liabilities</b>				
At Amortised Cost <sup>(ii)</sup>	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	-	-
<b>2015</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents <sup>(i)</sup>	-	802	-	802
Receivables <sup>(i)</sup>	-	-	(48)	(48)
<b>Total Financial Assets</b>	-	<b>802</b>	<b>(48)</b>	<b>754</b>
<b>Financial Liabilities</b>				
At Amortised Cost <sup>(ii)</sup>	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	-	-

<sup>(i)</sup> For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of financial assets, and minus any impairment recognised in the net result;

<sup>(ii)</sup> For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 18: Financial Instruments (continued)

#### (c) Credit Risk

Credit risk arises from the contractual financial assets of DHSV, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. DHSVs exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to DHSV. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with DHSVs contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is DHSVs policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that DHSV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, and debts which are more than 60 days overdue.

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

#### Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AAA or AA credit rating) \$'000	Government agencies \$'000	Other \$'000	Total \$'000
<b>2016</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	8,783	-	-	8,783
Receivables				
- Trade Debtors	-	373	579	952
- Other Receivables <sup>(i)</sup>	-	264	91	355
- Term Deposits	8,000	-	-	8,000
<b>Total Financial Assets</b>	<b>16,783</b>	<b>637</b>	<b>670</b>	<b>18,090</b>
<b>2015</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	21,639	-	-	21,639
Receivables				
- Trade Debtors	-	442	619	1,061
- Other Receivables	4	275	112	391
- Term Deposits	7,000	-	-	7,000
<b>Total Financial Assets</b>	<b>28,643</b>	<b>717</b>	<b>731</b>	<b>30,091</b>

<sup>(i)</sup> The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 18: Financial Instruments (continued)**

**(c) Credit Risk (continued)**

**Ageing analysis of Financial Assets as at 30 June**

	Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired			Impaired Financial Assets
			Less than 1 Month	1 - 3 Months	3 months - 1 Year	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	8,783	8,783	-	-	-	-
<i>Receivables</i> <sup>(i)</sup>						
- Trade Debtors	968	953	-	-	-	15
- Other Receivables	392	226	49	32	47	38
- Term Deposits	8,000	8,000	-	-	-	-
<b>Total Financial Assets</b>	<b>18,143</b>	<b>17,962</b>	<b>49</b>	<b>32</b>	<b>47</b>	<b>53</b>
<b>2015</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	21,639	21,639	-	-	-	-
<i>Receivables</i> <sup>(i)</sup>						
- Trade Debtors	1,063	77	421	561	2	2
- Other Receivables	436	234	63	38	56	45
- Term Deposits	7,000	7,000	-	-	-	-
<b>Total Financial Assets</b>	<b>30,138</b>	<b>28,950</b>	<b>484</b>	<b>599</b>	<b>58</b>	<b>47</b>

<sup>(i)</sup> Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e. GST input tax credit).

**Contractual Financial Assets that are Either Past Due or Impaired**

There are no material financial assets which are individually determined to be impaired. Currently, DHSV does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 18: Financial Instruments (continued)**

**(d) Liquidity Risk**

Liquidity risk is the risk that DHSV would be unable to meet its financial obligations as and when they fall due. DHSV operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

DHSVs maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. DHSV manages its liquidity risk as follows:

DHSVs objective is to meet its financial obligations when they fall due. To achieve this objective, DHSV invested in short term investments with maturity dates of less than one (1) year. Each month, at least \$2.0M of short term investment matured. Cash flows are prepared in order to meet financial obligations.

The following table discloses the contractual maturity analysis for DHSVs 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**

	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
<b>2016</b>						
<b>Financial Liabilities</b>						
<i>At Amortised Cost</i>						
Payables	11,396	11,396	11,396	-	-	-
<b>Total Financial Liabilities</b>	<b>11,396</b>	<b>11,396</b>	<b>11,396</b>	-	-	-
<b>2015</b>						
<b>Financial Liabilities</b>						
<i>At Amortised Cost</i>						
Payables	14,134	14,134	14,134	-	-	-
<b>Total Financial Liabilities</b>	<b>14,134</b>	<b>14,134</b>	<b>14,134</b>	-	-	-

**(e) Market Risk**

DHSVs exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

**Currency Risk**

DHSV is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

**Interest Rate Risk**

DHSVs financial liabilities are non-interest bearing as they are made up of purchases of supplies and consumables.

**Other Price Risk**

DHSV does not have any exposure to other price risks.



**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2016

**Note 18: Financial Instruments (continued)**

**(e) Market Risk (continued)**

**Interest Rate Exposure of Financial Assets and Liabilities as at 30 June**

	Weighted Average Effective Interest Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
<b>2016</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	2.47	8,783	-	8,777	6
<i>Receivables <sup>(i)</sup></i>					
- Trade Debtors	-	968	-	-	968
- Other Receivables	-	392	-	-	392
- Term Deposits	2.30	8,000	-	8,000	-
		<b>18,143</b>	<b>-</b>	<b>16,777</b>	<b>1,366</b>
<b>Financial Liabilities</b>					
<i>At Amortised Cost</i>					
<i>Payables <sup>(i)</sup></i>	-	11,396	-	-	11,396
		<b>11,396</b>	<b>-</b>	<b>-</b>	<b>11,396</b>
<b>2015</b>					
<b>Financial Assets</b>					
<i>Cash and Cash Equivalents</i>	2.83	21,639	-	21,633	6
<i>Receivables <sup>(i)</sup></i>					
- Trade Debtors	-	1,063	-	-	1,063
- Other Receivables	-	436	-	-	436
- Term Deposits	3.21	7,000	-	7,000	-
		<b>30,138</b>	<b>-</b>	<b>28,633</b>	<b>1,505</b>
<b>Financial Liabilities</b>					
<i>At Amortised Cost</i>					
<i>Payables <sup>(i)</sup></i>	-	14,134	-	-	14,134
		<b>14,134</b>	<b>-</b>	<b>-</b>	<b>14,134</b>

<sup>(i)</sup> The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 18: Financial Instruments (continued)

#### (e) Market Risk (continued)

##### Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, DHSV believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down in marked interest rates (AUD) from year-end rates of 3%;
- A parallel shift of +1% and -1% in inflation rate from year end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by DHSV at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2016</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents <sup>(i)</sup>	8,783	(88)	(88)	88	88	-	-	-	-
Receivables <sup>(ii)</sup>									
- Trade Debtors	968	-	-	-	-	-	-	-	-
- Other Receivables	392	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	8,000	(80)	(80)	80	80				
<b>Financial Liabilities</b>									
At Amortised Cost									
Payables	11,396	-	-	-	-	-	-	-	-
		(168)	(168)	168	168	-	-	-	-
<b>2015</b>									
<b>Financial Assets</b>									
Cash and Cash Equivalents <sup>(i)</sup>	21,639	(216)	(216)	216	216	-	-	-	-
Receivables <sup>(ii)</sup>									
- Trade Debtors	1,063	-	-	-	-	-	-	-	-
- Other Receivables	436	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	7,000	(70)	(70)	70	70				
<b>Financial Liabilities</b>									
At Amortised Cost									
Payables	14,134	-	-	-	-	-	-	-	-
		(286)	(286)	286	286	-	-	-	-

<sup>(i)</sup> eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates:  $[\$8.8M \times 0.03] - [\$8.8M \times 0.02] = \$88k$ . Similar for a -1% movement in interest rate, impact =  $[\$88k]$ .

<sup>(ii)</sup> The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 18: Financial Instruments (continued)

#### (f) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

DHSV considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

#### Comparison Between Carrying Amount and Fair Value

	Carrying Amount 2016 \$'000	Fair Value 2016 \$'000	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000
<b>Financial Assets</b>				
<i>Cash and Cash Equivalents</i>	8,783	8,783	21,639	21,639
<i>Receivables <sup>(i)</sup></i>				
- Trade Debtors	968	953	1,063	1,061
- Other Receivables	392	354	436	391
- Term Deposits	8,000	8,000	7,000	7,000
<b>Total Financial Assets</b>	<b>18,143</b>	<b>18,090</b>	<b>30,138</b>	<b>30,091</b>
<b>Financial Liabilities</b>				
<i>At Amortised Cost</i>				
Payables	11,396	11,396	14,134	14,134
<b>Total Financial Liabilities</b>	<b>11,396</b>	<b>11,396</b>	<b>14,134</b>	<b>14,134</b>

<sup>(i)</sup> The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 19: Commitments for Expenditure

##### (a) Commitments Other Than Public Private Partnerships

###### Other Expenditure Commitments

###### Payable:

Cleaning Services

Computer Services

Security Services

Maintenance

###### Total Other Expenditure Commitments

Total 2016 \$'000	Total 2015 \$'000
766	822
1,578	2,235
262	865
293	838
<b>2,899</b>	<b>4,760</b>

###### Lease Commitments

Commitments in relation to leases contracted for at the reporting date:

Operating Leases

###### Total Lease commitments

145	184
<b>145</b>	<b>184</b>

###### Total Commitments (Inclusive of GST) Other Than Public Private Partnerships

<b>3,044</b>	<b>4,944</b>
--------------	--------------

All amounts shown in the commitments note are nominal amounts inclusive of GST.

##### (b) Commitments Payable

###### Other Expenditure Commitments Payable

Less than 1 year

Longer than 1 year but not longer than 5 years

###### Total Other Expenditure Commitments

Total 2016 \$'000	Total 2015 \$'000
2,804	3,391
95	1,369
<b>2,899</b>	<b>4,760</b>

###### Lease Commitments Payable

Less than 1 year

Longer than 1 year but not longer than 5 years

###### Total Lease Commitments

39	39
106	145
<b>145</b>	<b>184</b>

###### Total Commitments (Inclusive of GST)

Less GST Recoverable from the Australian Tax Office

###### Total Commitments (exclusive of GST)

<b>3,044</b>	<b>4,944</b>
(277)	(449)
<b>2,767</b>	<b>4,495</b>

There were no commitments with Public Private Partnerships in 2015/16 and 2014/15.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 20: Contingent Assets and Contingent Liabilities

DHSV has joined a class action against ratings agency to recover losses incurred in a failed CDO. The amount of the contingent asset as a result of this action is unquantifiable as at 30 June 2016.

There are no contingent liabilities at 30 June 2016 (2015 - Nil).

#### Note 21a: Responsible Persons Disclosures

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

##### Responsible Ministers:

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services

Period	
01-July-2015	30-June-2016

##### Governing Boards

Ms Zoe Wainer

01-July-2015

30-June-2016

Ms Kathryn Bell

01-July-2015

30-June-2016

Mr Cameron Clark

01-July-2015

30-June-2016

Mrs Helene Bender

01-July-2015

30-June-2016

Dr Pamela Dalglish

01-July-2015

30-June-2016

Ms Barbara Hingston

01-July-2015

30-June-2016

Ms Dianne Rule

01-July-2015

30-June-2016

Mr John Nguyen

01-July-2015

30-June-2016

Mr Ian Pollard

08-September-2015

30-June-2016

##### Accountable Officers

Dr Deborah Cole

01-July-2015

30-June-2016

#### Remuneration of Responsible Persons

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

##### Income Band

\$20,000 - \$29,999

1

8

\$30,000 - \$39,999

7

-

\$50,000 - \$59,999

1

1

\$370,000 - \$379,999

1

1

##### Total Numbers

10

10

#### Total remuneration received or due and receivable by Responsible

##### Persons from the reporting entity amounted to:

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

2016 No.	2015 No.
1	8
7	-
1	1
1	1
10	10
\$ 693,383	\$ 650,104

#### Other Transactions of Responsible Persons and their Related Parties.

There were no other transactions with Responsible Persons and their Related Parties.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2016

### Note 21b: Executive Officer Disclosures

#### Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	Total Remuneration		Base Remuneration	
	2016	2015	2016	2015
	No.	No.	No.	No.
<b>Income Band</b>				
\$120,000 - \$129,999	1	-	1	-
\$190,000 - \$199,999	1	-	1	1
\$200,000 - \$209,999	-	2	-	1
\$220,000 - \$229,999	1	-	1	-
\$250,000 - \$259,999	1	1	1	1
\$270,000 - \$279,999	-	1	-	1
\$280,000 - \$289,999	1	-	1	-
<b>Total number of executives</b>	5	4	5	4
<b>Total annualised employee equivalents (AEE) <sup>(i)</sup></b>	4.0	4.0	4.0	4.0
<b>Total Remuneration</b>	<b>\$ 1,073,714</b>	<b>\$ 937,869</b>	<b>\$ 978,411</b>	<b>\$ 931,052</b>

<sup>(i)</sup> Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

### Note 22: Remuneration of Auditors

	2016	2015
<b>Victorian Auditor-General's Office</b>	\$'000	\$'000
Audit or review of financial statements	30	25

### Note 23: Ex-Gratia Expenses

	2016	2015
DHSV has made the following ex gratia expenses:	\$'000	\$'000
Compensation for economic loss	16	-

### Note 24: Events Occurring after the Balance Sheet Date

There were no events occurring after reporting date which require additional information to be disclosed.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 25: Glossary of Terms and Style Conventions**

##### **Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

##### **Amortisation**

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

##### **Associates**

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

##### **Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

##### **Commitments**

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

##### **Current grants**

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

##### **Depreciation**

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

##### **Effective interest method**

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

##### **Employee benefits expenses**

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

##### **Ex gratia expenses**

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

##### **Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 25: Glossary of Terms and Style Conventions (Continued)**

- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### **Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### **Financial liability**

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### **Financial statements**

A complete set of financial statements comprises:

- (a) Balance sheet as at the end of the period;
- (b) Comprehensive operating statement for the period;
- (c) A statement of changes in equity for the period;
- (d) Cash flow Statement for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

#### **Grants and other transfers**

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

#### **General government sector**

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

#### **Intangible produced assets**

Refer to produced assets in this glossary.



## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 25: Glossary of Terms and Style Conventions (Continued)**

##### **Intangible non-produced assets**

Refer to non-produced assets in this glossary.

##### **Interest expense**

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

##### **Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

##### **Investment properties**

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

##### **Joint Arrangements**

Joint arrangement is an arrangement of which two or more other parties have joint control. A joint arrangement has the following characteristics:

- (a) The parties are bound by a contractual arrangement.
- (b) The contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

##### **Liabilities**

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

##### **Net acquisition of non-financial assets (from transactions)**

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

##### **Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'. Net result from transactions/net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

##### **Net worth**

Assets less liabilities, which is an economic measure of wealth.

##### **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

##### **Non-produced assets**

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2016

#### **Note 25: Glossary of Terms and Style Conventions (Continued)**

needed for production that have not themselves been produced. They include constructs of society such as patents.

##### **Non-profit institution**

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

##### **Payables**

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

##### **Produced assets**

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

##### **Public financial corporation sector**

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

##### **Public non-financial corporation sector**

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

##### **Receivables**

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

##### **Sales of goods and services**

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

##### **Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of DHSV.

##### **Taxation income**

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2016

#### Note 25: Glossary of Terms and Style Conventions (Continued)

- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government;
- and
- other taxes, including landfill levies, license and concession fees.

#### Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

#### Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period



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