

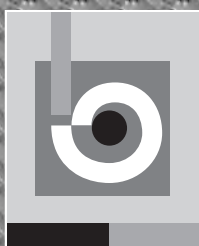
**Working Together**

**with Trust**

**and Respect**

**Banyule  
Community  
Health**

ACN 135 660 454



**BANYULE**  
Community Health

**2010 Annual Report**

Financial Report for the year ended 30 June 2010

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2010.

**Directors**

The names of the directors in office at any time during or since the end of the financial year are:

Abdallah Ahmed  
Bill Barber  
Frances Baum  
Melinda Brooks  
John Ferraro  
David McKenzie  
Peter Ogden  
Larry Stephens  
Denis Swift

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The following person held the position of company secretary at the end of the financial year:

<b>Jim Pasinis</b>	– Company Secretary
Qualifications	– Dip Accounting, Grad Dip Health Service Management, Associate Fellow Australian College Health Service Executives (ACHSE)
Experience	– Jim has worked for Banyule Community Health for the past 20 years. Jim was appointed Company Secretary on 19 November 2009.
Special Responsibilities	– Chief Executive Officer

**Operating Results**

The profit/(loss) of the Company for the financial year after providing for income tax amounted to \$156,181.

**Significant Changes in State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**Principal Activity**

The principal activity of the Company during the financial year was the provision of health and welfare services.

No significant change in the nature of these activities occurred during the year.

**BANYULE COMMUNITY HEALTH  
ACN 135 660 454**

**DIRECTORS' REPORT (continued)**

**2009-10 Operational Plan**

<b>GOALS / OBJECTIVES</b>	<b>STRATEGY</b>	<b>OUTCOME</b>
<b>STRATEGIC DIRECTION 1: QUALITY SERVICES</b>		
1.1. Services are responsive to the changing needs of the community	Be proactive in utilising research and evaluation mechanisms to explore a wider range of funding opportunities.  Use existing and new partnerships to strengthen our capacity to deliver healthcare within a social model.	There were 8 successful funding submissions including a Mental Health Project Worker, Worker Health Checks, Bilingual Workers, Men's Shed and Expansion of Peer Connection program.  Formal partnership agreements were developed with: Banyule City Council, North Eastern Primary Care Partnership, Austin Health, Mercy Hospital for Women.
1.2 Enhance Client outcomes through coordinated healthcare delivery	Explore new approaches to healthcare delivery and client management.	Protocols were developed with Banyule City Council for assessment framework and implementation of Home and Community Care Active Service Model. A Model for chronic disease management and care planning developed.
1.3 Identify and address barriers to access and equity	Broaden models of service delivery in order to meet the community's access needs.	An action plan for a new model of service delivery in Northern Banyule developed. A new 3 year Cultural Action Plan developed.
1.4 Use technology to increase our ability to meet the needs of our community	Adapt new ways of using technology.	A Short Message Service was introduced for dental patients and will be expanded to other areas in 2010-11. There was a significant increase in recruitment of Banyule Community Health members via the internet.
<b>STRATEGIC DIRECTION 2: HEALTHY COMMUNITIES</b>		
2.1 The community to be actively involved in health and wellbeing	Increase community awareness of health issues.	A 3 year Integrated Health Promotion Plan was developed. Banyule Community Health was accredited for Worker Health Checks and successfully implemented the Worker Health Check program.
2.2 Encourage community participation in all operational areas.	Ensure community participation principles are embedded in all aspects of program planning and delivery.	A Community Participation Framework and Action Plan were developed. Consumer reference groups for chronic disease, Quality of Care and Peer Connection programs were established to provide consumer input for these services. A Community Satisfaction survey was undertaken which will guide future service delivery models.
2.3 Actively advocate addressing health and social inequities	Consult widely and mobilise the community on issues that affect their wellbeing.	Joint Community Participation Framework and Action Plan with West Heidelberg Legal Service.
<b>STRATEGIC DIRECTION 3: A POSITIVE WORK ENVIRONMENT</b>		
3.1 Improve flexibility in working conditions	Explore family-friendly and better work-life balance practices.	A Working from Home policy was established. An independent external staff Climate survey was completed and an action plan developed.
3.2 Support innovation in workforce and professional development	Embrace leadership development and implement clinical leadership roles.	A new evidence base system of clinical supervision was introduced for Allied Health staff. Three new clinical supervisor positions for Allied Health were established along with additional external supervision.
3.3 An organisational structure that meets the needs of the community	Embed clinical governance principles and risk management.	Clinical supervision position descriptions and contracts developed and implemented and clinical supervisors appointed.

Over 90% of the initiatives of the 2009-10 Operational Plan were either completed or substantially completed over the course of the year.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**DIRECTORS' REPORT (continued)**

**Information on Directors**

The information on directors is as follows:

**Abdallah Ahmed**

Experience

- Non-executive Director
- Abdalla is a Somali Community Leader in West Heidelberg and works hard to advocate for and improve the lives of Somali people living in Melbourne. He is the President of the Australia-Somali Society and the Founder of the Raaso Relief Rehabilitation and Development Organisation both of which are based at Banyule Community Health. Abdalla has been a member of the Board of Directors since 2000.

Special Responsibilities

- Member of the Client Services and Staffing Committee.

**Bill Barber**

Qualifications

- Non-executive Director
- Diploma in Building & Building Surveying as well as a Certificate IV in Legal Studies.

Experience

- Bill has also worked for the former cities of Coburg and Malvern as well as a private building surveyor. 42 years in State and Local Government as a building surveyor and Director in Local Government in enforcing building laws and local By-Laws. 15 years as a private consultant Project Manager and Building Surveyor. Bill was elected to the Board of Directors in 2007.

Special Responsibilities

- Member of the Client Services and Staffing Committee.

**Frances Baum**

Experience

- Non-executive Director
- Frances has been a resident of the West Heidelberg and West Ivanhoe area for more than 30 years. Frances taught at St. Pius X Primary School and was later appointed Principal. Some years later she returned to the area to work as a Pastoral Associate at St. Pius X Parish. Now, living in West Ivanhoe, Frances works as leader of our local community, Missionary Sisters of the Sacred Heart and has also been involved in adult education, counselling and theology and scripture studies. Frances takes an interest in people from all nations and faiths, and with such a mixed community as we have in Banyule, this is very important.

Special Responsibilities

- Member of the Client Services and Staffing Committee.

**Melinda Brooks**

Qualifications

- Non-executive Chairperson
- Bachelor of Nursing and Graduate Diploma in Wound Prevention.

Experience

- Victorian Adult Burns Unit at The Alfred Hospital; community nursing with the Royal District Nursing Service. Melinda currently works at Monash University as a Unit Advisor for post graduate studies and in research. Melinda also has her own business in wound care consulting and education. Melinda has been a member of the Board of Directors since 2004.

Special Responsibilities

- Member of the Client Services and Staffing Committee and Chair of the Board (since 2007).

**John Ferraro**

Qualifications

- Non-executive Director
- Bachelor Science, Bachelor Orthoptics, Master Health Administration.

Experience

- Member of Australian Institute of Company Directors. John has been a member of the Board of Directors since 2008.

Special Responsibilities

- Deputy Chairperson and member of the Audit and Finance Committee.

**David McKenzie**

Qualifications

- Non-executive Director
- Bachelor Economics. David commenced his career as a primary school teacher and has taught at many local schools.

Experience

- David was a foundation member of the Diamond Valley Council (1964) and Shire President 1969-1971. Member of the House of Representatives for Diamond Valley 1972-1975. Former Chairman of the Publications Committee of the House of Representatives and Chairman of the Joint House and Senate Publications Committee. Past National President of the Association of Former Members of the Australian Parliament. Economic Consultant.

Special Responsibilities

- Member of the Audit and Finance Committee

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**DIRECTORS' REPORT (continued)**

**Information on Directors (continued)**

<b>Peter Ogden</b>	– Non-executive Director
Experience	– Retired from the directorship of a sign manufacturing business in West Heidelberg for more than 30 years to 2008. Peter has been a member of the Board of Directors since 1990.
Special Responsibilities	– Treasurer and a member of the Audit and Finance Committee. Olympic Village Adult Education Centre (Vice President) as BCHS representative. North East Valley Division of General Practice as a community representative.
<b>Larry Stephens</b>	– Non-executive Director
Qualifications	– Diploma of Engineering (Production) 1978. Chartered Professional Engineer (CPEng)
Experience	– Larry served as a Councillor with the former City of Heidelberg from 1986 to 1995 and was Mayor in 1990. After Council amalgamations he joined the Board of Banyule Community Health (formerly West Heidelberg Community Health Service) where he has served since 1995.
Special Responsibilities	– Member of the Audit and Finance Committee
<b>Denis Swift</b>	– Non-executive Director
Qualifications	– BBus (Bachelor of Business), MHA (Masters Degree in Health Administration (UNSW).
Experience	– Denis has had a successful career in the Victorian health industry spanning over thirty years. Retired from full time work, Denis has held senior executive positions with Mercy Health & Aged Care, Greater Southern Area Health Service (NSW), Bayside Health, including the Alfred Hospital, Transport Accident Commission (TAC), Austin Hospital and the Victorian Department of Human Services. At both the Austin and Alfred Hospitals he held fixed term appointments as Chief Executive Officer. Denis is an Associate Member of the Australian Society of Accountants, an Associate Member of College of Health Service Executives and a Member (and inaugural Chairman) of the Australian Health Service Financial Management Association. Denis is a Director (previously Chairman) of the Banyule Community Health Service.
Special Responsibilities	– Member of the Client Services and Staffing Committee.

**BANYULE COMMUNITY HEALTH  
ACN 135 660 454**

**DIRECTORS' REPORT (continued)**

**Meetings of Directors**

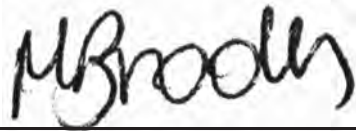
DIRECTORS	COMMITTEE MEETINGS					
	DIRECTORS' MEETINGS		AUDIT & FINANCE COMMITTEE		CLIENT SERVICES & STAFFING COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Melinda Brooks	10	8	1	1	4	2
Peter Ogden	10	10	9	9	-	-
John Ferraro	10	10	9	9	-	-
Frances Baum	10	7	-	-	4	3
Denis Swift	10	7	-	-	4	3
Bill Barber	10	6	4	4	4	1
Abdallah Ahmed	10	5	-	-	4	1
Larry Stephens	10	7	9	6	-	-
David McKenzie	10	10	9	7	-	-

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the Board of Directors:

Director



Melinda Brooks

Director



Peter Ogden

Dated this 20<sup>th</sup> day of September 2010

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BANYULE COMMUNITY HEALTH**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**HLB Mann Judd**  
Chartered Accountants



**Jude Lau**  
Partner

Melbourne  
20 September 2010

**HLB Mann Judd (VIC Partnership)**

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HLB Mann Judd (VIC Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
Revenue	4	11,199,654	9,754,770
Client programs & medical expenses	5	(675,009)	(631,245)
Employee benefits expenses		(8,213,982)	(7,526,457)
Depreciation and amortisation expenses	5	(209,660)	(181,699)
Lease expenses		(160,627)	(123,670)
Motor vehicle & travel expenses		(142,919)	(125,781)
Repairs & maintenance expenses		(132,260)	(99,253)
Rental expenses		(178,717)	(95,539)
Equipment purchases		(60,046)	(172,677)
Consultancy fees		(182,673)	(125,366)
Printing & stationery expenses		(82,603)	(64,589)
Cleaning expenses		(122,039)	(124,125)
Other expenses		(865,605)	(680,539)
Finance costs	5	(17,333)	(20,925)
<b>Profit/(loss) from operations</b>		<u>156,181</u>	<u>(217,095)</u>
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>156,181</u>	<u>(217,095)</u>

The accompanying notes form part of these financial statements.

**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	Notes	2010 \$	2009 \$	1 July 2008 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	2,006,590	1,712,447	1,597,168
Trade and other receivables	7	198,152	256,669	186,848
Other assets	8	31,853	27,446	25,431
<b>TOTAL CURRENT ASSETS</b>		<u>2,236,595</u>	<u>1,996,562</u>	<u>1,809,447</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	9	1,884,474	1,994,588	2,137,181
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,884,474</u>	<u>1,994,588</u>	<u>2,137,181</u>
<b>TOTAL ASSETS</b>		<u>4,121,069</u>	<u>3,991,150</u>	<u>3,946,628</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	704,290	750,420	589,898
Financial liabilities	11	77,460	61,219	57,627
Provisions	12	1,071,180	964,588	775,285
Other liabilities	13	132,698	145,744	181,210
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,985,628</u>	<u>1,921,971</u>	<u>1,604,020</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities	11	180,882	245,917	307,136
Provisions	12	416,157	441,041	436,156
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>597,039</u>	<u>686,958</u>	<u>743,292</u>
<b>TOTAL LIABILITIES</b>		<u>2,582,667</u>	<u>2,608,929</u>	<u>2,347,312</u>
<b>NET ASSETS</b>		<u>1,538,402</u>	<u>1,382,221</u>	<u>1,599,316</u>
<b>EQUITY</b>				
Reserves	14	-	48,092	48,092
Retained profits	15	1,538,402	1,334,129	1,551,224
<b>TOTAL EQUITY</b>		<u>1,538,402</u>	<u>1,382,221</u>	<u>1,599,316</u>

The accompanying notes form part of these financial statements.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Retained Profits	Reserve	Total
		\$	\$	\$
<b>Balance at 30 June 2008</b>		8,794,212	48,092	8,842,304
Adjustment on correction of error		(7,242,988)	-	(7,242,988)
<b>Restated total equity at the beginning of the financial year</b>		<u>1,551,224</u>	<u>48,092</u>	<u>1,599,316</u>
Comprehensive income/(loss) for the year	15	(217,095)	-	(217,095)
<b>Balance at 30 June 2009</b>		<u>1,334,129</u>	<u>48,092</u>	<u>1,382,221</u>
Comprehensive income/(loss) for the year	15	156,181	-	156,181
Transfers to and from reserves				
- asset revaluation reserve	14	-	-	-
<b>Balance at 30 June 2010</b>		<u>1,490,310</u>	<u>48,092</u>	<u>1,538,402</u>

The accompanying notes form part of these financial statements.

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**BANYULE COMMUNITY HEALTH  
ACN 135 660 454**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from clients and government grants		12,307,237	10,383,024
Payments to suppliers and employees		(11,917,717)	(10,224,760)
Interest received		71,585	78,193
Finance costs		(17,333)	(20,925)
Net cash provided by operating activities	16(b)	<u>443,772</u>	<u>215,532</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		93,825	43,802
Payment for property, plant and equipment		(194,660)	(86,428)
Net cash (used in) investing activities		<u>(100,835)</u>	<u>(42,626)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(61,219)	(57,627)
Net cash (used in) financing activities		<u>(61,219)</u>	<u>(57,627)</u>
Net increase in cash and cash equivalents held		281,718	115,279
Cash and cash equivalents at beginning of financial year		1,712,447	1,597,168
Cash and cash equivalents at end of financial year	16(a)	<u>1,994,165</u>	<u>1,712,447</u>

The accompanying notes form part of these financial statements.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report is for the entity Banyule Community Health ("the Company") as an individual entity. Banyule Community Health is a Company limited by guarantee, incorporated and domiciled in Australia. It is a not-for-profit entity and has applied those "Aus" paragraphs in Australian Accounting Standards applicable to not-for-profit entities.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Accounting standards not previously applied**

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to the current reporting period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

*Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial statement include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of a single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

*AASB 123 Borrowing Costs (revised 2007) effective 1 January 2009*

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Company has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. The Company did not capitalise any borrowing costs in the current year.

*AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 January 2009*

In May 2008 and April 2009 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- AASB 101 Presentation of Financial Statements: assets and liabilities classified as held for trading in accordance with AASB 139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Company amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities is in accordance with AASB 101. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.
- AASB 116 Property, Plant and Equipment: replace the term "net selling price" with "fair value less costs to sell". The Company amended its accounting policy accordingly, which did not result in any change in the financial position.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- AASB 123 Borrowing Costs: the definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one - the interest expense calculated using the effective interest rate method calculated in accordance with AASB 139. The Company has amended its accounting policy accordingly which did not result in any change in its statement of financial position.
- AASB 136 Impairment of Assets: when discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use".
- AASB 7 Financial Instruments - Disclosures: the amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

**(a) Income Tax**

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(b) Property, Plant and Equipment**

Each class of property plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

*Property*

Freehold land and buildings are shown at cost less subsequent depreciation for buildings and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at fair value of the asset at the date it is acquired.

*Plant and equipment*

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

*Depreciation*

The depreciable amount of all fixed assets, excluding freehold land, are depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The depreciation rates used for each class of depreciable assets are:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Buildings	5 %	Straight Line
Plant and equipment	20 %	Straight Line
Motor Vehicles	12.5 %	Straight Line
Office Equipment	10 %	Straight Line
Computer Equipment	20 %	Straight Line

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the asset revaluation reserve relating to that asset are transferred to retained profits.

**(c) Leases**

Leases of fixed assets where substantially all the risk and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(d) Financial Instruments**

*Recognition and Initial Measurement*

Financial instruments, including financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Classification and Subsequent Measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit of loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

*(v) Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

*Fair Value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability which is extinguished or transferred to another party and fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss

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**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash flows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment of loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**(f) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled inclusive of on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits inclusive of on-costs. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(h) Trade Creditors and Other Payables**

Trade creditors and other payables, including bank borrowings and distributions payable, are recognised at the nominal transaction value without taking into account the time value of money.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Grant and donation income is recognised when the entity obtains control over the funds which is generally at the time of the receipt.

Grant revenue is recognised in the statement of comprehensive income when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

**(k) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(l) Financial Liabilities**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(m) Economic Dependence**

The Company is dependant on grant funding, the majority of which came from State, Federal and local sources to operate the business. At the date of this report, the Board of Directors has no reason to believe that these sources of funding will not continue to support the Company.

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**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

*Key Estimates*

*(i) Impairment*

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**(o) Unexpended Grants**

The Company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat grants monies as unexpended grants in the statement of financial position where the Company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

**(p) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. The Company's assessment of the impact of those new standards and interpretations applicable to the Company is set out below:

**– AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9** (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that it may affect the accounting for available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Company will adopt AASB 9 from 1 July 2013.

**– Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards** (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Company will apply the amended standard from 1 July 2011. When the amendments are applied, the Company need to disclose any transactions between its subsidiaries and its associates. As the Company does not have any associates or subsidiaries, the amendment is unlikely to have a material effect on the Company's financial statements.

**– AASB 1053 Application of Tiers of Australian Accounting Standards**

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: Tier 1: Australian Accounting Standards; and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The amendment will become mandatory after 1 July 2013.

The Company does not anticipate early adopting these Standards.

**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 2: SEGMENT REPORTING</b>			
The Company operates predominantly in one business and geographical segment, being the provision of community services in the North Eastern suburbs of Melbourne.			
<b>NOTE 3: AUDITOR'S REMUNERATION</b>			
Remuneration of the auditor for:			
- auditing or reviewing the financial statements		10,000	11,000
- other services		<u>4,500</u>	<u>-</u>
		<u>14,500</u>	<u>11,000</u>
The company's auditor is HLB Mann Judd. The company's previous auditor was Accru Danby Bland Provan.			
<b>NOTE 4: REVENUE</b>			
<b>Sales revenue</b>			
- patient fees		1,335,874	1,146,058
- interest	4(a)	70,946	78,193
- rent		121,276	96,638
- government grants		9,354,537	8,179,686
- donations		40,963	19,815
- other revenue		<u>267,735</u>	<u>224,878</u>
		<u>11,191,331</u>	<u>9,745,268</u>
<b>Other income</b>			
- gain on sale of property, plant and equipment		8,323	9,502
Total Revenue		<u>11,199,654</u>	<u>9,754,770</u>
(a) Interest from:			
- financial institutions		<u>70,946</u>	<u>78,193</u>
		<u>70,946</u>	<u>78,193</u>

**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 5: PROFIT/(LOSS) FROM OPERATIONS</b>			
<b>(a) Expenses</b>			
Client programs and medical expenses		675,009	631,245
Finance costs:			
- financial institutions		<u>17,333</u>	<u>20,925</u>
Depreciation of property, plant and equipment			
- Plant and equipment		<u>209,660</u>	<u>181,699</u>
Bad and doubtful debts:			
- other entities		<u>1,818</u>	<u>-</u>
Writedown to recoverable amount		<u>9,612</u>	<u>13,022</u>
<b>(b) Revenue and Net Gains</b>			
Net gain on disposal of non-current assets			
- property, plant and equipment		<u>8,323</u>	<u>9,502</u>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>			
Cash on hand		1,320	1,320
Cash at bank		110,498	432,636
Deposits at call		<u>1,894,772</u>	<u>1,278,491</u>
		<u><b>2,006,590</b></u>	<u><b>1,712,447</b></u>
<b>NOTE 7: TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
Trade receivables		<u><b>198,152</b></u>	<u><b>256,669</b></u>

(a) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There was no provision for impairment raised as at 30 June 2009 and 30 June 2010.

(b) Credit Risk - Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of debtors.

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2010 \$	2009 \$	1 July 2008 \$
<b>NOTE 8: OTHER ASSETS</b>				
<b>CURRENT</b>				
Prepayments		24,488	19,442	
Other current assets		7,365	8,004	
		<u>31,853</u>	<u>27,446</u>	
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>				
<b>LAND AND BUILDINGS</b>				
At cost		1,346,800	1,346,800	1,346,800
Less accumulated depreciation		(264,563)	(224,986)	(205,195)
		<u>1,082,237</u>	<u>1,121,814</u>	<u>1,141,605</u>
Total land and buildings		<u>1,082,237</u>	<u>1,121,814</u>	<u>1,141,605</u>
<b>PLANT AND EQUIPMENT</b>				
<b>(a) Plant &amp; equipment</b>				
At cost		737,521	748,062	756,738
Less accumulated depreciation		(444,982)	(362,734)	(283,904)
		<u>292,539</u>	<u>385,328</u>	<u>472,834</u>
<b>(b) Motor vehicles</b>				
At cost		410,368	364,677	366,328
Less accumulated depreciation		(109,013)	(114,163)	(104,455)
		<u>301,355</u>	<u>250,514</u>	<u>261,873</u>
<b>(c) Computer equipment</b>				
At cost		118,652	133,862	213,802
Less accumulated depreciation		(69,104)	(73,772)	(144,894)
		<u>49,548</u>	<u>60,090</u>	<u>68,908</u>
<b>(d) Furniture, fixtures &amp; fittings</b>				
At cost		259,804	258,079	253,743
Less accumulated depreciation		(101,009)	(81,237)	(61,782)
		<u>158,795</u>	<u>176,842</u>	<u>191,961</u>
Total plant and equipment		<u>802,237</u>	<u>872,774</u>	<u>995,576</u>
Total property, plant and equipment		<u>1,884,474</u>	<u>1,994,588</u>	<u>2,137,181</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial years:

	<b>Land and Buildings</b>	<b>Plant &amp; equipment</b>	<b>Motor vehicles</b>	<b>Furniture, fixtures &amp; fittings</b>	<b>Computer equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>2010</b>						
Balance at the beginning of the year	1,121,814	385,328	250,514	176,842	60,090	1,994,588
Additions	-	5,960	177,210	1,725	9,765	194,660
Disposals	-	(3,359)	(85,501)	-	(6,254)	(95,114)
Depreciation expense	(39,577)	(95,390)	(40,868)	(19,772)	(14,053)	(209,660)
Carrying amount at end of year	<u>1,082,237</u>	<u>292,539</u>	<u>301,355</u>	<u>158,795</u>	<u>49,548</u>	<u>1,884,474</u>

	<b>Land and Buildings</b>	<b>Plant &amp; equipment</b>	<b>Motor vehicles</b>	<b>Furniture, fixtures &amp; fittings</b>	<b>Computer equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>2009</b>						
Balance at the beginning of the year	1,141,605	472,834	261,873	191,961	68,908	2,137,181
Additions	-	9,769	57,954	4,336	14,369	86,428
Disposals	-	-	(34,301)	-	-	(34,301)
Depreciation expense	(19,791)	(93,987)	(35,012)	(19,455)	(13,454)	(181,699)
Write offs	-	(3,288)	-	-	(9,733)	(13,021)
Carrying amount at end of year	<u>1,121,814</u>	<u>385,328</u>	<u>250,514</u>	<u>176,842</u>	<u>60,090</u>	<u>1,994,588</u>

**BANYULE COMMUNITY HEALTH  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 10: TRADE AND OTHER PAYABLES</b>			
CURRENT			
<i>Unsecured liabilities</i>			
Trade payables		218,716	282,599
Sundry payables and accruals		<u>485,574</u>	<u>467,821</u>
		<u><b>704,290</b></u>	<u><b>750,420</b></u>
<b>NOTE 11: FINANCIAL LIABILITIES</b>			
CURRENT			
<i>Unsecured liabilities</i>			
Bank overdrafts		<u>12,425</u>	<u>-</u>
<i>Secured liabilities</i>			
Mortgage loans		<u>65,035</u>	<u>61,219</u>
		<u><b>77,460</b></u>	<u><b>61,219</b></u>
NON-CURRENT			
<i>Secured liabilities</i>			
Bank loans		<u><b>180,882</b></u>	<u>245,917</u>
<p>The loan is held with the Treasury Corporation of Victoria and has the following terms:</p> <ul style="list-style-type: none"> <li>- Funds Borrowed: \$585,000</li> <li>- Type: Annuity Loan</li> <li>- Repayment Frequency: Quarterly</li> <li>- Interest Rate: 6.0930%</li> <li>- Maturity Date: 17/12/2013</li> </ul> <p>The borrowings are not directly secured by assets of the Company but have the benefit of being unconditionally and irrevocably guaranteed by the Government of Victoria pursuant to an agreement dated 18 December 2002.</p> <p>The borrowings are in Australian dollars and accordingly the Company does not face a foreign exchange risk in relation to this balance.</p>			
<b>NOTE 12: PROVISIONS</b>			
CURRENT			
Employee benefits	12(a)	<u><b>1,071,180</b></u>	<u>964,588</u>
NON-CURRENT			
Employee benefits	12(a)	<u><b>416,157</b></u>	<u>441,041</u>
(a) Aggregate employee benefits liability		<u><b>1,487,337</b></u>	<u>1,405,629</u>

**BANYULE COMMUNITY HEALTH  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 13: OTHER LIABILITIES</b>			
CURRENT			
Grants received in advance		117,200	145,744
Other current liabilities		<u>15,498</u>	<u>-</u>
		<u><b>132,698</b></u>	<u><b>145,744</b></u>
<b>NOTE 14: RESERVES</b>			
Asset revaluation reserve	(a)	<u>-</u>	<u>48,092</u>
(a) Asset Revaluation Reserve			
Movements during the financial year:			
Opening balance		48,092	48,092
Transfer from reserve	15	<u>(48,092)</u>	<u>-</u>
Closing balance		<u>-</u>	<u>48,092</u>
The asset revaluation reserve records revaluations of non-current assets held by the Company.			
<b>NOTE 15: RETAINED EARNINGS</b>			
Retained earnings at the beginning of the financial year		1,334,129	1,551,224
Net profit (loss) attributable to members of the Company		156,181	(217,095)
Transfers to reserves	14	<u>48,092</u>	<u>-</u>
Retained earnings at the end of the financial year		<u><b>1,538,402</b></u>	<u><b>1,334,129</b></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>NOTE 16: CASH FLOW INFORMATION</b>			
(a) Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows			
Cash and cash equivalents		2,006,590	1,712,447
Bank overdrafts		<u>(12,425)</u>	<u>-</u>
		<u>1,994,165</u>	<u>1,712,447</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit/(loss) from operating activities after income tax		156,181	(217,095)
Non-cash flows in profit			
Depreciation		209,660	181,699
Write-downs to recoverable amount		9,612	13,022
Net (gain) / loss on disposal of property, plant and equipment		(8,323)	(9,502)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		58,517	(69,821)
(Increase)/decrease in other assets		(4,407)	(2,015)
Increase/(decrease) in grants received in advance		(28,544)	(35,466)
Increase/(decrease) in trade and other payables		(30,632)	160,522
Increase/(decrease) in provisions		81,708	194,188
Cash inflows/(outflows) flows from operations		<u>443,772</u>	<u>215,532</u>

**NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION**

	Short-term benefits Salary and Fees	Post employment benefits Superannuation	Long service leave movement	Total
<b>2010</b>				
Total compensation	<u>372,391</u>	<u>56,361</u>	<u>5,973</u>	<u>434,725</u>
<b>2009</b>				
Total compensation	<u>375,646</u>	<u>61,919</u>	<u>8,248</u>	<u>445,813</u>

Directors are not paid any remuneration, rather they are reimbursed for costs incurred in discharging their duties as directors. No services were rendered to the Company during the year (2009: Nil) by the Directors and/or their related parties (an entity in which the Director is a member/shareholder/director, or with a company in which the Director has a substantial financial interest).

**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**NOTE 18: FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and lease liabilities.

**(a) Interest Rate Risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At 30 June 2010, the Company does not believe it is exposed to any material interest rate risk as most of its financial instruments bear a fixed rate of interest.

**(b) Liquidity Risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash only with major financial institutions; and
- comparing the maturity profile of its financial liabilities with the realisation profile of its financial assets.

At 30 June 2010, the Company does not believe it is exposed to any material liquidity risk.

The tables below reflect an undiscounted contractual maturity analysis for financial instruments of the Company.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

*Financial liability and financial assets maturity analysis*

	Within 1 year		1 to 5 years		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables (excluding estimated annual leave)	704,290	750,420	-	-	704,290	750,420
Financial liabilities	77,460	61,219	180,882	245,917	258,342	307,136
Total contractual outflows	781,750	811,639	180,882	245,917	962,632	1,057,556
Total expected outflow	781,750	811,639	180,882	245,917	962,632	1,057,556
<b>Financial assets - cash flows realisable</b>						
Cash and cash equivalents	1,991,092	1,712,447	-	-	1,991,092	1,712,447
Trade, term and loans receivable	198,152	256,669	-	-	198,152	256,669
Total anticipated inflows	2,189,244	1,969,116	-	-	2,189,244	1,969,116
Net (outflow)/inflow on financial instruments	1,407,494	1,157,477	(180,882)	(245,917)	1,226,612	911,560

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**BANYULE COMMUNITY HEALTH**  
**ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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**NOTE 18: FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Credit risk is also minimised by investing surplus cash with reputable financial institutions.

**(d) Sensitivity Analysis**

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, liquidity risk and credit risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates. A 1% increase in interest rates could have resulted in an increase to surplus and equity of \$19,898 (2009: \$14,053). Decrease in interest rates would have an equal and opposite effect on the Company's performance and equity.

**(e) Capital Management**

The Board manages cash to ensure that adequate cash flows are generated to fund the operations of the Company. Management procedures include estimations of cash flows and future cash requirements.

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**BANYULE COMMUNITY HEALTH**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<hr/>			
<b>NOTE 19: CAPITAL AND LEASING COMMITMENTS</b>			
(a) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable - minimum lease payments			
- not later than 12 months		<b>210,807</b>	224,193
- between 12 months and 5 years		<b>762,868</b>	817,231
		<u><b>973,675</b></u>	<u>1,041,424</u>

General description of leasing arrangement:

The Company is party to a number of operating leases in respect of premises and motor vehicles. They all have varying terms and conditions.

**NOTE 20: MEMBERS' GUARANTEE**

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 30 June 2010 the number of members was 700 (2009: 351).

**NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE**

No other events have arisen subsequent to the reporting date other than those already disclosed in the financial statements and the Directors' Report, which have significantly affected or may significantly affect the operations of the Company, its result or the state of affairs of the Company in future years.

**NOTE 22: CORRECTION OF ERROR**

In prior periods, the Company has incorrectly recognised funds administered on behalf of the Department of Human Services as revenue instead of funds held in trust. The effect of this error was to recognise capital grants totalling \$7,223,577.

In addition, the Company also recognised property, plant and equipment totalling \$7,423,577 where it did not control the assets and also depreciated the building and incurred depreciation charges totalling \$356,664.

The above errors led to the following:

- overstatement of property, plant and equipment (and net assets) by \$7,242,988 at 30 June 2008;
- understatement of the loss for the year ended 30 June 2009 by \$176,075 (being an overstatement of depreciation).

These errors have been addressed by restating the affected balances.

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**BANYULE COMMUNITY HEALTH  
ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

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**NOTE 23: CONTINGENT LIABILITIES AND ASSETS**

**Contingent Liabilities**

*Permissive Occupancy*

The Company continues as an agent of the Department of Health for service delivery as a contractor engaged under a funding and servicing agreement. As at 30 June 2010, no lease or tenancy agreement exists for the West Heidelberg property. Rather, the Company is deemed a "permissive occupant" of the property. It is proposed that the occupation of the premises by the Company will be formalised shortly. Therefore, a contingent liability exists on the basis that if the property were withdrawn the Company would have to source, at its own expense, an alternate premises in order to ensure that its service delivery could continue. As at 30 June 2010, this contingent liability cannot be reliably measured.

**NOTE 24: COMPANY DETAILS**

The registered office of the Company is:

Banyule Community Health

21 Alamein Road

West Heidelberg Victoria 3081

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**BANYULE COMMUNITY HEALTH  
ACN 135 660 454**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 28 are in accordance with the *Corporations Act 2001*, including:
  - (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2010 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



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Melinda Brooks

Director



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Peter Ogden

Dated this 20<sup>th</sup> day of September 2010

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANYULE COMMUNITY HEALTH****Report on the Financial Report**

We have audited the accompanying financial report of Banyule Community Health ("the Company"), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Company.

***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 procedures selected depend on the auditor's 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, the auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**HLB Mann Judd (VIC Partnership)**

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Liability limited by a scheme approved under Professional Standards Legislation

***Matters Relating to the Electronic Presentation of the Audited Financial Report***

This audit report relates to the financial report of Banyule Community Health for the year ended 30 June 2010 included in both the annual report and on the website of the Company. The directors of the Company are responsible for the integrity of the web site and we have not been engaged to report on the integrity of the web site. This audit report refers only to the annual financial report named above and not on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Company's website.

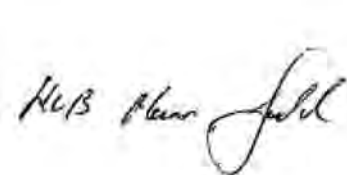
***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

***Auditor's Opinion***

In our opinion, the financial report of Banyule Community Health is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



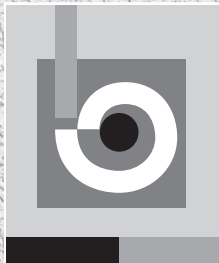
**HLB Mann Judd**  
Chartered Accountants



**Jude Lau**  
Partner

Melbourne  
20 September 2010





## **BANYULE**

Community Health

### **West Heidelberg:**

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West Heidelberg, Vic. 3081  
Tel: 03 9450 2000 Fax: 03 9459 508

### **Greensborough:**

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Greensborough, Vic. 3088  
Tel: 03 9433 5111 Fax: 03 9435 8922

**Email:** [banyule@bchs.org.au](mailto:banyule@bchs.org.au)

**Web:** [www.bchs.org.au](http://www.bchs.org.au)

Banyule Community Health Service Inc.  
ACN 135 660 454 ABN 87 776 964 889