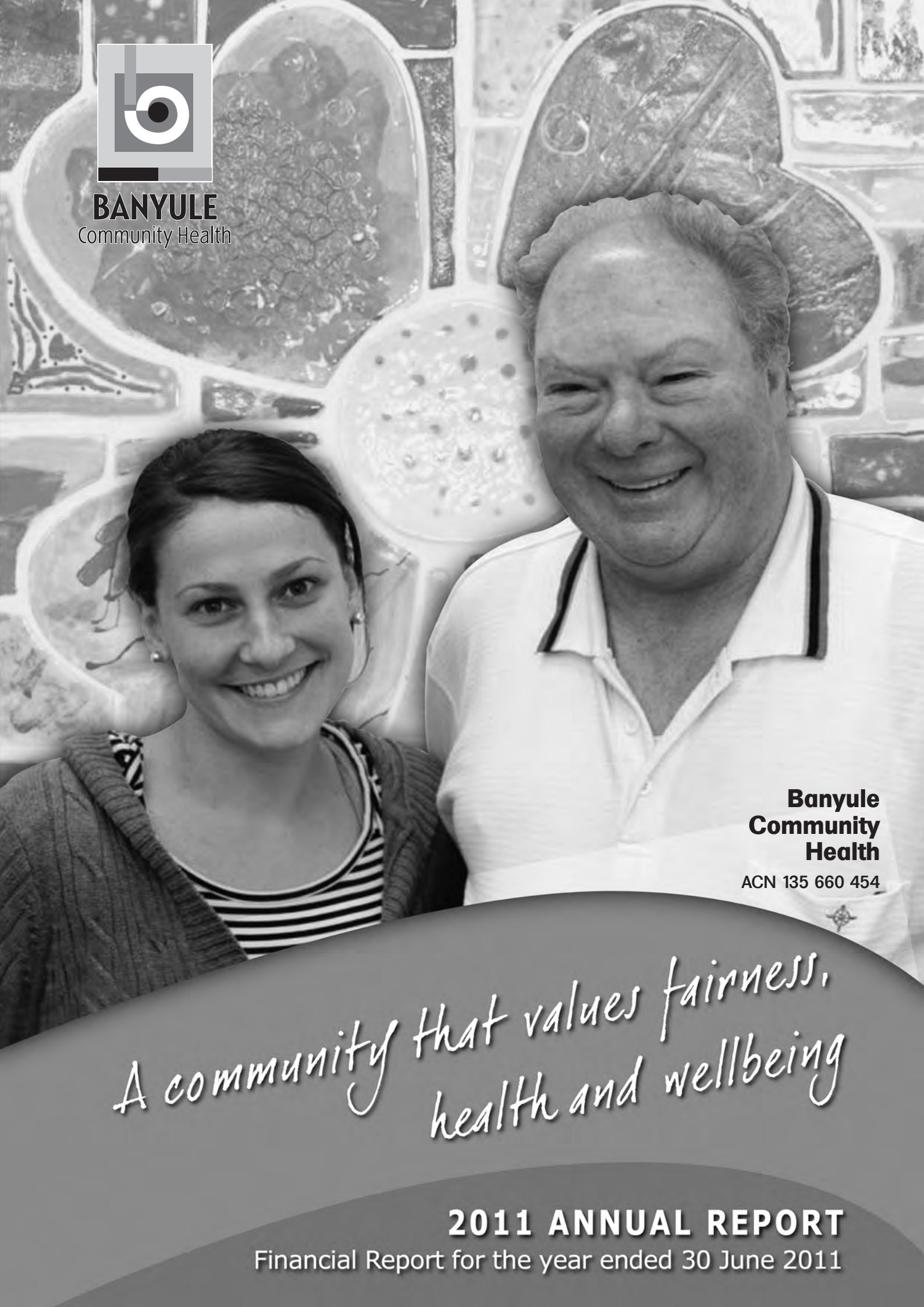


BANYULE
Community Health



**Banyule
Community
Health**

ACN 135 660 454

*A community that values fairness,
health and wellbeing*

2011 ANNUAL REPORT

Financial Report for the year ended 30 June 2011

**BANYULE COMMUNITY HEALTH
ACN 135 660 454**

TABLE OF CONTENTS

Directors' Report	1
Auditor's Independence Declaration	7
Financial Report	
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 26
Directors' Declaration	27
Independent Audit Report	28

BANYULE COMMUNITY HEALTH
ACN 135 660 454

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2011.

Directors

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

Melinda Brooks (resigned: 18 April 2011)

Peter Ogden

John Ferraro

Frances Baum

Denis Swift (Retired: 24 October 2010)

Bill Barber

Abdallah Ahmed

Larry Stephens (Resigned: 30 June 2011)

David McKenzie

Bob Dunn (Appointed: 24 October 2010)

Anthony O'Donnell (Appointed: 1 July 2011)

Dr Melissa Russell (Appointed: 1 July 2011)

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:

Jim Pasinis	– Company Secretary
Qualifications	– Dip Accounting, Grad Dip Health Administration, Associate Fellow Australasian College Health Service Management (ACHSM)
Experience	– Jim has worked for Banyule Community Health for the past 20 years as its CEO. Jim was appointed Company Secretary on 16 November 2009.
Special Responsibilities	– Chief Executive Officer

Operating Results

The loss of the Company for the financial year after providing for income tax amounted to \$181,107.

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.

Members Guarantee

The Company is incorporated under the Corporations Act 2011 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. As at 30 June 2011, the total amount of members of the Company that are liable to contribute of the Company is wound up is 705 (2010: 700).

**BANYULE COMMUNITY HEALTH
ACN 135 660 454**

DIRECTORS' REPORT (continued)

2010-11 Operational Plan

Goals/Objectives	Strategy	Outcome
STRATEGIC DIRECTION 1: QUALITY SERVICES		
1.1 Services are responsive to the changing needs of the community.	Develop better systems for responding to chronic disease. Undertake research through problem gambling research committee.	Project officer employed for 12 months and new model for chronic disease management developed. Research completed or underway in problem gambling, family violence in relation to the effectiveness of counselling methods
1.2 Enhance Client outcomes through coordinated healthcare delivery.	Implement new models of health promotion delivery to the community. Improve pathways for mental health clients between Banyule Community Health services and the broader service system.	New Health Promotion team established with project officer positions dedicated to health promotion roles. Dual Diagnosis Integrated Service Initiative recommendations delivered to steering committee, and project evaluation completed.
1.3 Identify and address barriers to access and equity.	Improve system of prioritisation of high needs clients.	Demand Management Framework implemented and demand management tools in use for community health programs.
1.4 Use technology to increase our ability to meet the needs of our community.	Review IT infrastructure Improve client management systems in Gambler's Help.	IT hardware upgraded including connectivity and disaster recovery TrakCare client management information system implemented.
STRATEGIC DIRECTION 2: HEALTHY COMMUNITIES		
2.1 The community to be actively involved in health and wellbeing.	Better involve carers of dual diagnosis clients in treatment planning	Capacity developed through participation in carer's forums and staff training. Framework developed.
2.2 Encourage community participation in all operational areas.	Enhance community participation at all levels through the development and implementation of a Community Participation Plan.	Strategies implemented including development of systems to involve consumers in staff recruitment processes and as consumer representatives on Board Sub-Committees.
2.3 Actively advocate addressing health and social inequities.	Embed social model of health in Banyule Community Health culture. Promote access to services for dual diagnosis clients through sharing of knowledge.	45 staff trained in the social model of health. Four research papers presented at national conferences, 4 papers submitted for publication, 1 conference poster presented.
STRATEGIC DIRECTION 3: A POSITIVE WORK ENVIRONMENT		
3.1 Improve flexibility in working conditions.	Increase flexibility through working from home arrangements.	Working from home policy and procedure developed and implemented.
3.2 Support innovation in workforce and professional development.	Provide more diverse opportunities for professional development Implement model of clinical supervision.	External Training Needs Assessment and review completed. Clinical supervision model developed and trialled for 12 months.
3.3 An organisational structure that meets the needs of the community.	Review organisational and team structures.	Development of a matrix structure for multidisciplinary chronic disease management team.
3.4 Work towards a green workplace.	Reduce BCH environmental impact.	Green Action Plan developed and 80% complete. Data being collated for reporting on impact.

Over 84% of the initiatives of the 2010-11 Operational Plan were either completed or substantially completed over the course of the year.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

DIRECTORS' REPORT (continued)

Information on Directors (Continued)

Information on Directors

The information on directors is as follows:

Melinda Brooks	– Director
Qualifications	– 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 Sub-Committee and President of the Board (since 2007). – Melinda resigned from the BCH Board of Directors effective 19 April 2011 due to family and work commitments.
Peter Ogden	– Director
Experience	– Peter retired in 2008 after 30 years as a director of a sign manufacturing business in West Heidelberg, and has been a member of the Board of Directors since 1990.
Special Responsibilities	– Peter is the convenor of the Audit and Finance Sub-Committee and the Banyule Community Health representative on the Olympic Village Adult Education Centre (Vice President) Committee of Management. Peter is also the community representative on Consumer Committee of the North East Valley Division of General Practice. – Treasurer Of BCH Board of Directors
John Ferraro	– Director
Qualifications	– Bachelor Science, Bachelor Orthoptics, Master Health Administration.
Experience	– John is a trained Orthoptist and has previously worked as a clinician in the private and public sector. Previously he has also been employed in various roles within the acute health and university sectors. John is a Member of Australian Institute of Company Directors. John has been a member of the Board of Directors since 2008.
Special Responsibilities	– Member of the Audit and Finance Sub-Committee. – Deputy Chair BCH Board of Directors – Acting Chair of BCH Board of Directors effective 19 April 2011
Frances Baum	– Director
Experience	– 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.
Special Responsibilities	– Member of the Client Services and Staffing Sub-Committee.
Denis Swift	– 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

BANYULE COMMUNITY HEALTH
ACN 135 660 454

DIRECTORS' REPORT (continued)

Information on Directors (Continued)

	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 Sub-Committee. – Denis retired from the Board of Directors effective from 25 October 2010.
Bill Barber	– Director
Qualifications	– Diploma in Building & Building Surveying as well as a Certificate IV in Legal Studies.
Experience	– Bill has worked for the former cities of Coburg and Malvern as well as a private building surveyor. He spent 42 years in State and Local Government as a building surveyor and Director in Local Government in enforcing building laws and local By-Laws. Bill worked for 15 years as a private consultant project managing and building surveying. Bill was elected to the Board of Directors in 2007.
Special Responsibilities	– Member of the Client Services and Staffing Sub-Committee.
Abdallah Ahmed	– Director
Experience	– Abdalla is a Somali Community Leader in West Heidelberg and works as an advocate for 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 Sub-Committee.
Larry Stephens	– 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 Sub Committee – Larry Retired from the BCH Board of Directors effective from 30 June 2011.
David McKenzie	– Director
Qualifications	– David commenced his career as a primary school teacher and has taught at many local schools such as Watsonia, Viewbank, Greenhills, Briar Hill and Eltham. He holds a Degree in Economics.
Experience	– David was a foundation member of the Diamond Valley Shire Council (1964) and Shire President from 1969 to 1971. David was the Member for Diamond Valley in the House of Representatives from 1972 to 1975. He was the former Chairman of the Publications Committee of the House of Representatives and Chairman of the Joint House and Senate Publications Committee. He is the Past National President of the Association of Former Members of the Australian Parliament.
Special Responsibilities	– – Member of the Audit and Finance Sub Committee

BANYULE COMMUNITY HEALTH
ACN 135 660 454

DIRECTORS' REPORT (continued)

Information on Directors (Continued)

- Bob Dunn - Director
- Experience
- Bob has been involved with Diabetes Support Group for 13 years, commencing with Greensborough/Diamond Valley Community Services which amalgamated with West Heidelberg Community Health Centre to form Banyule Community Health in 1997.
 - Bob has been a key person in the Support Group, working tirelessly for the group, organising bus trips and social functions while acting as the chairperson and main contact.
 - Bob is an editor and primary contributor to our monthly Diabetes Newsletter currently distributed to 260 members. Bob is dedicated to raising community awareness of diabetes and other chronic diseases by alerting members to the service available from Banyule Community Health.
 - Bob was elected to the Board of Directors in 2010.
- Special Responsibilities
- Client Services and Staffing Sub-Committee
- Anthony O'Donnell - Director
- Experience
- Anthony O'Donnell is currently a project manager working on capital projects at Eastern Health, including a role in the redevelopment of Box Hill Hospital. His background is as a registered nurse specialising in oncology and haematology and he has spent most of his clinical career at Box Hill Hospital and the Austin Hospital.
 - Previously Anthony has been employed in a number of roles including unit manager of the cancer unit and manager of the critical care service at Box Hill Hospital, and he has managed a number of capital projects at Eastern Health.
 - Anthony has extensive experience working in the acute health sector both as a clinician and a health planner and holds a Bachelor of Nursing (Honours) and a Masters of Health Administration.
- Dr Melissa Russell - Director
- Experience
- Melissa's background is as a physiotherapist and she has worked in a variety of fields of physiotherapy in Australia and overseas.
 - Following many years as a physiotherapist Melissa undertook her PhD through the University of Melbourne and the National Ageing Research Institute and completed it in 2008. She has since worked in public health research, focusing on the areas of healthy ageing, the benefits of physical activity and injury prevention.
 - She is currently employed at the University of Melbourne as a Lecturer in Epidemiology and Coordinator of the Master of Public Health course.

**BANYULE COMMUNITY HEALTH
ACN 135 660 454**

DIRECTORS' REPORT (continued)

Information on Directors (Continued)

Meetings of Directors

DIRECTORS	DIRECTORS' MEETINGS		COMMITTEE 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 (resigned effective from 19 April 2011)	9	7	-	-	3	2
Peter Ogden	11	10	10	7	-	-
John Ferraro	11	10	10	9	-	-
Frances Baum	11	7	-	-	3	3
Denis Swift (retired effective 25 October 2011)	4	3	-	-	-	-
Bill Barber	11	7	6	4	3	1
Abdallah Ahmed	11	4	-	-	3	1
Larry Stephens (retired effective 30 June 2011)	11	9	10	9	-	-
David McKenzie	11	11	10	10	-	-
Bob Dunn	7	7	5	5	2	2
Anthony O'Donnell	-	-	-	-	-	-
Dr Melissa Russell	-	-	-	-	-	-

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



John Ferraro

Director



Peter Ogden

Dated this 19th day of September 2011

**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 2011 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
19 September 2011

HLB Mann Judd (VIC Partnership)

Level 11 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation

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

BANYULE COMMUNITY HEALTH
ACN 135 660 454

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
Revenue	3	11,228,705	11,199,654
Client programs & medical expenses	4	(690,306)	(675,009)
Employee benefits expenses		(8,799,375)	(8,213,982)
Depreciation & amortisation expenses	4	(221,053)	(209,660)
Lease expenses		(100,808)	(160,627)
Motor vehicle & travel expenses		(145,368)	(142,919)
Repairs & maintenance expenses		(142,542)	(132,260)
Rental expenses		(148,782)	(178,717)
Equipment purchases		(47,033)	(60,046)
Consultancy fees		(65,124)	(182,673)
Printing & stationery expenses		(78,378)	(82,603)
Cleaning expenses		(133,406)	(122,039)
Other expenses		(824,121)	(865,605)
Finance costs	4	<u>(13,516)</u>	<u>(17,333)</u>
Profit/(loss) from operations		<u>(181,107)</u>	<u>156,181</u>
Other comprehensive income/(loss)			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>(181,107)</u>	<u>156,181</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 2011**

	Notes	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,820,178	2,006,590
Trade and other receivables	6	238,232	198,152
Financial assets		700,000	-
Other assets	7	27,717	31,853
TOTAL CURRENT ASSETS		<u>2,786,127</u>	<u>2,236,595</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,785,873	1,884,474
TOTAL NON-CURRENT ASSETS		<u>1,785,873</u>	<u>1,884,474</u>
TOTAL ASSETS		<u>4,572,000</u>	<u>4,121,069</u>
CURRENT LIABILITIES			
Trade and other payables	9	793,987	704,290
Financial liabilities	10	69,090	77,460
Provisions	11	1,061,405	1,071,180
Other liabilities	12	618,937	132,698
TOTAL CURRENT LIABILITIES		<u>2,543,419</u>	<u>1,985,628</u>
NON-CURRENT LIABILITIES			
Financial liabilities	10	111,792	180,882
Provisions	11	559,494	416,157
TOTAL NON-CURRENT LIABILITIES		<u>671,286</u>	<u>597,039</u>
TOTAL LIABILITIES		<u>3,214,705</u>	<u>2,582,667</u>
NET ASSETS		<u>1,357,295</u>	<u>1,538,402</u>
EQUITY			
Retained earnings	18	1,357,295	1,538,402
TOTAL EQUITY	13	<u>1,357,295</u>	<u>1,538,402</u>

The accompanying notes form part of these financial statements.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Retained earnings \$	Reserve \$	Total \$
Balance at 30 June 2009		1,334,129	48,092	1,382,221
Comprehensive income/(loss) for the year	13	156,181	-	156,181
Transfers to and from reserves				
- asset revaluation reserve		<u>48,092</u>	<u>(48,092)</u>	-
Balance at 30 June 2010		<u>1,538,402</u>	-	<u>1,538,402</u>
Comprehensive income/(loss) for the year	13	<u>(181,107)</u>	-	<u>(181,107)</u>
Balance at 30 June 2011		<u>1,357,295</u>	-	<u>1,357,295</u>

The accompanying notes form part of these financial statements.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from clients and government grants		12,757,871	12,307,237
Payments to suppliers and employees		(12,100,668)	(11,917,717)
Interest received		88,793	71,585
Finance costs		<u>(13,516)</u>	<u>(17,333)</u>
Net cash provided by operating activities	14(b)	<u>732,480</u>	<u>443,772</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		36,200	93,825
Payment for property, plant and equipment		(177,632)	(194,660)
Payment for term deposit		<u>(700,000)</u>	<u>-</u>
Net cash (used in) investing activities		<u>(841,432)</u>	<u>(100,835)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		<u>(65,035)</u>	<u>(61,219)</u>
Net cash (used in) financing activities		<u>(65,035)</u>	<u>(61,219)</u>
Net increase/(decrease) in cash and cash equivalents held		(173,987)	281,718
Cash and cash equivalents at beginning of financial year		<u>1,994,165</u>	<u>1,712,447</u>
Cash and cash equivalents at end of financial year	14(b)	<u><u>1,820,178</u></u>	<u><u>1,994,165</u></u>

The accompanying notes form part of these financial statements.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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.

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 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 following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these standards did not have a material impact on the current period or any prior period and is not likely to affect future periods.

(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.

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.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	5 %	Straight Line
Plant and equipment	20 %	Straight Line
Motor Vehicles	12.5 %	Straight Line
Office Equipment	10 %	Straight Line
Furniture Fixtures and Fittings	10 %	Straight Line
Computer Equipment	20 %	Straight Line

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

Finance 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.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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) 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.

(ii) 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 company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) 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.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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.

Contributions are made by the Company to employees' superannuation fund and are charged as an expense when incurred.

(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 financial liabilities in current liabilities on the statement of financial position.

(h) Trade Creditors and Other Payables

Trade creditors and other payables, are recognised at the nominal transaction value without taking into account the time value of money, as the effect of discounting is assessed to be immaterial.

(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.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 have no reason to believe that these sources of funding will not continue to support the Company.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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. Key judgements are made by management in determining the recoverable amount.

(o) Unearned Income

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 2011 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.

– 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 needs 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.

– AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

Amendments made to AASB 7 Financial Instruments: *Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Company's disclosures. The amendment will become mandatory after 1 July 2013.

The Company does not anticipate early adopting these Standards.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE 2: AUDITOR'S REMUNERATION			
Remuneration of the auditor for:			
- auditing or reviewing the financial statements		10,500	10,000
- other services		<u>4,725</u>	<u>4,500</u>
		<u>15,225</u>	<u>14,500</u>
The company's auditor is HLB Mann Judd.			
NOTE 3: REVENUE			
Sales revenue			
- patient fees		1,420,728	1,335,874
- interest	3(a)	94,054	70,946
- rent		107,453	121,276
- government grants		9,292,642	9,354,537
- donations		40,301	40,963
- other revenue		<u>268,952</u>	<u>267,735</u>
		<u>11,224,130</u>	<u>11,191,331</u>
Other income			
- gain on sale of property, plant and equipment		<u>4,575</u>	<u>8,323</u>
Total Revenue		<u>11,228,705</u>	<u>11,199,654</u>
(a) Interest from:			
- financial institutions		<u>94,054</u>	<u>70,946</u>
		<u>94,054</u>	<u>70,946</u>
NOTE 4: PROFIT/(LOSS) FROM OPERATIONS			
(a) Expenses			
Client programs and medical expenses		690,306	675,009
Finance costs:			
- financial institutions		<u>13,516</u>	<u>17,333</u>
Depreciation of property, plant and equipment			
- Plant and equipment		<u>221,053</u>	<u>209,660</u>
Bad and doubtful debts:			
- other entities		<u>744</u>	<u>1,818</u>
Writedown to recoverable amount		<u>23,555</u>	<u>9,612</u>
(b) Revenue and Net Gains			
Net gain on disposal of non-current assets			
- property, plant and equipment		<u>4,575</u>	<u>8,323</u>

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE 5: CASH AND CASH EQUIVALENTS			
Cash on hand		1,340	1,320
Cash at bank		160,869	110,498
Deposits at call		<u>1,657,969</u>	<u>1,894,772</u>
		<u>1,820,178</u>	<u>2,006,590</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables		<u>238,232</u>	<u>198,152</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 2010 and 30 June 2011.

(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. The ageing analysis is provided in the table below.

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.

	Gross Amount	Past due and Impaired	Past due but not impaired (Days overdue)			
			<30	31-60	61-90	> 90
2011						
Trade receivables	238,232	-	218,018	8,000	11,354	861
2010						
Trade receivables	198,152	-	185,782	4,950	7,420	-

NOTE 7: OTHER ASSETS

CURRENT

	2011 \$	2010 \$
Prepayments	8,938	24,488
Other current assets	<u>18,779</u>	<u>7,365</u>
	<u>27,717</u>	<u>31,853</u>

**BANYULE COMMUNITY HEALTH
ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
LAND AND BUILDINGS			
At cost		1,346,800	1,346,800
Less accumulated depreciation		<u>(304,139)</u>	<u>(264,563)</u>
		<u>1,042,661</u>	<u>1,082,237</u>
Total land and buildings		<u>1,042,661</u>	<u>1,082,237</u>
PLANT AND EQUIPMENT			
(a) Plant & equipment			
At cost		691,524	737,521
Less accumulated depreciation		<u>(478,368)</u>	<u>(444,982)</u>
		<u>213,156</u>	<u>292,539</u>
(b) Motor vehicles			
At cost		391,224	410,368
Less accumulated depreciation		<u>(123,077)</u>	<u>(109,013)</u>
		<u>268,147</u>	<u>301,355</u>
(c) Computer equipment			
At cost		163,395	118,652
Less accumulated depreciation		<u>(72,107)</u>	<u>(69,104)</u>
		<u>91,288</u>	<u>49,548</u>
(d) Furniture, fixtures & fittings			
At cost		291,929	259,804
Less accumulated depreciation		<u>(121,308)</u>	<u>(101,009)</u>
		<u>170,621</u>	<u>158,795</u>
Total plant and equipment		<u>743,212</u>	<u>802,237</u>
Total property, plant and equipment		<u>1,785,873</u>	<u>1,884,474</u>

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: 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:

	Land and Buildings	Plant & equipment	Motor vehicles	Furniture, fixtures & fittings	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
2011						
Balance at the beginning of the year	1,082,237	292,539	301,355	158,795	49,548	1,884,474
Additions	-	33,110	43,487	32,125	68,910	177,632
Disposals	-	(16,668)	(31,625)	-	(6,887)	(55,180)
Depreciation expense	<u>(39,576)</u>	<u>(95,825)</u>	<u>(45,070)</u>	<u>(20,299)</u>	<u>(20,283)</u>	<u>(221,053)</u>
Carrying amount at end of year	<u>1,042,661</u>	<u>213,156</u>	<u>268,147</u>	<u>170,621</u>	<u>91,288</u>	<u>1,785,873</u>
2010						
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	<u>(39,577)</u>	<u>(95,390)</u>	<u>(40,868)</u>	<u>(19,772)</u>	<u>(14,053)</u>	<u>(209,660)</u>
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>

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE 9: TRADE AND OTHER PAYABLES			
CURRENT			
<i>Unsecured liabilities</i>			
Trade payables		164,347	218,716
Sundry payables and accruals		<u>629,640</u>	<u>485,574</u>
		<u>793,987</u>	<u>704,290</u>
NOTE 10: FINANCIAL LIABILITIES			
CURRENT			
<i>Secured liabilities</i>			
Bank overdrafts		-	12,425
Mortgage loans		<u>69,090</u>	<u>65,035</u>
		<u>69,090</u>	<u>77,460</u>
NON-CURRENT			
<i>Secured liabilities</i>			
Bank loans		<u>111,792</u>	<u>180,882</u>
<p>The loan is held with the Treasury Corporation of Victoria and has the following terms:</p> <ul style="list-style-type: none"> - Funds Borrowed: \$585,000 - Type: Annuity Loan - Repayment Frequency: Quarterly - Interest Rate: 6.0930% - Maturity Date: 17/12/2013 <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 any foreign exchange risk in relation to this balance.</p>			
NOTE 11: PROVISIONS			
CURRENT			
Employee benefits	11(a)	<u>1,061,405</u>	<u>1,071,180</u>
NON-CURRENT			
Employee benefits	11(a)	<u>559,494</u>	<u>416,157</u>
(a) Aggregate employee benefits liability		<u>1,620,899</u>	<u>1,487,337</u>
NOTE 12: OTHER LIABILITIES			
CURRENT			
Grants received in advance		600,019	117,200
Other current liabilities		<u>18,918</u>	<u>15,498</u>
		<u>618,937</u>	<u>132,698</u>

**BANYULE COMMUNITY HEALTH
ACN 135 660 454**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
NOTE 13: RETAINED EARNINGS			
Retained earnings at the beginning of the financial year		1,538,402	1,334,129
Net profit (loss) attributable to members of the Company		(181,107)	156,181
Transfers from reserves		<u>-</u>	<u>48,092</u>
Retained earnings at the end of the financial year		<u>1,357,295</u>	<u>1,538,402</u>
NOTE 14: CASH FLOW INFORMATION			
(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		1,820,178	2,006,590
Bank overdrafts		<u>-</u>	<u>(12,425)</u>
		<u>1,820,178</u>	<u>1,994,165</u>
(b) Reconciliation of cash flow from operations with profit after income tax			
Profit/(loss) from operating activities after income tax		(181,107)	156,181
Non-cash flows in profit/(loss):			
Depreciation		221,053	209,660
Write-downs to recoverable amount		23,555	9,612
Net (gain) / loss on disposal of property, plant and equipment		(4,575)	(8,323)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(40,080)	58,517
(Increase)/decrease in other assets		4,136	(4,407)
Increase/(decrease) in grants received in advance		482,819	(28,544)
Increase/(decrease) in trade and other payables		93,117	(30,632)
Increase/(decrease) in provisions		<u>133,562</u>	<u>81,708</u>
Cash inflows/(outflows) flows from operations		<u>732,480</u>	<u>443,772</u>

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits	Post employment benefits		Total
	Salary and Fees	Superannuation	Other	
2011				
Total compensation	<u>387,152</u>	<u>57,146</u>	<u>6,098</u>	<u>450,396</u>
2010				
Total compensation	<u>372,391</u>	<u>56,361</u>	<u>5,973</u>	<u>434,725</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 (2010: 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).

NOTE 16: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and interest bearing 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 2011, 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 2011, 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.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)

Financial liability and financial assets maturity analysis

	Within 1 year		1 to 5 years		Total	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated annual leave)	793,897	704,290	-	-	793,897	704,290
Financial liabilities	<u>69,090</u>	<u>77,460</u>	<u>111,792</u>	<u>180,882</u>	<u>180,882</u>	<u>258,342</u>
Total contractual outflows	<u>862,987</u>	<u>781,750</u>	<u>111,792</u>	<u>180,882</u>	<u>974,779</u>	<u>962,632</u>
Total expected outflow	<u>862,987</u>	<u>781,750</u>	<u>111,792</u>	<u>180,882</u>	<u>974,779</u>	<u>962,632</u>
Financial assets - cash flows realisable						
Cash and cash equivalents	1,820,178	2,006,590	-	-	1,820,178	2,006,590
Trade, term and loans receivable	238,232	198,152	-	-	238,232	198,152
Financial assets	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>-</u>
Total anticipated inflows	<u>2,758,410</u>	<u>2,204,742</u>	<u>-</u>	<u>-</u>	<u>2,758,410</u>	<u>2,204,742</u>
Net (outflow)/inflow on financial instruments	<u>1,895,423</u>	<u>1,422,992</u>	<u>(111,792)</u>	<u>(180,882)</u>	<u>1,783,631</u>	<u>1,242,110</u>

(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 \$25,188 (2010: \$19,898). 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.

(f) Fair value

The fair value of financial assets and liabilities must be estimated for recognition/measurement/disclosure purposes. When determining the fair value of financial instruments, the following fair value hierarchy is observed:

- a) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- b) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (level 2)
- c) Inputs for the assets or liabilities that are based on observable market data (level 3).

The carrying amounts of recognised financial instruments approximates their fair value.

BANYULE COMMUNITY HEALTH
ACN 135 660 454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE 17: CAPITAL AND LEASING COMMITMENTS			
(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		156,831	180,934
- between 12 months and 5 years		<u>87,444</u>	<u>64,523</u>
		<u>244,275</u>	<u>245,457</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 18: 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 outstandings and obligations of the company. At June 30, 2011 the number of members was 705 (2010: 700).

NOTE 19: 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 20: 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 2011, 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 in due course. 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 2011, this contingent liability cannot be reliably measured.

NOTE 21: COMPANY DETAILS

The registered office of the Company is:

Banyule Community Health

21 Alamein Road

West Heidelberg Victoria 3081

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 8 to 26 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 2011 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 _____
John Ferraro



Director _____
Peter Ogden

Dated this 19th day of September 2011

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 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 Company'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 company'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 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

HLB Mann Judd (VIC Partnership)

Level 1 | 160 Queen Street Melbourne VIC 3000 | GPO Box 2850 Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

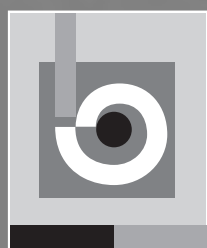
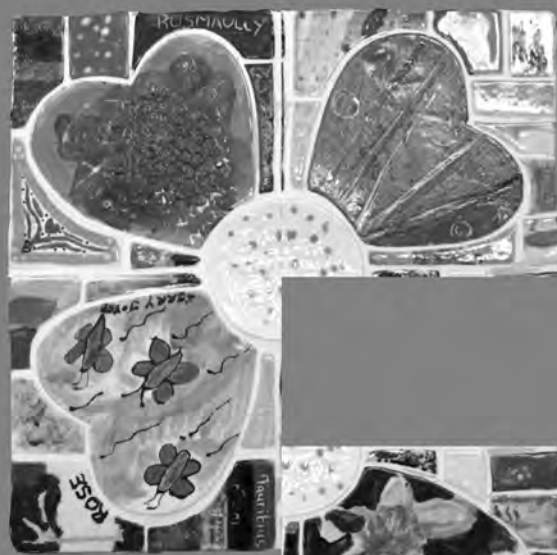
Liability limited by a scheme approved under Professional Standards Legislation

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the Company's financial report for the financial year ended 30 June 2011 included in the Company's annual report and on its website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

**HLB Mann Judd**
Chartered Accountants**Jude Lau**
PartnerMelbourne
19 September 2011



BANYULE
Community Health

West Heidelberg:

21 Alamein Road,
West Heidelberg, Vic. 3081
Tel: 03 9450 2000 Fax: 03 9459 5808

Greensborough:

Pauline Toner Centre,
3/25 Grimshaw Street,
Greensborough, Vic. 3088
Tel: 03 9433 5111 Fax: 03 9435 8922

Email: banyule@bchs.org.au

Web: www.bchs.org.au

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

This report has been printed on fully recycled stock.