

# **TWEED VALLEY RESPITE SERVICE INC**

**ABN: 35 023 657 150**

**Financial Report For The Year Ended  
30 June 2011**

# **TWEED VALLEY RESPITE SERVICE INC**

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## **Financial Report For The Year Ended 30 June 2011**

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**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**COMMITTEE'S REPORT**

Your committee members submit the financial report of the Tweed Valley Respite Service INC for the financial year ended 30 June 2011.

**Committee Members**

The names of committee members throughout the year and at the date of this report are:

Milena Morrow  
Carole Van't Riet  
Leo Dunphy resigned (8/12/2010)  
Jenny Hicks  
Garry Smith  
Tara Reale appointed (2/09/2010)  
John Storey appointed (27/10/2010)  
Sandra Coffin appointed (23/02/2011)

**Principal Activities**

The principal activities of the association during the financial year were to provide social facilities to members of the association.

**Significant Changes**

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

**Operating Result**

The profit after providing for income tax amounted to \$323,345.  
Signed in accordance with a resolution of the Members of the Committee.



**Milena Morrow**



**Garry Smith**

Dated this 23rd day of November 2011

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>INCOME</b>			
Funding revenue	3	6,081,972	5,783,095
Brokerage revenue	2	585,525	208,128
Interest received		256,038	94,557
Fees received		174,689	151,592
Other Income		117,951	71,940
		<u>7,216,175</u>	<u>6,309,312</u>
<b>EXPENDITURE</b>			
Employment expenses	6	5,154,857	4,598,904
Brokerage paid		531,766	270,294
Program and related expenses		440,967	472,783
Office and system related expenses	4	223,670	227,649
Motor vehicle expenses	5	163,942	158,271
Depreciation		130,112	112,691
Operating lease rentals		74,133	88,808
Funding returned to funding body		27,857	26,730
Insurance-general		12,013	27,195
Marketing		10,900	20,304
Temporary labour hire		1,208	40,109
Loss on sale of property, plant and equipment		-	5,487
Other costs		121,405	60,154
		<u>6,892,830</u>	<u>6,109,379</u>
<b>Operating surplus before income tax</b>		323,345	199,933
Income tax expense	1	-	-
<b>Operating surplus after income tax</b>		<u>323,345</u>	<u>199,933</u>
<b>Retained earnings at beginning of financial year</b>		3,265,560	3,065,627
<b>Retained earnings at end of financial year</b>		<u>3,588,905</u>	<u>3,265,560</u>

The accompanying notes form part of these financial statements.

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**ASSETS AND LIABILITIES STATEMENT AS AT 30 JUNE 2011**

	<b>Note</b>	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7a	1,125,695	121,985
Financial asset (term deposit)	7b	2,470,507	2,309,374
Trade and other receivables	9	271,433	37,048
<b>Total current assets</b>		<u>3,867,635</u>	<u>2,468,407</u>
<b>Non-current assets</b>			
Property, plant and equipment and capital works in progress	10	1,946,715	1,759,888
<b>Total non-current assets</b>		<u>1,946,715</u>	<u>1,759,888</u>
<b>TOTAL ASSETS</b>		<u>5,814,350</u>	<u>4,228,295</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	509,163	219,554
Funding creditors		61,616	35,514
Funding received in advance	12	1,100,950	175,832
Provision for employee entitlements	13	454,972	412,411
<b>Total current liabilities</b>		<u>2,126,701</u>	<u>843,311</u>
<b>Non-current liabilities</b>			
Provision for employee entitlements	13	98,744	119,424
<b>Total non-current liabilities</b>		<u>98,744</u>	<u>119,424</u>
<b>TOTAL LIABILITIES</b>		<u>2,225,445</u>	<u>962,735</u>
<b>NET ASSETS</b>		<u>3,588,905</u>	<u>3,265,560</u>
<b>ACCUMULATED FUNDS</b>			
Retained earnings		3,588,905	3,265,560
<b>TOTAL ACCUMULATED FUNDS</b>		<u>3,588,905</u>	<u>3,265,560</u>

The accompanying notes form part of this financial report.

**TWEED VALLEY RESPITE SERVICE INC ABN: 35 023 657 150**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from funding bodies, clients & brokerage		7,312,819	6,742,864
Payments to employees and suppliers		(6,201,155)	(6,795,999)
Interest received		256,038	94,557
Receipts from funding body for cottage extension		102,715	-
Net cash provided by operating activities	8	1,470,417	41,422
<b>CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		11,363	1,000
Payments for property, plant & equipment		(316,937)	(563,489)
Increase in term deposits	8	(161,133)	(978,125)
Net cash (used In) investing activities		(466,707)	(1,540,614)
Net increase / (decrease) in cash held		1,003,710	(1,499,192)
Add: cash as at 1 July 2010	8	121,985	1,621,177
<b>CASH AS AT 30 JUNE 2011</b>	7	1,125,695	121,985

The accompanying notes form part of these financial statements.

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1 Summary of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act New South Wales. The committee has determined, for the current financial year, that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act New South Wales and the following Australian Accounting Standards:

AASB 112	Income Taxes
AASB 1031	Materiality
AASB 110	Events After the Balance Sheet Date
AASB 117	Leases

The measurement and recognition principles contained in the following Australian Accounting Standards have been applied:

AASB 119	Employee Benefits
AASB 137	Provisions, Contingent Liabilities and Assets
AASB 1004	Contributions
AASB 116	Property, Plant and Equipment

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**(a) Income Tax**

The entity is exempt from Income Tax in accordance with Division 50 of the Income Tax Assessment Act 1997. Consequently, no provision for income tax has been brought to account.

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

Basis of measurement and carrying amount

Plant and equipment, including motor vehicles are stated at cost less accumulated depreciation.

Any property, plant and equipment donated to the entity are recognised at fair value at the date the company obtains control of the assets.

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the entity, commencing from the time the asset is held ready for use. Depreciation is calculated on a prime cost basis over the expected useful lives of the assets as follows:

	Method	2011	2010
Buildings	prime cost	2.5%	2.5%
Plant and equipment	prime cost	6.67% - 100%	6.67% - 100%
Motor vehicles	prime cost	10.0%	10.0%

**(c) Impairment of Assets**

At the end of each reporting period, the entity 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 recognised in the income and expenditure statement.

**(d) Employee Benefits**

Employee benefits comprise wages and salaries, annual leave, long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees services up to reporting date. Liabilities for annual leave in respect of employee services up to the reporting date are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for employee benefits and measured at their discounted value. Long service leave is accrued for all employees from the date of their commencement.

The entity pays contributions to certain superannuation plans. Contributions are recognised in the income statement when they are due. The entity has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

**(e) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**

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

**(f) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

**(g) Revenue and Other Income**

**Government funding**

The entity's aged care and disability programs are supported by grants received from federal (Commonwealth), state and local governments. Funding receive on condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Funding revenue (including those for capital projects) is recognised as services are performed or conditions fulfilled. Funding is deferred to the next financial year when specified services have not been delivered or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

**Interest received**

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

**Fees**

Fee income is recognised when the service is provided to the entity's clients.

**Brokerage income**

Brokerage income is recognised upon invoice.

**(h) Leases**

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity, 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 that 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 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.

**(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 Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

**Note 2 Brokerage income**

	2011	2010
	\$	\$
Brokerage - external	407,164	224
Brokerage - "Your Choice"	117,944	(500)
Brokerage - other (net of internal charges)	59,700	31,769
Brokerage - client support	717	176,635
	585,525	208,128

Brokerage - "Your Choice" (prior year: brokerage - client support) is internally generated revenue with a corresponding expense included in the "brokerage paid" expense, disclosed on the face of the income and expenditure statement. The grossing up of this revenue and expense is not considered material and has no effect on the entity's profit before tax. This amount is also included in the gross receipts and payments of cash in the cashflow statement, but has no effect on the cash generated from operations.



**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 3 Funding revenue**

	Note	2011 \$	2010 \$
State funding (ADHC) - recurrent		4,820,781	3,995,011
State funding (ADHC) - non-recurrent		389,471	1,040,034
Commonwealth funding - non-recurrent		753,266	748,050
Funding income received for capital projects - cottage extension (Kingscliff)	a	102,715	-
Miscellaneous funding		15,739	-
		6,081,972	5,783,095

a. The receipt of funding for the cottage extension at Kingscliff has had a significant impact on the entity's surplus for the current financial year as the expenditure associated with this funding will be capitalised when incurred. The impact on the entity's surplus for the current financial year was \$102,715.

**Note 4 Office and system related expenses**

	2011 \$	2010 \$
Information technology related expenses	63,404	68,111
Telephone	54,697	60,398
Services and utilities	43,304	39,752
Printing & Stationery/equipment	38,756	36,834
Postage	8,369	8,124
Auditor's remuneration for audit and accounting services	15,140	14,430
	223,670	227,649

**Note 5 Motor vehicle expenses**

	2011 \$	2010 \$
Maintenance and fuel	139,031	132,679
Insurance and vehicle registrations	24,911	25,592
	163,942	158,271

**Note 6 Employment expenses**

	2011 \$	2010 \$
<b><u>Employee benefit expenses</u></b>		
Salaries and wages	4,258,849	3,731,323
Superannuation	382,925	337,833
Allowances	245,249	210,716
Increase in annual leave provision	16,191	53,527
Increase in long service leave provision	5,690	62,530
	4,908,904	4,395,929
<b><u>Employee on-cost expenses</u></b>		
Workers compensation insurance	129,208	139,109
Training and recruitment related costs	116,745	63,866
	245,953	202,975
<b>Total employment expenses</b>	5,154,857	4,598,904

Temporary labour hire, disclosed separately amounted to \$1,208 (2010: \$40,109).

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**Note 7 Cash, Cash Equivalents and Financial Assets**

	2011	2010
	\$	\$
<b><u>Cash and cash equivalents</u></b>		
Various working accounts	1,116,695	130,275
Cash on hand	9,000	7,850
Capacity Builder Account	-	17,454
Quickline	-	(33,594)
	<u>1,125,695</u>	<u>121,985</u>
<b><u>Financial Asset</u></b>		
Term deposit	<u>2,470,507</u>	<u>2,309,374</u>

Attention is drawn to note 8 below, in regards to the separation of the term deposit from cash and cash equivalents.

**Note 8 Reconciliation of Operating Surplus to Net Cash Provided by Operating Activities**

	2011	2010
	\$	\$
Operating surplus	323,345	199,933
Add back: depreciation	130,112	112,691
Less: (profit)/loss on sale of property, plant and equipment	(11,363)	5,487
<b><u>Changes in Assets &amp; Liabilities:</u></b>		
(Increase)/Decrease in receivables	(234,387)	(4,625)
Increase/(Decrease) in provisions	21,881	116,051
Increase/(Decrease) in creditors	1,240,829	(388,115)
Net cash provided by operating activities	<u>1,470,417</u>	<u>41,422</u>

In the current financial year, the term deposit has been disclosed per note 7b as a financial asset, in accordance with the entity's accounting policy and separated from "cash and cash equivalents". The term deposit had an original maturity date exceeding 6 months and was not used as daily working capital. The comparative cashflow statement has been restated whereby term deposits have been excluded from "cash and cash equivalents" and the year on year increase in the former shown under "financing activities"

**Note 9 Trade and Other Receivables**

	2011	2010
	\$	\$
Trade receivables	271,433	37,048
	<u>271,433</u>	<u>37,048</u>

A provision for impairment was not considered necessary.

**Note 10 Property, plant and equipment and capital works in progress**

	2011	2010
	\$	\$
Land at cost	309,457	303,976
	<u>309,457</u>	<u>303,976</u>
Buildings at cost	809,420	796,968
Less accumulated depreciation	(39,444)	(18,649)
	<u>769,976</u>	<u>778,319</u>
Plant and equipment (including motor vehicles)	1,275,624	1,248,751
Less accumulated depreciation	(546,918)	(608,894)
	<u>728,706</u>	<u>639,857</u>

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
Improvements to Council property (Kingscliff)	18,757	18,757
Accumulated amortisation	(3,751)	(1,876)
	15,006	16,881
Capital Works in Progress	123,570	20,855
	123,570	20,855
Total Property, Plant and Equipment	1,946,715	1,759,888

Plant and equipment includes motor vehicles with a carrying value of \$ 518,864 (2010:\$422,528). Capital works in progress includes the expenditure on cottage extension at Kingscliff , which amounts to \$102,715; the balance relates to playground equipment.

**Property at Kingscliff**

Tweed Valley Respite Service has an agreement with Council whereby it is responsible for the maintenance and upkeep of property at Kingscliff, used for the provision of aged care services. To date, no rent has been charged by Council for the use of this property. However, Tweed Valley Respite Service is currently negotiating a long term lease with Council in relation to this property.

The entity has, in the 2011 financial year, commenced the renovation of the property at Kingscliff and it is expected that this project will be finalised in the 2012 financial year. Expenditure to 30 June 2011 amounted to \$102,715 and is included in capital works in progress above. Funding from ADHC, amounting to \$267,500 has been provided for this project in the 2011 financial year; an amount of \$102,715 has been recognised as revenue (per note 3) with the balance deferred to the next financial year. No further funding from ADHC will be provided in regards to this project.

At 30 June 2011, the entity has capital commitments in regards to this project totalling \$ 705,337. The main contract for the renovation and extension of the cottage, including car park amounts to \$454,523. The contract for the relocatable building amounts to \$250,814. Professional fees had not, at 30 June 2011 been contracted for.

**Note 11 Trade & Other Payables**

	2011	2010
	\$	\$
GST payable	221,170	114,252
Payroll liabilities	161,794	59,180
Trade payables	124,702	23,163
Sundry payables	1,497	22,959
	509,163	219,554

**Note 12 Funding received in advance**

	2011	2010
	\$	\$
Ageing, Disability and Home Care (ADHC)	1,100,950	175,832
	1,100,950	175,832

**Note 13 Provision for employee entitlements**

	2011	2010
	\$	\$
<b><u>Current</u></b>		
Annual leave	295,380	289,690
Long service leave	159,592	122,721
	454,972	412,411
<b><u>Non-current</u></b>		
Long service leave	98,744	119,424
	98,744	119,424
Total	553,716	531,835

**TWEED VALLEY RESPITE SERVICE INC**  
**ABN: 35 023 657 150**  
**STATEMENT BY MEMBERS OF THE COMMITTEE**

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report :

1. Presents a true and fair view of the financial position of Tweed Valley Respite Service INC as at 30 June 2011 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Tweed Valley Respite Service INC will be able to pay its debts as and when they fall due.

The statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

President



*Milena Morrow*

Vice President



*Garry Smith*

Dated this 23rd day of November 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWEED VALLEY RESPITE SERVICE INC**

### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report, of Tweed Valley Respite Service Inc, Association (Non-reporting) Inc (the association), which comprises the assets and liabilities statement as at 30 June 2011 for the year then ended, the income and expenditure statement, cash flow statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

#### *Committee's Responsibility for the Financial Report*

The committee of the Association is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are consistent with the financial reporting requirements of the Associations Incorporation Act New South Wales and are appropriate to meet the needs of the members. The committee's responsibilities also include establishing 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 judgment, 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 committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Act New South Wales. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 Australian professional ethical pronouncements.

#### *Auditor's Opinion*

In our opinion, the financial report of Tweed Valley Respite Service Inc presents fairly, in all material respects the financial position of Tweed Valley Respite Service Inc as of 30 June 2011 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the Associations Incorporations Act New South Wales.

*Emphasis of Matter*

Without qualifying our opinion, attention is drawn to note 3 in regards to the impact of the funding for the cottage extension on the operating surplus for the current financial year.

WFD Assurance Services Pty Ltd

Name of Firm: **WFD Assurance Services Pty Ltd**



Name of Director: **Barry Dunnett CA**

**Professional Organisation:** Institute of Chartered Accountants      **Registration number:** 213667

**Address:** Suite 218, Level 2 Showcase on the Beach, 72-80 Marine Parade, Coolangatta, QLD 4225

Dated this 24<sup>th</sup> day of November 2011