



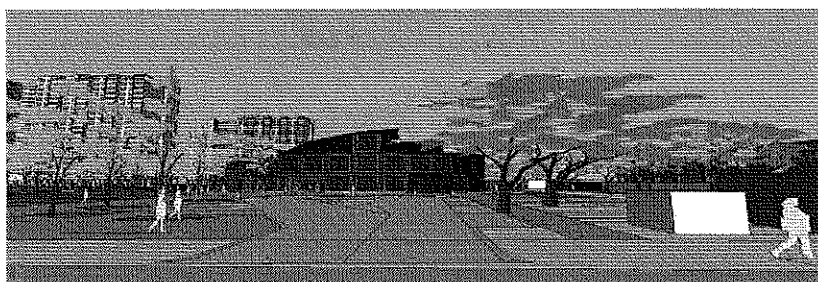
north
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North Richmond Community Health Limited:

Financial Report for 2010-2011

*Details of programs and services that are provided by NRCHL may be found
in our annual "Quality of Care Report"*

Directors' Report - Year ending 30 June 2011:



Artist's Impression of new NRCHL Complex & Registered Head Office, 23 Lennox Street, Richmond,

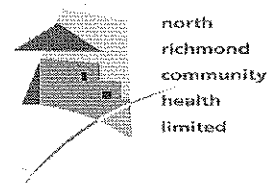
Directors:

Each of the directors of NRCHL is independent and serves on the Board of Governance in a voluntary capacity. NRCHL does not provide any remuneration for carrying out Director's duties.

During the financial year relating to this Directors' Report the following people were listed as Board Directors. The relevant dates of appointment and resignation together with relevant qualifications and experience are shown in the table on the following page:

Table of North Richmond Community Health Limited Board of Directors

Name	Appointment as Director	Resignation as Director	Qualifications and Experiences
Leo Groenen <i>Chairperson, Financial Risk and Financial Audit Sub Committee</i>	27 April 2010		Accounting, Chemical Engineering, Medical Research. Association with East Timorese support groups
Stephen Kerr <i>Board Chairperson</i>	16 February 2009	<i>There were</i>	Consultancy in Health and Hospital sectors as well as to Government.
A. Heang Lay	16 February 2009	<i>No Director's</i>	Representing the client base of the North Richmond community
Douglas McManus <i>Deputy Chairperson</i>	23 July 2009	<i>Resignations</i>	Consultancy within the Health and Community Sector, together with strong advocacy for the Aboriginal community
Kiang Seng Nheu <i>Chairperson, Remuneration and Nomination Sub Committee</i>	16 February 2009	<i>During the</i>	Former school principal in East Timor and well respected by many former students and their families now residing in North Richmond community
Tat Hian Tchia (Paul) <i>Deputy Chairperson</i>	16 February 2009	<i>Current</i>	Well respected and very active member of the North Richmond community. Retired member of the East Timorese Police Force.
Wei Bin Xia	23 July 2009	<i>Financial</i>	Bachelor of Science in Textile Designing Engineering and current President of the Melbourne Chinese Singing and Dance Troupe Inc.
Anping Xue	27 April 2011	<i>Year</i>	The most recent Board Director, a very active member of the local North Richmond community
Xue Li Zhao	23 November 2010		Now retired from the medical profession, an active member of local North Richmond community groups.



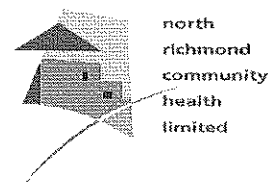
Board Sub-Committees

A summary of the board sub-committees that were held and attended during the financial year relating to this Directors Report are as follows:

Name	Remuneration and Nomination Sub-Committee
Kiang Seng Nheu (Chairperson)	3/3
A. Heang Lay	3/3
Wei Bin Xia	3/2

The Financial Risk and Financial Audit Sub Committee has been reformed following the appointment of a Chairperson for this sub- committee.

Name	Financial Risk and Financial Audit Sub-Committee
Leo Groenen (Chairperson)	6/6
Tat Hian Tchia	6/5
Douglas McManus	6/5



Attendance at Board of Governance Meetings:

The Board of Governance was convened nine times during this financial year, the exceptions being January, October, and June 2011. The number of meetings attended by each Board Director against the total number of meetings held is shown below:

Name:	
Leo Groenen	9/8
Stephen Kerr (Chairperson)	9/6
A. Heang Lay	9/3*
Douglas McManus (Deputy Chairperson)	9/7
Kiang Seng Nheu	9/7
Tat Hian Tchia (Deputy Chairperson)	9/8
Wei Bin Xia	9/6
Anping Xue	9/1* **
Xue Li Zhao	9/2* ***

*Board members granted leave of absence due to overseas travel

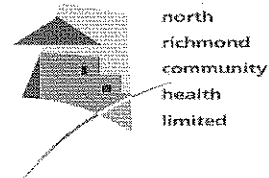
**Board duties commenced November 2010

***Board duties commenced April 2011

Corporate Governance Statement:

Legislative Structure:

North Richmond Community Health Limited became a company limited by guarantee on the 16th February 2009, and is registered with the Australian Investments and Securities Commission (ASIC) under the *Corporations Act (Commonwealth) 2001*. This change also brought with it a change of name from North Richmond Community Health Centre Incorporated to North Richmond Community Health Limited.



The Board of Directors has ultimate responsibility of governance for NRCHL and aligns themselves with the basic corporate governance principles of accountability, transparency, risk management, confidentiality and fiduciary duties.

Membership

Membership of NRCHL is divided into the following classes of membership: Voting Members, Associate Members (non Voting) and Life Members. There is no annual subscription fee for any class of membership.

Liability of Members & Winding Up Guarantee

As a company limited by guarantee the liability of all classes of membership is limited. Every member undertakes to contribute \$1.00 to the assets of the Company if it is wound up while he or she is a Member, or within one year afterwards of the time of current membership.

Current membership numbers as at 30 June 2011 totalled 243, therefore, the total amount that members of the company were liable to contribute at that date, if the company was wound up, is \$243.00.

The Board's Role at NRCHL

The Board at NRCHL has the following main objectives:

- Reviews the medium and long term goals of NRCHL, as defined by EMT within a clearly defined strategic plan, and gives recommendations for change and updates in consultation with EMT as needed.
- Approves budgets

- Monitors business performance and ensures that NRCHL is compliant with regulatory obligations
- Appoints and evaluates the role of CEO
- Has a clearly defined charter and delegations policy
- Is aware of its duties and responsibilities, the need to comply with ASIC and *The Corporations Act* and other community health sector related regulatory bodies.
- Has a range of skills, knowledge and experience to achieve NRCHL's purposes, directions and representation of the local community
- Ensures there is adequate financial management reporting and regular updated financial statements.
- Has sub committees in the areas of Financial Risk /Financial Audit, and in Remuneration and Nomination
- Makes provision for succession planning

Code of Conduct

Each Director of NRCHL joins all management, staff and volunteers in complying with the standard NRCHL Code of Conduct and is expected to carry out their duties with integrity, honesty and fairness at all times. The underlying corporate governance principles of accountability, confidentiality and privacy are adhered to together with ethical practice and compliance with relevant legislative requirements.

Principal Activities & Objectives

The company provides community health and related services. There has been no change to the principal activities during the financial year.

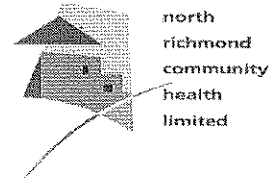
Short and long term objectives of the company are determined by collective input from Board, Management, Staff and Community that inform the Strategic Plan and the complementary Operational and Program Plans that emerge from the overall findings.

The Strategic Plan is aligned to the annual operating Budget and both strategic and financial monitoring and evaluation is undertaken throughout the periods of strategic intent at Board of Governance and Executive Management levels particularly. Strategic Plans focus on three year projections whilst five year projections are incorporated within the financial management processes to provide guidance on areas such as cash flow management, investment opportunities and solvency of the company for trading.

2010/11 has seen the commencement of planning for the next strategic phase to encompass the short and long term objectives of the company that will enable sustainable growth within a culture of quality and safety that cascade down into improving health outcomes by addressing key issues that create health inequalities within the community defined by NRCHL's service provision.

A major project that will enhance the objectives of delivering community health and related services is the new building project that has now commenced on the current site of 23 Lennox Street. The building will be completed in two stages allowing NRCHL to remain at the site where the centre has operated for the past 35 years. This is an excellent outcome for our clients and the community and we look forward to the expected completion date of May 2012.

Occupancy of Stage 1 is expected to take place in July 2011 and this is being worked toward as a reality due to both the project and budget being on schedule.



Review of Operations & Likely Developments

The financial result of operations for the year ended 30 June 2011 was an operating surplus of \$66,018. However, there was the need to write off the value of the old building as at 30 June 2011 in the financial statements, and this has resulted in a Total Comprehensive Income deficit of (-\$1,165,326).

The company is expected to continue to provide community health and related services in future years on behalf of the Victorian State Government and other parties.

Change in State of Affairs

Other than mentioned elsewhere in this Report and the attached financial report, there were no significant changes in the state of affairs of the company during the year.

Dividends

The Constitution of the company prohibits the payment of dividends.

Environmental Regulation

The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance

NRCHL maintains the following insurance covers: Directors' and Officers' Liability; Professional Indemnity; Public and Products Liability; Industrial Special Risks; Volunteers; Construction Risks; Medical Indemnity and Personal Accident.

The cost of premiums is paid by the Department of Human Services (DHS) to the Victorian Managed Insurance Association (VMIA).

Indemnification of Officers and Auditor

The company has not offered officers or the auditor any indemnity against their liability which may arise under civil or criminal proceedings involving them acting in that capacity, and has not paid for any insurance policy providing officers or the auditor cover for costs of defence of such proceedings.

Auditor's Independence Declaration

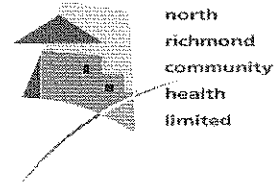
The auditor's independence declaration is set out at the conclusion of the financial statements and is part of the overall Directors' Report for the financial year ending 30 June 2011.

This report is signed in accordance with a resolution of the Directors.



Stephen Kerr
Chairperson

Dated at Richmond on the 27th day of September, 2011.



Statement by the Board of Directors

In accordance with a resolution made by the Directors of North Richmond Community Health Limited, we state that in the opinion of the Directors:

- a) The financial statements and the notes of the company are 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 Accounting Standards and the Corporation Regulations 2001; and
- b) There are reasonable grounds to believe that the company will be able to pay its debts as they become due and payable.

Signed on behalf of the Board by:



Stephen Kerr
Chairperson
Director

Dated this 27th day of September, 2011

INDEPENDENT AUDIT REPORT

To the members of North Richmond Community Health Limited

Report on the Financial Report

I have audited the accompanying financial report of North Richmond Community Health Limited (the company), which comprises the Balance Sheet as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. The director's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free of 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

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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.

.../2

David Sauer, Chartered Accountant

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Liability limited by a scheme approved under Professional Standards Legislation

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

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

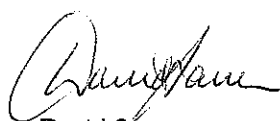
Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I have given the directors of the company a written Auditor's Independence Declaration, a copy of which accompanies the financial report.

Audit opinion

In my opinion, the financial report of North Richmond Community Health Limited 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 and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



David Sauer
Chartered Accountant

Opinion formed on 27 September 2011

NORTH RICHMOND COMMUNITY HEALTH LIMITED.
ACN 135 411 504

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
INCOME			
Government grants		7,168,179	7,108,491
Consultancy contracts		203,661	170,224
Rental		86,184	80,922
Client's fees		388,886	1,160,664
Donations		100	1,438
Interest		146,335	82,568
Proceeds from sale/trade-in of fixed assets		0	42,208
Other sources		36,397	6,249
Total income	[3]	8,029,742	8,652,764
EXPENSES			
Personnel cost		(5,425,044)	(5,579,079)
Agency staff and consultant		(679,111)	(1,501,008)
Purchased care		(668,940)	(553,032)
Employee benefit provisions		(90,560)	(54,028)
Depreciation		(173,374)	(170,173)
Residual value written-off on disposal of fixed assets		(300)	(20,318)
Other recurrent costs		(926,395)	(862,139)
Total expenses from operating activity	[4]	(7,963,724)	(8,631,721)
Surplus(Deficit) from operating activity		66,018	21,043
Write-down of value of building to be demolished	[12]	(1,231,344)	0
Surplus (Deficit) for the year		(1,165,326)	21,043
Other Comprehensive Income		0	0
TOTAL COMPREHENSIVE INCOME		(1,165,326)	21,043

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

BALANCE SHEET
AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	[7]	1,244,040	2,354,902
Receivables	[8]	289,780	136,934
Inventories	[9]	13,850	9,650
Other financial assets	[10]	2,505,122	950,691
Total Current Assets		4,052,792	3,452,177
NON-CURRENT ASSETS			
Property, plant and equipment	[12]	344,064	1,686,982
Other financial assets	[10]	0	0
Total Non-current Assets		344,064	1,686,982
TOTAL ASSETS		4,396,856	5,139,159
LIABILITIES			
CURRENT LIABILITIES			
Payables	[13]	1,436,975	1,182,357
Provisions	[14]	918,991	866,215
Total Current Liabilities		2,355,966	2,048,572
NON-CURRENT LIABILITIES			
Provisions	[14]	413,598	363,838
Total Non-current Liabilities		413,598	363,838
TOTAL LIABILITIES		2,769,564	2,412,410
NET ASSETS		1,627,292	2,726,749
EQUITY			
Restricted funds		1,332,590	1,230,053
Accumulated surpluses (deficits)		294,702	1,496,696
Total equity at end of period		1,627,292	2,726,749

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CHANGES IN EQUITY
FOR PERIOD FROM 1 JULY 2010 TO 30 JUNE 2011

	Notes	Restricted funds – allocated to meet employee benefit obligations 2011 \$	Balance of accumulated surplus 2011 \$	Total Equity 2011 \$	Restricted funds – allocated to meet employee benefit obligations 2010 \$	Balance of accumulated surplus 2010 \$	Total Equity 2010 \$
TOTAL AT BEGINNING OF PERIOD		1,230,053	1,562,565	2,792,618	1,284,081	1,421,625	2,705,706
Retrospective restatement to following review of Work Cover premiums to 30 June 2009	[1]	-	-	-	-	49,775	49,775
TOTAL AT BEGINNING OF PERIOD (Restated)		1,230,053	1,562,565	2,792,618	1,284,081	1,471,400	2,755,481
Surplus (Deficit) from operating activities		-	66,018	66,018	-	21,043	21,043
Write-down of value of building to be demolished	[12]	-	(1,231,344)	(1,231,344)	-	-	-
Surplus(Deficit) for Year		-	(1,165,326)	(1,165,326)	-	21,043	21,043
Retrospective restatement following review of Work Cover premiums 2009 - 10	[1]	-	-	-	-	16,093	16,093
Allocation to fund employee benefit obligations		102,537	(102,537)	-	(54,028)	54,028	-
TOTAL AT END OF PERIOD		1,332,590	294,702	1,627,292	1,230,053	1,562,565	2,792,618

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504

STATEMENT OF CASH FLOWS
FOR PERIOD FROM 1 JULY 2010 TO 30 JUNE 2011

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2011 \$	2010 \$
Receipts from fund providers and clients		8,695,156	9,366,972
Payments of GST and PAYG deductions to ATO		(1,088,793)	(1,291,234)
Payments to suppliers and employees		(7,247,029)	(8,062,710)
Interest received		146,335	82,568
Net cash provided/(used) by operating activities	[16b]	505,669	95,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets purchases		(62,100)	(197,067)
Cash (invested)/withdrawn		(1,554,431)	(33,224)
Proceeds on sale of fixed assets		0	42,208
Net cash provided/(used) by investing activities		(1,616,531)	(188,083)
NET INCREASE/(DECREASE) IN CASH HELD		(1,110,862)	92,488
Cash held at 1 July		2,354,902	2,447,390
Cash held at 30 June	[16a]	1,244,040	2,354,902

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the single entity, *North Richmond Community Health Limited*, are a general purpose financial report prepared in accordance with the requirements of the Corporations Act (2001), Australian Accounting Standards and Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial statements were authorised for issue by the Board of Directors on 27 September 2011.

Basis of preparation

The financial report has been prepared on an accrual basis in accordance with the historical cost convention, except for financial instruments measured at fair value. Cost is based on the fair value of consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

Reporting entity

The entity is an individual company limited by guarantee incorporated in Victoria, Australia. The company is a not-for-profit entity whose principal activity is that of a Community Health Centre. It is a public benevolent institution and is therefore exempt from income tax. The registered office/principal place of business is 23 Lennox St, Richmond North Vic 3121. The association's Australian Registered Body Number is A0021519G and its Australian Business Number is 21820901634.

Restatement of prior periods

Prior period financial statements have been restated following a review of Work cover premiums, which identified overpayments in a number of years leading up to 2010-2011. The reductions, which have been realised through lower cash payments for 2010-11 and 2011-12 premiums, are shown in the **Statement of Changes in Equity** and have been allocated to their respective years in these statements by:

-	Increase in accumulated surplus at 1 July 2009	\$49,775
-	Increase in surplus for 2009/10	<u>\$16,093</u>
		\$65,868

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

The following is a summary of the significant accounting policies adopted in the preparation of the statements, including the comparative information.

(a) Currency and rounding

The statements are presented in Australian dollars rounded to the nearest whole dollar.

(b) Income recognition

Grants from funding bodies are recognised as income when the Centre gains control of the underlying assets. For reciprocal grants, the Centre is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Centre is deemed to have assumed control when the grant is received or receivable under the terms of the grant. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Revenue from provision of services is recognised on a percentage completion basis when the services are provided and it is probable the Centre will benefit from the revenues.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time basis with reference to the effective interest rate.

(c) Resources received free of charge or for nominal consideration

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(d) Goods and Services tax

Income, expenses and assets are recognised net of the amount of associated GST, except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the related asset or expense; or
- (ii) where receivables or payables are presented including GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

(e) Employee Benefits

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred.

Liability for employee benefits arising from services rendered by employees to the reporting date is recognised when it is probable that settlement will be required and the amounts may be measured reliably.

Where the settlement of employee benefits legally cannot be deferred beyond twelve months after reporting date, they are classified as current liabilities.

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Centre in respect of services provided by employees up to reporting date using the remuneration rate expected to apply at the time of settlement. Provisions expected to be settled within 12 months are measured at nominal amounts.

Superannuation contributions are made by the organisation on behalf of employees in accordance with statutory requirements and/or salary packaging agreements. These contributions were paid to the superannuation funds nominated by the employees as per legislative requirements applicable to the Centre and charged as expenses when incurred.

Contributions were also paid on behalf of a small number of employees to a defined benefit scheme administered by Health Super Pty Ltd. and, as at 30 June 2011, there were no outstanding contributions owed in this respect. As the Centre is unable to identify its share as an employer of the net surplus or deficit of this scheme, the accounting policy applied has been as if the fund were a defined contributions fund.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held in bank and credit card accounts, as well as on-call bank deposits.

(g) Receivables

Receivables consist predominantly of debtors in relation to grants and services, advances, accrued investment income and GST input tax credits recoverable.

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

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Receivables known to be uncollectible are written off.

(h) Inventories

Inventories are held for distribution and consist of medical supplies, materials and stationery purchased, but unused at balance date. They are measured at the lower of actual cost and net replacement cost.

(i) Other financial assets

Other financial assets are bank term deposits. These have a fixed term to maturity and are stated at their amortised cost, with interest derived from them recognised as income over that term based on their effective interest rate.

(j) Intangibles assets

Application software is recognised at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life, which is an average of 3 years.

(k) Property, plant & equipment

Property, plant & equipment is measured at cost less depreciation. The depreciable amount of all fixed assets, including buildings, but excluding land, is depreciated on a straight-line basis over each asset's useful life as follows:

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

Buildings	10 to 50 years
Office equipment	3 to 15 years
Dental and medical	5 to 10 years
Furniture	10 to 20 years
Plant and machinery	3 to 20 years
Motor vehicles	6 to 10 years
Other equipment	5 to 25 years

The assets' useful lives, residual values and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

The Company's former North Richmond premises are situated on land made available by the Victorian State Government at no charge. The Company has not been able to reliably measure the fair value of this land at the time the arrangement commenced, and it is not recognised as part of the Company's assets. The new premises are leased.

(l) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of tangible and intangible assets for indicators of any impairment loss. If there is any indicator, assets are written down to the depreciated replacement cost where this is lower than the carrying amount.

(m) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

(n) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. They are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services and are measured at nominal value.

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(p) Restricted funds

The Company designates accumulated funds as restricted when it decides a specific purpose should be supported by an allocation. Currently, employee benefit obligations have been designated as restricted, as they are a major liability commonly settled in later financial periods to that in which they accrue and in which they may have been funded.

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

(q) New Accounting Standards and Interpretations made but not applied

New Accounting Standards and Interpretations have been made which are not mandatory for the financial year ended 30 June 2011. The company has not elected to adopt these rules ahead of their mandatory application date. They will be applied in the company's first financial year after the mandatory application date. These standards and interpretations and their expected impacts are:

Statement	Expected Impact	Applies in periods beginning on or after
AASB 9 Financial Instruments	(d)	1 Jan 2013
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	(d)	1 Jan 2013
AASB 124 Related Party Disclosures (2009)	(i)	1 Jan 2011
AASB 2009-12 Amendments to Australian Accounting Standards	(i)	1 Jan 2011
AASB 1053 Application of Tiers of Australian Accounting Standards	(a)	1 Jul 2013
AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements	(a)	1 Jul 2013
AASB 1054 Australian Additional Disclosures	(c)	1 Jul 2011
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	(b)	1 Jan 2011
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project	(c)	1 Jul 2011
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	(c)	1 Jul 2013
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	(h)	1 Jan 2011
AASB 2010-5 Amendments to Australian Accounting Standards	(h)	1 Jan 2011
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	(b)	1 Jul 2011
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	(c)	1 Jul 2012
AASB 119 Employee Benefits (September 2011)		
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	(k)	1 Jan 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	(c)	1 Jul 2013
AASB 10 Consolidated Financial Statements	(b)	1 Jan 2013
AASB 127 Separate Financial Statements (2011)	(b)	1 Jan 2013
AASB 11 Joint Arrangements	(b)	1 Jan 2013
AASB 128 Investments in Associates and Joint Ventures (2011)	(b)	1 Jan 2013
AASB 12 Disclosure of Interests in Other Entities	(b)	1 Jan 2013
AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation	(b)	1 Jan 2013
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	(b)	1 Jan 2013
AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements	(b)	1 Jan 2013
AASB 13 Fair Value Measurement	(j)	1 Jan 2013

Expected impacts on future financial reports:

- (a) Statements reduce the disclosures required to be provided by eligible entities, but will not have an effect on the operating result or financial position. The company has not decided whether to elect to apply these standards.
- (b) Statement addresses material that is not relevant to the company's financial statements

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [1] – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES [con't]

- (c) Statement is not expected to have material impact on the company's financial statements
- (d) Significant revisions to the classification and measurement of financial assets No significant impact is expected on the company's financial statements.
- (e) Statement is not applicable to the company which is a not-for-profit organisation without share capital.
- (f) Statement does not require a change of accounting policy from those currently applied.
- (g) Statement is not applicable because the company does not produce a concise financial report.
- (h) Amends and clarifies a range of standards. Impact on the company is expected to be limited to cash flows from investing activities being restricted to expenditures that result in a recognised asset
- (i) Exempts some entities from making related party disclosures for transactions with the government and government-related entities. No impact on the company is expected;
- (j) The company has not yet evaluated the effects of these Standards.
- (k) Minor changes to the calculation and presentation of short-term employee benefits.

NOTE [2] - ECONOMIC DEPENDENCY

The organisation receives most of its income as Government grants from the Victorian Department of Human Services. Without that funding or finding alternative sources of income, the program and services offered would be substantially curtailed.

	Note	2011 \$	2010 \$
NOTE [3] – INCOME			
<i>Projects and programs</i>			
Community health service	[5]	2,938,533	2,851,287
Youth welfare service		76,679	68,616
Community Projects		51,625	0
Arts & culture program		108,283	241,297
Centre for culture, ethnicity and health		2,080,153	2,794,947
Post-acute care program		1,195,500	1,080,925
Dental health service		1,634,129	1,598,128
Psychiatric disabilities program		153,894	159,850
Drug safety program		645,619	720,361
Young people's recreation & sport activities		0	500
Sundry small projects	[6]	9,145	5,521
Interest on investments		146,335	82,568
Miscellaneous items (including donations)		400	0
Total income (non-consolidated value)		9,040,293	9,604,001
less internal charges for services to programs		(1,010,551)	(951,238)
Total consolidated income		8,029,742	8,652,764

NOTE [4] – EXPENSES

<i>Projects and programs</i>			
Community health service	[5]	4,397,833	3,133,425
Youth welfare service		64,221	57,080
Community Projects		47,764	0
Arts & culture program		154,974	286,297
Centre for culture, ethnicity and health		1,787,329	2,555,851
Post-acute care program		1,149,510	1,102,359
Dental health service		1,747,650	1,703,219
Psychiatric disabilities program		157,611	145,216
Drug safety program		533,793	591,392
Young people's recreation & sport activities		0	2,634
Sundry small projects	[6]	10,406	5,485
Miscellaneous items		154,529	0
Total expenses (non-consolidated value)		10,205,620	9,582,959
less internal charges for services to programs		(1,010,551)	(951,238)
Total consolidated expenses		9,195,069	8,631,721

NORTH RICHMOND COMMUNITY HEALTH LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE [5] - COMMUNITY HEALTH SERVICE			
INCOME AND EXPENDITURE			
<i>Income</i>			
Government grants		1,651,442	1,600,602
Rental from various occupants		82,884	77,322
Consultancy fees		108,144	132,177
Client's fees		50,555	75,170
Administration fees from other programs		1,044,556	931,318
Miscellaneous income		951	34,699
Total income		2,938,533	2,851,287
<i>Expenses</i>			
Personnel cost (incl. overhead cost)		2,108,818	2,311,027
Variation in leave provisions		30,897	(36,306)
Medical supplies and diagnostic facilities		11,598	10,014
Power (gas and electricity)		37,720	32,257
Linen, laundry and cleaning		7,282	20,708
Repairs and maintenance		63,214	60,250
Consultants' fees		132,300	162,192
Auditor's fees for audit of financial statements ¹		8,400	7,500
Staff recruitment cost		6,662	2,665
Membership dues and subscription		16,351	32,278
Insurances		0	0
Stationary, photocopying and computer supplies		61,881	81,877
Books, audio-visual & health education materials		0	0
Telecommunication cost (incl. ISP)		191,464	79,639
Postage and courier services		11,230	10,495
Motor vehicles cost		64,340	29,419
Travelling cost		6,452	8,273
Rent and rates (incl. equipment rental)		141,321	101,637
Public relations		1,036	4,678
Staff development cost		26,533	31,341
Translation and interpreting cost		45,054	31,632
Depreciation of fixed assets (incl. write-down on disposal)		173,674	120,385
Miscellaneous expenses		20,264	31,464
Bad debts written off		0	0
Write Off Assets/Building demolition		1,231,444	0
Total expenses		4,397,833	3,133,425
Result for period		(1,459,301)	(282,138)

1. The auditor received no remuneration for any other services.

NOTE [6] - SMALL PROJECTS

<i>Income</i>			
Homework' group activities		5,500	1,842
Social activities for residents		1,725	1,260
Others group activities		0	0
Vietnamese women's group activities		1,920	2,419
Total income		9,145	5,521
<i>Expenses</i>			
Homework group activities		3,990	2,541
Social activities for residents		3,979	2,133
Other group activities		0	0
Vietnamese women's group activities		2,437	811
Total expenses		10,406	5,485

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
NOTE [7] - CASH AND CASH EQUIVALENTS			
Cash on hand		9,387	13,679
Cash at bank – cheque account		734,102	393,221
Cash at bank - credit card account		0	0
Cash at bank - cash management account		500,551	1,948,003
		1,244,040	2,354,902
NOTE [8] - RECEIVABLES			
Current receivables			
Trade debtors		157,105	75,996
Accrued income		93,672	43,470
Prepayments		39,003	17,467
Total Receivables		289,781	136,934
NOTE [9] - INVENTORIES			
Medical supplies, materials and stationery at cost		13,850	9,650
		13,850	9,650
NOTE [10] - OTHER FINANCIAL ASSETS			
Current		2,505,122	950,691
Bank term deposits (maturing within 12 months)		2,505,122	950,691
Non-current		0	0
Bank term deposits (maturing later than 12 months)		0	0
Total Other Financial Assets		2,505,122	950,691
NOTE [12] - PROPERTY, PLANT & EQUIPMENT			
Building at cost		0	1,643,429
Less accumulated depreciation		0	(434,167)
		0	1,209,262
Office & computer equipment at cost		704,308	634,927
Less accumulated depreciation		551,449	480,893
		152,859	163,034
Dental & medical equipment at cost		162,902	162,902
Less accumulated depreciation		152,421	141,860
		10,481	21,042
Furniture at cost		37,864	153,767
Less accumulated depreciation		27,254	110,869
		10,610	46,993
Plant & machinery at cost		122,563	110,869
Less accumulated depreciation		7,163	83,673
		5,090	27,196
Motor vehicles at cost		426,345	426,345
Less accumulated depreciation		266,810	213,820
		159,535	212,525
Other equipment at cost		27,236	27,236
Less accumulated depreciation		21,745	20,304
		5,489	6,930
TOTAL		344,064	1,686,982

NORTH RICHMOND COMMUNITY HEALTH LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE [12] - PROPERTY, PLANT & EQUIPMENT (con't)

The State Government has funded construction of a new building to replace the existing premises which were demolished in July 2011. The premises to be demolished have been written off in these accounts without replacement as the company now operates from the new premises which are leased from the state Government. This is reflected in the deficit reported for the year and reduction in equity. The reduction comprised the values of depreciated buildings (\$1,186,344), and surplus or integral plant and furniture (\$45,000). Surplus items were distributed to the local community.

Reconciliations of the carrying amount of each class of property, plant and equipment asset at the beginning and end of the previous and current financial year is set out below:

	Balance 1 July 2009	Additions	Disposals	Depreciation	Balance 30 June 2010
Buildings	1,232,179	0	0	(22,917)	1,209,262
Office equipment	108,398	106,724	0	(57,677)	157,445
Dental & medical	35,609	0	0	(14,567)	21,042
Furniture	53,952	682	(1,016)	(6,625)	46,993
Plant and machinery	34,445	0	0	(7,249)	27,196
Motor vehicles	200,092	87,159	(17,370)	(57,356)	212,525
Other equipment	17,369	863	(1,932)	(3,781)	12,519
Total	1,682,045	195,428	(20,318)	(170,172)	1,686,982

	Balance 1 July 2010	Additions	Disposals/ Demolition	Depreciation	Balance 30 June 2011
Buildings	1,209,262	0	(1,186,344)	(22,918)	0
Office equipment	157,445	62,100	(300)	(66,386)	152,859
Dental and medical	21,042	0	0	(10,561)	10,481
Furniture	46,993	0	(30,000)	(6,383)	10,610
Plant and machinery	27,196	0	(15,000)	(7,106)	5,090
Motor vehicles	212,525	0		(52,990)	159,535
Other equipment	12,519	0		(7,030)	5,489
Total	1,686,982	62,100	(1,231,644)	(173,374)	344,064

Note	2011	2010
	\$	\$

NOTE [13] - PAYABLES

Trade creditors	307,270	253,276
Accrued expenses	181,377	134,418
Unearned Income (including grants received in advance)	948,328	794,663
	1,436,975	1,182,357

NORTH RICHMOND COMMUNITY HEALTH LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE [14] – PROVISIONS			
<i>Current</i>			
Annual leave		347,832	363,771
Long service leave		571,159	502,444
Total current provisions		918,991	866,215
<i>Non-current</i>			
Long service leave		413,599	363,838
Total non-current provisions		413,599	363,838
Total Provisions		1,332,590	1,230,053

	Note	2011 \$	2010 \$
NOTE [15] - OPERATING LEASES			
a) Commitments			
Non-cancellable operating leases contracted for at balance date but not provided for in the accounts, payable:			
Less than one year		168,871	87,216
Later than one year but not later than five years		213,436	94,080
		382,307	181,296
b) Expenses			
Office equipment		35,448	55,181
Office space		101,965	100,567
		137,413	155,748

The Company leases property for some staff unable to be accommodated in its main premises. The lease is for a 3-year term expiring in Dec, 2013. A photocopier is leased for a 2 year term.

	Note	2011	2010
NOTE [16] - CASH FLOW INFORMATION			
a) Reconciliation of cash			
Cash on hand and deposit		1,244,040	2,354,902
Bank overdraft		0	0
		1,244,040	2,354,902
b) Reconciliation of net cash used in operating activities with net result in Operating Statement			
Result as per <i>Operating Statement</i>		(1,165,326)	30,043
Non-cash flows in result:			
Depreciation		173,374	170,173
Net (Profit) / Loss on sale of assets		300	(21,890)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables		(152,847)	(9,742)
(Increase)/Decrease in inventories		(4,200)	0
Increase/(Decrease) in creditors		254,618	(20,599)
		(791,544)	93,957

NORTH RICHMOND COMMUNITY HEALTH LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
NOTE [17] - KEY MANAGEMENT PERSONNEL COMPENSATION			
The compensation paid to key management personnel during the year was:			
Short-term benefits		107,965	108,586
Post-employment benefits (superannuation contributions)		40,000	0
Long-term benefits		9,187	8,957
		(8,213)	3,229
TOTAL		148,939	120,772

Members of the Committee of Management are appointed on an honorary basis and do not receive compensation for their services.

NOTE [18] - RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the reporting period.

NOTE [19] - SUBSEQUENT EVENTS

There have been no material or significant events occurring after the reporting date up to the date of authorisation for issue of this report.

NOTE [20] - MEMBERS' GUARANTEE

The company has no share capital and is limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any outstandings and obligations of the entity. At 30 June 2011 the number of members was 243.

Note [21] - CONTINGENT LIABILITIES

Litigation for recovery of fees has been commenced against the company by a supplier whom the company alleges failed to perform under a contract. The company is defending the action and has legal advice indicating that any liability that may arise if the claim is successful will not be significant.

NOTE [22] - FINANCIAL INSTRUMENTS

(a) Risk management objectives and policies

The nature of the operations of the Company do not result in substantial financial risk. The assessed risks lie primarily in credit risk, liquidity risk and interest rate risk. The entity considers that there limited risk means there is no need to enter into risk management strategies involving derivative instruments. The Company does not enter into or trade financial instruments for speculative purposes.

(b) Significant accounting policies and terms and conditions

Details of:

- the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised; and
 - any significant terms and conditions
- in respect of each class of financial asset and financial liability are identified in Note 1 to the accounts.

NORTH RICHMOND COMMUNITY HEALTH LIMITED
ACN 135 411 504
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(c) Credit risk exposure

There is no provision for doubtful debts included in the accounts at 30 June 2011, as all identified bad debts have been written off and there are no significant exposures in the remaining receivables.

(d) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities contained within these financial statements is representative of the fair value of each financial asset or liability.

(e) Liquidity risk

Management arranges for an appropriate mix between funds at call and on deposit to ensure adequate liquidity. Where payables have a contractual maturity, it is usually within 30 days or equivalent standard trading terms.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE [22] - FINANCIAL INSTRUMENTS (con't)**(e) Interest rate risk exposure**

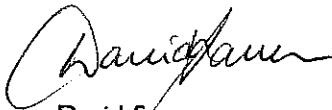
The Company places short-term surplus cash funds in to money market investments earning a market rate of interest. The Company's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following table. Exposures arise predominantly from assets and liabilities bearing variable interest rates.

Interest rate exposure at 30 June 2011	Floating interest rate \$	Fixed interest rate (maturing in 1 year or less) \$	Non interest bearing \$	TOTAL \$	Weighted average Interest rate %
Financial assets					
Cash at bank	1,234,653	-	9,387	1,244,040	4.85
Receivables		-	289,781	289,781	
Other financial assets	-	2,505,122	-	2,505,122	6.00
Total financial assets	1,234,653	2,505,122	2,99,168	4,038,943	
Financial liabilities					
Payables			1,436,975	1,436,975	
Total financial liabilities			1,436,975	1,436,975	

Interest rate exposure at 30 June 2010	Floating interest rate \$	Fixed interest rate (maturing in 1 year or less) \$	Non interest bearing \$	TOTAL \$	Weighted average Interest rate %
Financial assets					
Cash at bank	2,341,223	-	13,679	2,354,902	3.40
Receivables		-	136,934	136,934	
Other financial assets	-	950,691	-	950,691	3.60
Total financial assets	2,341,223	950,691	150,613	3,442,527	
Financial liabilities					
Payables			1,182,357	1,182,357	
Total financial liabilities			1,182,357	1,182,357	

**Auditor's Independence Declaration to the Directors of North Richmond
Community Health Limited**

In relation to my audit of the financial report of North Richmond Community Health Limited for the financial year ended 30 June 2011 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



David Sauer

27 September 2011

David Sauer, Chartered Accountant

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