

Annual Financial Report  
*Derbarl Yerrigan Health Service Inc.*

ABN 60 824 221 416

30 June 2012

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## Derbarl Yerrigan Health Service Inc.

### Executive Committee declaration

**Derbarl Yerrigan Health Service Inc.  
Statement by members of the Committee  
For the year ended 30 June 2012**

In the opinion of the Executive Committee of Derbarl Yerrigan Health Service Inc

- (a) the association is not a reporting entity;
- (b) the financial statements and notes, set out on pages 3 to 25, are in accordance with the Associations Incorporations Act (WA), including:
  - (i) giving a true and fair view of the financial position of the association as at 30 June 2012 and of its performance, as represented by the results of its operations, for the financial year ended on that date; and
  - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (WA); and
- (c) as set out in Note 1 (c) to the financial statements, at the date of this statement, there are reasonable grounds to believe that Derbarl Yerrigan Health Service Inc will be able to pay its debts as and when they fall due.

Dated at Perth on 15<sup>th</sup> day of October 2012.

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

  
\_\_\_\_\_  
Vice President of the Executive Committee

## Derbarl Yerrigan Health Service Inc.

### Statement of comprehensive income

For the year ended 30 June 2012

	Note	2012	2011
Medicare income		1,420,322	996,847
Grant revenue	1	10,511,903	10,027,996
Financial income	2	160,044	163,819
Other income	3	178,528	229,346
Net (loss)/gain on disposal of property, plant and equipment		114,199	(13,838)
Administration expenses	4	(2,790,540)	(2,690,181)
Personnel expenses	5	(7,975,876)	(7,081,675)
Rent and other property expenses		(571,535)	(520,910)
Motor vehicle expenses		(264,994)	(304,863)
Depreciation and amortisation expense		(645,035)	(581,104)
Financial expenses	2	(2,885)	(63,496)
<b>Surplus for the period</b>		<b>134,131</b>	<b>161,941</b>
Comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>134,131</b>	<b>161,941</b>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

## Derbarl Yerrigan Health Service Inc.

### Statement of changes in equity

For the year ended 30 June 2012

	2012	2011
Balance at beginning of the year	3,465,154	3,303,213
Surplus for the period	134,131	161,941
Balance at the end of the year	3,599,285	3,465,154

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

## Derbarl Yerrigan Health Service Inc.

### Statement of financial position

As at 30 June 2012

	Note	2012	2011
<b>Assets</b>			
Cash and cash equivalents	7	3,515,927	3,523,941
Trade and other receivables	8	126,183	346,062
Prepayments	9	674,005	304,700
<b>Total current assets</b>		<b>4,316,115</b>	<b>4,174,703</b>
Property, plant and equipment	10	2,907,938	3,033,400
<b>Total non-current assets</b>		<b>2,907,938</b>	<b>3,033,400</b>
<b>Total assets</b>		<b>7,224,053</b>	<b>7,208,103</b>
<b>Liabilities</b>			
Trade and other payables	11	1,489,825	973,170
Unexpended grants	12	1,113,495	1,172,518
Interest-bearing loans and borrowings	13	-	624,518
Employee benefits	14	857,188	833,322
<b>Total current liabilities</b>		<b>3,460,508</b>	<b>3,603,528</b>
Employee benefits	14	164,260	139,421
<b>Total non-current liabilities</b>		<b>164,260</b>	<b>139,421</b>
<b>Total liabilities</b>		<b>3,624,768</b>	<b>3,742,949</b>
<b>Net assets</b>		<b>3,599,285</b>	<b>3,465,154</b>
<b>Equity</b>			
Accumulated funds		3,599,285	3,465,154
<b>Total equity</b>		<b>3,599,285</b>	<b>3,465,154</b>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

## Derbarl Yerrigan Health Service Inc.

### Statement of cash flows

For the year ended 30 June 2012

	Note	2012	2011
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,410,570	885,240
Grant receipts		10,859,228	10,602,468
Reimbursements received		-	47,490
Donations received		-	500
Cash paid to suppliers and employees		(11,405,078)	(10,474,697)
Cash generated from operations		864,720	1,061,001
Interest received		160,044	163,819
<b>Net cash from operating activities</b>	20	1,024,764	1,224,820
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		327,454	3,252
Acquisition of property, plant and equipment		(732,829)	(161,242)
<b>Net cash from investing activities</b>		(405,375)	(157,990)
<b>Cash flows from financing activities</b>			
Interest paid on finance lease liabilities		(2,885)	(63,496)
(Payment)/receipts of finance lease liabilities		(624,518)	(230,828)
<b>Net cash from financing activities</b>		(627,403)	(294,324)
Net increase in cash and cash equivalents		(8,014)	772,506
Cash and cash equivalents at 1 July		3,523,941	2,751,435
<b>Cash and cash equivalents at 30 June</b>	7	3,515,927	3,523,941

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements Statement of Significant Accounting Policies

Derbarl Yerrigan Health Service Inc. (the “Service”) is an incorporated association domiciled in Australia. The financial report was authorised for issue by the Executive Committee on 15<sup>th</sup> October 2012.

#### (a) Basis of Preparation

The financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act (WA) 1987.

The financial report is prepared on the historical cost basis.

Amounts in the financial report have been rounded off to the nearest Australian dollar, unless otherwise stated.

#### Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Service in these financial statements:

AASB Reference	Title and Description	Effective date (i.e. annual reporting periods ending on or after)
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101] This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	30 June 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] This standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	30 June 2014
AASB 9	Financial instruments AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity’s business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11	31 December 2013
AASB 13	Fair Value Measurement AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	31 December 2013



**Notes to the financial statements (continued)**

**Statement of Significant Accounting Policies (continued)**

**(b) Use of estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. 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.

*Impairment*

The organisation assesses impairment at the end of the reporting period by evaluating the conditions and events specific to the organisation that may be indicative of impairment triggers.

These accounting policies set out below have been consistently applied by the Service.

**(c) Going concern**

The Service's statement of financial position discloses current assets of \$4,316,115 (2011: \$4,174,703) and current liabilities of \$3,460,508 (2011: \$3,603,528) resulting in a surplus of working capital of \$855,607 (2011: \$571,175).

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The Executive Committee believes that this is appropriate because:

- the Service has received commitments for funding from the Commonwealth of Australia – Department of Health and Ageing for the 2012/2013 financial year amounting to \$4,758,725 (excluding GST);
- the Service has received commitments for funding from the Western Australian Country Health Services for the 2012/2013 financial year amounting to \$6,214,168 (excluding GST).

The Service has forecasted a budget deficit \$20,000 for the 2012/2013 financial year but expects its cash flow balances to be sufficient to meet its expected payments and remains confident that the Service will be successful in negotiating ongoing funding with its primary funding bodies on a rolling basis (refer to note 21).

**(d) Property, plant and equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses [see accounting policy (g)].

**(ii) Leased assets**

Leases in terms of which the Service assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Lease payments are accounted for as described in accounting policy (k).

## Notes to the financial statements (continued)

### Statement of Significant Accounting Policies (continued)

**(iii) Subsequent costs**

The Service recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Service and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Gains & losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of comprehensive income.

**(iv) Depreciation**

Depreciation is charged to the statement of comprehensive income on a straight line and/or reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current period and comparative period are as follows:

• buildings	20 – 25 years	(straight line)
• leasehold improvements	7 years	(straight line)
• plant and equipment	3 – 5 years	(straight line)
• motor vehicles	3 years	(straight line)
• office furniture and equipment	3 – 5 years	(straight line)
• artworks	5 years	(straight line)
• computer software	3 years	(straight line)

**(e) Trade and other receivables**

Trade and other receivables are stated at amortised cost less impairment losses.

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

**(g) Impairment**

The carrying amounts of the Service's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. See accounting policy g(i).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of other assets in the unit (group of units) on a pro-rata basis.

**(i) Calculation of recoverable amount**

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated as the depreciated replacement cost of an asset. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation.

## Notes to the financial statements (continued)

### Statement of Significant Accounting Policies (continued)

**(ii) Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(iii) Derecognition of financial assets and liabilities**

A financial asset (or, where applicable, a part of a financial assets or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Service has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

**(h) Employee benefits**

**(i) Long-term service benefits**

The Service's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Government bonds which have maturity dates approximating to the terms of the Service's obligations.

**(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Service expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Service as the benefits are taken by the employees.

**(i) Trade and other payables**

Trade and other payables are stated at amortised cost.

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### Statement of Significant Accounting Policies (continued)

**(j) Revenue**

**(i) Medicare income**

Medicare income is recognised in the statement of comprehensive income when the income is earned.

**(ii) Grant revenue**

Revenue from grants received for operational purposes from Government funding organisations is recognised when the Service obtains the right to receive the revenue, when it is probable that economic benefits will flow to the Service and when it can be measured reliably. Grant revenue is deferred as a liability to the extent that unspent grants may be required to be repaid to the funding organisations or utilised against future expenditure.

**(iii) Terms of payment**

Standard terms of payment of invoices issued by the Service are nett 30 days after end of month. All amounts which exceed the standard payment terms are followed up by the staff at the Service.

**(k) Expenses**

**(i) Operating lease payments**

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

**(ii) Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(iii) Net financing costs**

Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest rate method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

**(l) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(m) Income tax**

The Service is exempt from income tax under Sub-section 50-5 of the Income Tax Assessment Act 1997.

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### Statement of Significant Accounting Policies (continued)

**(n) Provisions**

A provision is recognised if, as a result of a past event, the service has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(o) Comparatives**

Where necessary comparative information has been reclassified to achieve consistency in disclosure with current financial amounts and other disclosures.

**1. Grant revenue**

	2012	2011
Grants received – recurrent	10,251,022	10,242,978
Grants received – other	608,206	359,490
Unexpended grants b/forward – recurrent	751,170	535,949
Unexpended grants b/forward – other	15,000	62,097
Unexpended grants c/forward	(1,113,495)	(1,172,518)
	10,511,903	10,027,996

Included in Grants received – recurrent above are amounts received from the Government of Western Australia: Primary Health \$2,746,565, Child & Maternal Health \$136,256, Health Promotions \$325,409, Autumn Centre \$977,592, Environmental Health \$90,107, Smoking Cessation \$115,339 and COAG Closing the Gap in Chronic Disease \$1,201,839. Grants received from the Commonwealth Government of Australia: Primary Health \$4,185,789, Social & Emotional Wellbeing \$320,762 and Closing the Gap in Chronic Disease \$40,885 and FaHCSIA, Emergency Relief \$110,582.

**2. Net financing costs**

	2012	2011
Interest income	160,044	163,819
Interest expense on motor vehicle hire purchase	(2,885)	(63,496)
Net financing costs	157,159	100,323

**3. Other income**

	2012	2011
Blue telephone income	7	3,109
Donations received	-	500
Employee car contribution	48,878	48,691
Medical income	5,914	5,149
Insurance Reimbursements	-	47,491
Rent Received	64,627	54,666
Sundry income	1,272	1,549
Training subsidy	41,543	52,168
Other	16,287	16,023
	178,528	229,346

Notes to the financial statements (continued)

4. Administration expenses

	2012	2011
Agency staff	543,060	523,549
AGM expenses	11,713	13,833
Audit and compliance expenses	60,000	66,690
Catering	19,486	23,389
Cleaning	165,326	144,829
Consultants fees	32,174	83,866
Consumables	8,996	9,298
Dental Services & Dental Supplies	66,824	38,339
Events	34,223	32,617
Food assistance / vouchers for Clients	120,831	92,262
Food – residents / clients	118,925	138,542
Fringe Benefits Tax	63,665	47,081
Hire of plant and equipment	9,091	10,280
Impairment losses	1,811	2,550
Insurance – general	105,202	112,994
Insurance – workers compensation	163,732	145,220
Internet fees	63,395	13,527
Legal fees	30,308	23,991
Medical supplies	125,324	94,456
Minor equipment purchases	52,243	29,766
NAIDOC day expenses	35,958	27,709
Other emergency assistance for Clients	19,088	14,321
Pharmacy expenses	46,653	92,204
Postage	8,073	4,731
Printing and stationery	51,417	47,797
Promotional products	80,227	36,923
Rates and taxes	50,373	41,768
Records management	7,582	8,489
Repairs and maintenance	24,494	23,893
Security	250,760	234,930
Software licenses	40,047	66,435
Staff amenities	20,598	17,212
Staff recruitment	61,037	49,886
Staff training	72,395	122,009
Subscriptions & Publications	31,050	19,096
Telephone	92,574	128,773
Travel & accommodation	28,919	42,730
Travel and transport assistance	25,889	23,823
Workshops & seminars	24,677	19,482
Other	22,400	20,891
	2,790,540	2,690,181

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 5. Personnel expenses

Wages and salaries  
Contributions to defined contribution superannuation funds  
Other personnel expenses

2012	2011
7,326,463	6,624,079
584,689	476,513
64,724	(18,917)
7,975,876	7,081,675

#### 6. Auditors' remuneration

##### Audit services

Auditors of the Service

Audit of financial reports

- current year  
- under provision in prior years (KPMG)

2012	2011
39,000	29,300
-	20,840

Audit of grant acquittal statements  
- current

21,000	16,550
60,000	66,690

#### 7. Cash and cash equivalents

Cash on hand  
Bank balances  
Call deposits  
Cash and cash equivalents in the statement of cash flows

2012	2011
200	200
1,997,804	3,515,998
1,517,923	7,743
3,515,927	3,523,941

#### 8. Trade and other receivables

##### Current

Trade receivables and other receivables

2012	2011
126,183	346,062

#### 9. Prepayments

Prepayments  
Bonds & Deposits

2012	2011
672,409	304,300
1,596	400
674,005	304,700

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 10. Property, plant and equipment

##### Cost

Balance at 1 July 2010

Acquisitions

Disposals

Balance at 30 June 2011

Balance at 1 July 2011

Acquisitions

Disposals

Balance at 30 June 2012

##### Depreciation and impairment losses

Balance at 1 July 2010

Depreciation charge for the year

Disposals

Balance at 30 June 2011

Balance at 1 July 2011

Depreciation charge for the year

Disposals

Balance at 30 June 2012

##### Carrying amounts

At 1 July 2010

At 30 June 2011

At 1 July 2011

At 30 June 2012

Land	Buildings	Motor vehicles	Office equipment	Plant & equipment	Artworks	Total
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1,127,188	2,189,969	1,191,303	721,159	733,710	21,244	5,984,573
-	-	-	68,368	92,873	-	161,241
-	(3,300)	(83,853)	(44,891)	-	-	(132,044)
1,127,188	2,186,669	1,107,450	744,636	826,583	21,244	6,013,770

1,127,188	2,186,669	1,107,450	744,636	826,583	21,244	6,013,771
-	28,400	547,875	95,606	60,948	-	732,829
-	-	(585,699)	(169,324)	(130,106)	(4,911)	(890,040)
1,127,188	2,215,069	1,069,626	670,918	757,425	16,333	5,856,559

-	978,258	403,068	615,112	499,035	18,747	2,514,220
-	100,078	327,777	72,443	80,348	456	581,102
-	(1,477)	(69,667)	(43,809)	-	-	(114,953)
-	1,076,859	661,178	643,746	579,383	19,203	2,980,369

-	1,076,859	661,178	643,746	579,383	19,203	2,980,369
-	195,610	307,742	37,467	103,065	1,152	645,036
-	-	(389,321)	(168,189)	(115,252)	(4,022)	(676,784)
-	1,272,469	579,599	513,024	567,196	16,333	2,948,621

1,127,188	1,211,711	788,235	106,047	234,675	2,497	3,470,353
1,127,188	1,109,810	446,272	100,890	247,200	2,041	3,033,401

1,127,188	1,109,810	446,272	100,890	247,200	2,041	3,033,401
1,127,188	942,600	490,027	157,894	190,229	-	2,907,938



## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 10. Property, plant and equipment (continued)

Land and buildings are subject to encumbrances (caveat and easement burden) and as such, these may not be sold by the Service.

The Service's motor vehicles are owned outright by the Service.

#### Valuations of land and buildings

An independent valuation of the Service's land and buildings at Bulwer Street (Boomerang House) was carried out in July 2011 on the basis of open market values, resulting in valuations of the land at \$1,000,000 and Nil value for the improvements.

An independent valuation of the Service's land and buildings at 156 Wittenoom Street, East Perth, was carried out in July 2011 on the basis of open market values for existing use, resulting in valuations of the land at \$7,700,000 and \$2,050,000 for the buildings.

#### Boomerang House:

Land	\$1,000,000
Buildings	\$ Nil

#### Wittenoom Street:

Land	\$7,700,000
Buildings	\$2,050,000

#### 11. Trade and other payables

Trade payables and accrued expenses  
Net GST payable

2012	2011
1,440,113	860,660
49,712	112,510
1,489,825	973,170

#### 12. Unexpended grants

Recurrent  
Other

2012	2011
811,563	1,149,018
301,932	23,500
1,113,495	1,172,518

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 13. Interest bearing liabilities

##### Current

Current portion of finance lease liabilities

2012	2011
-	624,518

##### Non-current

Finance lease liabilities

-	-
-	624,518

#### 14. Employee benefits

##### Current

Liability for annual leave

Liability for long-service leave

2012	2011
422,047	421,617
435,141	411,705
857,188	833,322

##### Non Current

Liability for long-service leave

164,260	139,421
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**Notes to the financial statements (continued)**

**15. Related party information**

The following were key management personnel of the Service at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

**Executive Committee:**

Edward Wilkes – President  
Dot Bagshaw – Vice President  
Marley Nelson – Treasurer  
Kenneth Latham – Secretary

Yvonne Axford  
Sandra Blurton  
Patricia Bushby  
Sandra Collard  
Patricia Dudgeon  
Miranda Farmer  
Charne Hayden  
Greg Ugle  
Barbara Henry  
Cynthia Barnes

**Derbarl Yerrigan Health Service Inc.**

**Notes to the financial statements (continued)**

15. Details of payments to Committee Members during the year:

		2012	2011
Yvonne Axford:	Meeting fees	5,650	3,800
	Travel allowance	890	1245
	Honorariums	800	1600
		7,340	6,645
Dot Bagshaw:	Meeting fees	8,650	5,100
	Travel allowance	1,208	698
	Honorariums	1,600	1284
		11,458	7,082
Sandra Blurton:	Meeting fees	3,000	-
	Travel allowance	542	-
	Honorariums	-	-
		3,542	-
Patricia Bushby:	Meeting fees	7,850	3,200
	Travel allowance	887	297
	Honorariums	-	-
		8,737	3,497
Sandra Collard:	Meeting fees	4,550	3,000
	Travel allowance	1,162	342
	Honorariums	-	-
		5,712	3,342
Patricia Dudgeon:	Meeting fees	1,750	-
	Travel allowance	25	-
	Honorariums	-	-
		1,775	-
Miranda Lee Farmer:	Meeting fees	1,500	3,740
	Travel allowance	342	257
	Honorariums	755	-
		2,597	3,997
Gerri Hayden:	Meeting fees	-	900
	Travel allowance	-	185
	Honorariums	-	-
		-	1,085
Charme Hayden:	Meeting fees	2,650	-
	Travel allowance	75	-
	Honorariums	-	-
		2,725	-
Kenneth Latham:	Meeting fees	4,300	-
	Travel allowance	377	-
	Honorariums	639	-
		5,316	-

## Derbarl Yerrigan Health Service Inc.

### 15. Notes to the financial statements (continued)

#### Related party information (continued)

		2012	2011
May McGuire:	Meeting fees	-	1,400
	Travel allowance	-	102
	Honorariums	-	-
		-	1,502
Marley Nelson:	Meeting fees	8,950	4,000
	Travel allowance	3,023	2,126
	Honorariums	826	-
		12,799	6,126
Michelle Nelson:	Meeting fees	-	3,150
	Travel allowance	-	773
	Honorariums	-	-
		-	3,923
Sylvia Nelson:	Meeting fees	-	2,650
	Travel allowance	-	646
	Honorariums	-	-
		-	3,296
A N Other	Meeting fees	-	1,600
	Travel allowance	-	244
	Honorariums	-	-
		-	1,844
Dianne Taylor:	Meeting fees	2,125	5,000
	Travel allowance	478	482
	Honorariums	-	-
		2,603	5,482
Eileen Taylor:	Meeting fees	-	100
	Travel allowance	-	20
	Honorariums	-	-
		-	120
Greg Ugle:	Meeting fees	2,900	5,550
	Travel allowance	157	1,067
	Honorariums	-	-
		3,057	6,617
Edward Wilkes:	Meeting fees	5,850	3,900
	Travel allowance	734	228
	Honorariums	1,600	1,600
		8,184	5,728
Roslyn Yarran:	Meeting fees	-	6,350
	Travel allowance	-	1,057
	Honorariums	-	1,645
		-	9,052
TOTAL	Meeting fees	59,725	53,440
	Travel allowance	9,900	9,769
	Honorariums	6,220	6,129
	TOTAL	75,845	69,338

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 15. Related party information (continued)

##### Executives:

Barbara Henry (Chief Executive Officer, appointed: 10 August 2011).

Cynthia Barnes (Acting Chief Executive Officer, to 10 August 2011 and Acting Deputy Chief Executive Officer 10 August 2011 to 30 June 2012).

Robyn Williams (Acting Deputy Chief Executive Officer, to 10 August 2012).

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Service, and include members of the Executive Committee and other executives. Compensation levels for executives of the Service are competitively set to attract and retain appropriately qualified and experienced personnel. Members of the Executive Committee are paid meeting fees, honorariums and a travel allowance.

In addition to their salaries, the Service also provides non-cash benefits to its executives and contributes to a post-employment defined contribution superannuation plan on their behalf.

The executives' compensation included in "personnel expenses" is as follows:

	2012	2011
Short-term employee benefits	302,411	339,777
Other long term benefits	-	2,328
Post-employment benefits	24,689	28,443
Termination benefits	-	47,500
	327,100	418,048

The number of executives whose income from the Service or any related party falls within the following bands:

	2012	2011
\$ 10,000 – \$ 119,999	1	1
\$ 120,000 – \$ 129,999	-	-
\$ 130,000 – \$ 139,999	-	-
\$ 150,000 – \$ 169,999	2	1
\$ 200,000 – \$ 209,999	-	1

## Notes to the financial statements (continued)

### 16. Financial Risk Management

#### Overview

This note presents information about the Service's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Service does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Service does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Executive Committee has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Service through regular reviews of the risks. Exposure to credit and interest rate risks arises in the normal course of the entity's business.

#### Credit risk

Credit risk is the risk of financial loss to the Service if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Service's receivables from customers which are principally government departments.

At the balance sheet date there were no significant concentrations of credit risk.

#### *Cash and cash equivalents*

The Service limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

#### *Trade and other receivables*

As the Service operates in delivering quality health services to its clients, it does not have large trade receivables and therefore is only marginally exposed to credit risk in relation to trade receivables.

#### *Exposure to credit risk*

The carrying amount of the Service's financial assets represents the maximum credit exposure. The Service's maximum exposure to credit risk at the reporting date was

*In AUD*

	Carrying amount	
	2012	2011
Trade and other receivables	129,644	347,712
Impairment loss provision	(3,461)	(1,650)
Trade and other receivables net	8	346,062
Cash and cash equivalents	7	3,515,927
		3,523,941

#### Liquidity risk

Liquidity risk is the risk that the Service will not be able to meet its financial obligations as they fall due. The Service's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Service's reputation.

The Service manages liquidity risk by maintaining adequate cash reserves from funds received from the funding providers and by continuously monitoring forecast and actual cash flows. The Service does not have any external borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 16. Financial Risk Management (continued)

##### Liquidity risk (continued)

###### 30 June 2012

*In AUD*

Trade and other payables  
Interest bearing liabilities

Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
1,489,825	1,489,825	1,489,825	-	-	-
-	-	-	-	-	-

###### 30 June 2011

*In AUD*

Trade and other payables  
Interest bearing liabilities

Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
973,170	973,170	973,170	-	-	-
627,288	627,288	627,288	-	-	-

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Service's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Currency risk

The Service is not exposed to currency risk and at balance sheet date the Service holds no financial assets or liabilities which are exposed to foreign currency risk.

##### Other Market Price Risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Service has no investments and is therefore not exposed to other market price risks.

##### Commodity Price Risk

The Service operates primarily in the health care industry and accordingly the Service's financial assets and liabilities are not subject to commodity price risk.

##### Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments.

The Service holds most of its cash & cash equivalents in an interest bearing bank account at variable interest rates. A 100 basis points variation in interest rates would lead to a \$35,155 variation.



## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 17. Operating leases

##### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
Less than one year	320,768	271,815
Between one and five years	-	212,968
	320,768	484,783

The Service leases a number of office premises and other facilities under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased annually to reflect increases in the Consumer Price Index (CPI). None of the leases include contingent rentals.

During the year ended 30 June 2012, \$294,235 was recognised as an expense in the statement of comprehensive income included in rent and property expenses in respect of operating leases (2011: \$278,098).

#### 18. Contingencies

There are no contingent liabilities existing at 30 June 2012.

#### 19. Capital commitments

The Service has capital commitments in place to the value of \$110,842 as at 30 June 2012 relating to the purchase of computer network and associated equipment, no other material capital commitments exists as at the balance sheet date.

## Derbarl Yerrigan Health Service Inc.

### Notes to the financial statements (continued)

#### 20. Reconciliation of cash flows from operating activities

	2012	2011
<b>Cash flows from operating activities</b>		
Surplus for the period	134,131	161,941
<i>Adjustments for:</i>		
Depreciation and amortisation	645,036	581,104
Doubtful Debt Provision	1,811	2,550
Interest expense	2,885	63,496
(Loss)/gain on sale of property, plant and equipment	(114,199)	13,838
<b>Operating surplus before changes in working capital and provisions</b>	669,664	822,929
(Increase)/(decrease) in trade and other receivables	218,068	(282,962)
(Increase)/decrease in prepayments	(369,305)	(106,917)
Increase/(decrease) in trade and other payables	516,655	253,019
Increase/(decrease) in unexpended grants	(59,023)	564,472
Increase/(decrease) in employee benefits balances	48,705	(25,721)
<b>Net cash from operating activities</b>	1,024,764	1,224,820

#### 21. Economic dependency

The Service is dependent on funding received from its principal funding agencies, Department of Health and Ageing and the Health Department of Western Australia. The future operations of the Service are dependent on the continued receipt of funding from these agencies.

#### 22. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Executive Committee of the Service, to significantly affect the operations of the Service, the results of those operations, or the state of affairs of the Service, in future financial years.

#### 23. Organisation details

The principal place of business and address of the Service is:

Derbarl Yerrigan Health Service Inc.  
156 Wittenoom Street  
East Perth WA 6004  
Telephone: 08 9421 3888  
Fax: 08 9421 3883  
Website: [www.dyhs.org.au](http://www.dyhs.org.au)

