

# Financial Statements

# RDNS

ANNUAL REPORT 2011



# RDNS

## FINANCIAL STATEMENTS 2011

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# Company Particulars

FOR THE YEAR ENDED 30 JUNE 2011

## DIRECTORS

Paul Montgomery      Chair  
Noel Armstrong      Deputy Chair  
Kathleen Baker  
Jan Begg  
Desmond Benjamin  
Peter Brindley  
Susanne Macri  
Michael Murray  
Leon Piterman  
Michael Roberts

## COMPANY SECRETARY

Vicki Long      Appointed 11 May 2011

## PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

31 Alma Road, St Kilda, Victoria, 3182

## AUDITOR

RSM Bird Cameron Partners

## SOLICITORS

Freehills  
Johnson, Winter & Slattery

## BANK

National Australia Bank Limited

## Directors' Report

The directors present their report on the consolidated entity consisting of Royal District Nursing Service Limited ("the Company" ABN 49 052 188 717), RDNS New Zealand Limited ("RDNS NZ" Registration Number 2231468), RDNS 2007 Pty Ltd as trustee for RDNS Charitable Trust ("the Trust" ABN 41 099 629 566) and RDNS Private Australia Pty Ltd ("RDNS Private" ACN 124 175 088) for the financial year ended 30 June 2011.

The following persons were directors of the Company during the whole of the financial year and up to the date of this report (unless otherwise indicated):

<b>Name</b>	<b>Occupation</b>
Noel Armstrong	Director
Kathleen Baker	Director Appointed 1 January 2011
Jan Begg	Director
Desmond Benjamin	Director
Peter Brindley	Director
Marion Lau	Director Resigned 28 October 2011
Susanne Macri	Director Appointed 1 January 2011
Paul Montgomery	Director
Michael Murray	Director
Leon Piterman	Director
Michael Roberts	Director

## DIRECTORS' REPORT

### PRINCIPAL ACTIVITIES

The principal continuing activity of the consolidated entity during the year was to provide domiciliary nursing services to meet the diverse health care needs of a multicultural community.

The entity's short term objectives are to:

- (i) Be the provider of choice for home and community nursing and health care services.
- (ii) Establish national reach and influence
- (iii) Have flexible and aligned service delivery

The entity's long term objectives are to:

- (i) Achieve growth and expansion in current and new service delivery.
- (ii) Be sustainable and strive for continuous improvement in the care and assistance provide to clients and customers.

To achieve these objectives, the entity has adopted the following strategies:

- (i) The entity will offer quality products and services aligned to client and customer needs.
- (ii) The entity will build external relations linkages with key stakeholders. This will entail the development of appropriate capabilities to deliver quality research, education and training and informing our policy advocacy.
- (iii) The entity will establish flexible and adaptive internal processes and systems through strengthened quality improvement capabilities. While also developing and implementing an organisational wide change management program and pursuing opportunities in overhead cost reduction.

### NET SURPLUS / DEFICIT

The consolidated entity's financial statements showed a deficit from continuing operations of \$1,454,115 for the year ended 30 June 2011 (2010: deficit of \$153,237) and at that date the consolidated entity's total assets exceeded total liabilities by \$25,066,556 (2010: \$26,006,271). In addition, the consolidated entity's financial statements show net cash inflows from operations of \$6,598,583 for the year ended 30 June 2011 (2010: \$1,810,731). Cash at the end of the financial year was \$7,198,277 (2010: \$10,312,604).

The Company, RDNS NZ and the Trust are exempt from income tax.

### DIVIDENDS – THE COMPANY

There is no shareholding to which dividends are payable.

### CONSOLIDATION

The accounts of the Company, RDNS NZ, RDNS Private and the Trust have been consolidated. The consolidation gives effect to advice from the Company's auditors and to comply with the Corporations Act and approved accounting standards.

### REVIEW OF OPERATIONS

Total consolidated revenue from continuing operations for the year amounted to \$115,541,854 (2010: \$106,657,462).

During the year the consolidated cash position decreased by \$3,114,327 (2010: decreased by \$1,642,218).

The financial position of the company is sufficient to support the on-going operations of the Company.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

1 July 2011 saw the departure of Dan Romanis, CEO of the Company for the past 17 years. His replacement Stephen Muggleton commenced with the Company on 22 August 2011.

## DIRECTORS' REPORT

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (a) the consolidated operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated state of affairs in future financial years.

### **FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Income from the Funding and Service Agreement with the Department of Health (DH) has been based on output since July 2004. DH and the Company continue to work together to ensure that efficient and equitable output based purchasing operates as expected.

During the year the Company continued the strategy of diversification and expansion into other geographical areas. The Company was awarded a contract for the provision of services to clients at home with Sydney South West Area Health Services. In February 2011 the Company was successful in acquiring further EACH, EACH-D and CACP's packages in Eastern metropolitan Melbourne, through the Department of Health and Ageing. As of 1 July 2011 the Company commenced the provision of the South Australian Health Incident Management phone service in agreement with the National Health Call Centre Network.

### **ENVIRONMENTAL REGULATION**

The consolidated entity is subject to environmental regulation in respect of its waste disposal. The consolidated entity complies with the Environmental Protection Act (1970) and in particular the Waste Transport Certification System.

### **INSURANCE OF OFFICERS**

DH incurs the professional indemnity insurance premium on behalf of the Company.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in/on behalf of the consolidated entity with leave of the Court under section 237 of the Corporations Act 2001.

### **AUDITORS AND AUDITOR'S INDEPENDENCE**

RSM Bird Cameron Partners continue in office in accordance with section 327 of the Corporations Act 2001. A declaration of the auditor's independence as required under section 307c of the Corporations Act 2001 has been received and is attached on page 6.

DIRECTORS' REPORT

**DIRECTORS' MEETINGS**

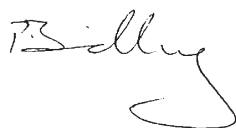
	RDNS Board		Clinical Governance		Assets		Audit & Risk		Remuneration & Nominations	
	11 meetings		5 meetings		5 meetings		4 meetings		4 meetings	
	E	A	E	A	E	A	E	A	E	A
Noel Armstrong	11	9**		4^		5^	4	4	4	4
Kathleen Baker	6	6								
Jan Begg	11	10			5	5		1		
Desmond Benjamin	11	11				1	4	3		
Peter Brindley	11	10*			5	5				
Marion Lau	4	3*	2	2						
Susanne Macri	6	6								
Paul Montgomery	11	10*		2^	5	5		2^	4	3*
Michael Murray	11	9**	5	5					4	4
Leon Piterman	11	11	5	4						
Michael Roberts	11	11	1	1			4	4		

E	Eligible	*	Indicates the number of meetings for which leave of absence was granted
A	Attended	^	Indicates "ex-officio" attendance by Board Chair or Board Deputy Chair or Chair of the former Finance Committee at meetings of Board sub committees of which they are not members

This report is made in accordance with a resolution of the directors.



**Paul Montgomery**  
Director



**Peter Brindley**  
Director

Melbourne, 30 September 2011

# Auditors' Independence Declaration

**RSM Bird Cameron Partners**  
Chartered Accountants

RSM Bird Cameron Partners  
Level 8 Riello South Tower  
525 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007  
T +61 3 9286 1800 F +61 3 9286 1999  
www.rsm.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Royal District Nursing Service Limited and its controlled entities for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants



**R B MIANO**  
Partner

Dated: 30 September 2011  
Melbourne, Victoria

6  
Liability limited by a  
scheme approved under  
Professional Standards  
Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Auckland and Canberra  
ABN 36 945 955 036

RSM Bird Cameron Partners is an independent member firm of RSM  
International, an affiliation of independent accounting and consulting firms.  
RSM International is the name given to a network of independent accounting  
and consulting firms each of which practices in its own right. RSM International  
does not exist in any jurisdiction as a separate legal entity.



# Financial Statements

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated		RDNS	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>REVENUES</b>					
Revenue from Continuing Operations	2	115,779,949	106,644,739	112,501,799	103,764,432
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	3	(238,095)	12,723	(238,095)	12,723
<b>Total Revenue</b>		<b>115,541,854</b>	<b>106,657,462</b>	<b>112,263,704</b>	<b>103,777,155</b>
<b>EXPENSES</b>					
Employee Benefits		92,175,540	85,008,141	89,467,266	82,389,189
Depreciation and Amortisation	4	3,516,664	3,439,381	3,185,855	3,110,078
Motor Vehicles		2,983,491	2,363,934	2,883,940	2,308,370
Administration		10,168,164	8,202,320	9,911,242	7,801,452
Property and Equipment Maintenance		4,553,768	4,526,966	4,455,897	4,408,580
Other Expenses from Continuing Operations		3,598,342	3,269,957	3,545,257	3,180,890
<b>Total Expenses</b>		<b>116,995,969</b>	<b>106,810,699</b>	<b>113,449,457</b>	<b>103,198,559</b>
<b>Surplus/(Deficit) from Continuing Operations</b>		<b>(1,454,115)</b>	<b>(153,237)</b>	<b>(1,185,753)</b>	<b>578,596</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Revaluation	13	-	-	-	-
Unrealised Gain/(Loss) on Available for Sale Financial Assets	13	494,400	693,231	493,046	693,231
Restricted Purpose Reserve Addition		20,000	-	20,000	-
<b>Total Other Comprehensive Income</b>		<b>514,400</b>	<b>693,231</b>	<b>513,046</b>	<b>693,231</b>
<b>Net Surplus / Deficit</b>		<b>(939,715)</b>	<b>539,994</b>	<b>(672,707)</b>	<b>1,271,827</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS for the year ended 30 June 2011

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	5	7,198,277	10,312,604	6,877,444	8,032,243
Trade and Other Receivables	6	3,575,009	3,261,804	3,332,658	3,107,561
Prepayments	7	668,501	869,251	661,733	865,062
<b>Total Current Assets</b>		<b>11,441,787</b>	<b>14,443,659</b>	<b>10,871,835</b>	<b>12,004,866</b>
<b>NON CURRENT ASSETS</b>					
Receivables	6	-	-	871,636	917,537
Available for Sale Financial Assets	8	11,931,050	5,587,375	9,986,044	5,588,365
Property, Plant and Equipment	9	29,580,172	29,884,918	15,006,072	14,992,199
<b>Total Non Current Assets</b>		<b>41,511,222</b>	<b>35,472,293</b>	<b>25,863,752</b>	<b>21,498,101</b>
<b>Total Assets</b>		<b>52,953,009</b>	<b>49,915,952</b>	<b>36,735,587</b>	<b>33,502,967</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	10	13,547,767	11,748,834	13,234,092	11,412,171
Income in Advance	11	1,240,436	176,122	1,260,495	281,527
Employee Benefits	12	10,483,387	9,196,180	10,457,232	9,196,180
<b>Total Current Liabilities</b>		<b>25,271,590</b>	<b>21,121,136</b>	<b>24,951,819</b>	<b>20,889,878</b>
<b>NON CURRENT LIABILITIES</b>					
Payables	10	18,553	35,621	-	-
Employee Benefits	12	2,596,310	2,752,924	2,596,310	2,752,924
<b>Total Non Current Liabilities</b>		<b>2,614,863</b>	<b>2,788,545</b>	<b>2,596,310</b>	<b>2,752,924</b>
<b>Total Liabilities</b>		<b>27,886,453</b>	<b>23,909,681</b>	<b>27,548,129</b>	<b>23,642,802</b>
<b>Net Assets</b>		<b>25,066,556</b>	<b>26,006,271</b>	<b>9,187,458</b>	<b>9,860,165</b>
<b>EQUITY</b>					
Reserves	13	5,612,732	5,098,332	4,102,469	3,589,423
Accumulated Surplus	13	19,453,824	20,907,939	5,084,989	6,270,742
<b>Total Equity</b>		<b>25,066,556</b>	<b>26,006,271</b>	<b>9,187,458</b>	<b>9,860,165</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS for the year ended 30 June 2011

## STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Government – Operating	2	91,412,482	87,620,430	91,412,482	86,921,564
– Capital	2	110,000	110,000	110,000	110,000
Receipts from Customers and Clients		28,352,536	22,855,174	25,330,804	19,993,596
Receipts from Donations and Other Fundraising		2,971,911	2,520,789	2,971,911	2,520,789
Payments to Suppliers and Employees		(118,090,748)	(112,513,634)	(114,935,461)	(108,553,228)
GST on Proceeds from Sale of Property, Plant and Equipment		429,149	404,732	429,149	404,732
Interest and Investment Income Received		1,413,253	813,240	1,281,360	713,267
<b>Net Cash Inflows from Operating Activities</b>	14B	<b>6,598,583</b>	<b>1,810,731</b>	<b>6,600,245</b>	<b>2,110,720</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from Sale of Available for Sale Financial Assets		2,744,376	2,928,629	2,744,376	2,928,629
Proceeds from Sale of Plant and Equipment		4,291,490	4,047,317	4,291,490	4,047,317
Payments for Purchase of Available for Sale Financial Assets		(9,007,273)	(3,342,056)	(7,061,597)	(3,342,845)
Payments for Purchase of Property, Plant and Equipment		(7,741,503)	(7,086,839)	(7,729,313)	(7,030,944)
Payments to Subsidiaries		-	-	-	(400,000)
<b>Net Cash (Outflow) From Investing Activities</b>		<b>(9,712,910)</b>	<b>(3,452,949)</b>	<b>(7,755,044)</b>	<b>(3,797,843)</b>
Net Increase In Cash Held		(3,114,327)	(1,642,218)	(1,154,799)	(1,687,123)
Cash at Beginning of the Financial Year		10,312,604	11,954,822	8,032,243	9,719,366
<b>Cash at End of the Financial Year</b>	5 & 14A	<b>7,198,277</b>	<b>10,312,604</b>	<b>6,877,444</b>	<b>8,032,243</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## FINANCIAL STATEMENTS for the year ended 30 June 2011

## STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>RESERVES</b>					
Opening Balance		5,098,332	4,405,101	3,589,423	2,896,192
Revaluation		-	-	-	-
Unrealised Gains / (Loss) on Available for Sale Financial Assets		494,400	693,231	493,046	693,231
Restricted Purpose Reserve Addition		20,000	-	20,000	-
<b>Total Reserves</b>		<b>5,612,732</b>	<b>5,098,332</b>	<b>4,102,469</b>	<b>3,589,423</b>
<b>ACCUMULATED SURPLUS</b>					
Opening Balance		20,907,939	21,061,176	6,270,742	5,692,146
Surplus / (Deficit) from Continuing Operations		(1,454,115)	(153,237)	(1,185,753)	578,596
<b>Total Accumulated Surplus</b>		<b>19,453,824</b>	<b>20,907,939</b>	<b>5,084,989</b>	<b>6,270,742</b>
<b>Total Equity</b>	13	<b>25,066,556</b>	<b>26,006,271</b>	<b>9,187,458</b>	<b>9,860,165</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132: Financial Instrument Presentation

### B. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of RDNS New Zealand Limited ("RDNS NZ"), RDNS 2007 Pty Ltd as Trustee for the RDNS Charitable Trust ("the Trust") and RDNS Private Australia Pty Ltd ("RDNS Private") as at 30 June 2011 and the results for the year then ended. The Company, RDNS NZ, the Trust and RDNS Private are referred to in this financial report as the Group or the consolidated entity. For the year ended 30 June 2011 there was no trading activity in RDNS Private.

Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

### C. Income Tax

No income tax has been brought to account due to the Company's tax exempt status.

### D. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up at the date of acquisition plus incidental costs directly attributable to the acquisition.

### E. Revenue Recognition

Revenue from operating activities includes fees charged to government bodies, clients and other organisations for the provision of the Company's services. Other revenue includes donations, proceeds from the sale of property, plant and equipment and other sundry income. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

#### (i) Fees and capital grants from government bodies

Fees from government bodies for services are recorded as revenue when the services have been provided.

#### (ii) Client and other fees

Client and other fees are recorded as sales when the services have been provided.

#### (iii) Donations

Donations are recognised on receipt of cash.

#### (iv) Investment Income

Investment income is recognised on notification of the entitlement.

### F. Cash and Cash Equivalents

For the Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

### G. Trade and Other Receivables

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### H. Investments and Other Financial Assets

Available for sale financial assets are non-derivatives that are designated in this category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the date of the Statement of Financial Position. Available for sale financial assets are carried at fair value. Gains or losses arising from changes in the fair value are recognised in equity.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the Statement of Comprehensive Income.

Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available for sale are not reversed through the Statement of Comprehensive Income.

### I. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### J. Property, Plant and Equipment

Land and buildings are shown at values based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**K. Depreciation of Property, Plant and Equipment**

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment other than computers	3 – 6 years
Computers	3 – 3.70 years
Fixtures and Fittings	7 – 8 years
Freehold Buildings	20 years
Leasehold improvements	5 years

The depreciation rate for motor vehicles is based on the cost of acquisition less the amount expected to be recovered at the end of their useful life.

Depreciation rate for motor vehicles	12% p.a.
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**L. Leasehold Improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or five years whichever is the shorter.

**M. Leased Non Current Assets**

Where the Company is the lessee, leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expense over the period of the expected benefit.

**N. Impairment of Assets**

At each reporting date the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the recoverable value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the Statement of Comprehensive Income as asset write down. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**O. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**P. Maintenance and Repairs**

The cost of repairs and maintenance is charged to the Statement of Comprehensive Income as incurred.

**Q. Income in Advance**

Cash received in the current financial year, which is on account for future services to be rendered by the Company are treated as liabilities at fair value until the services have been rendered.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### R. Employee Benefits

#### (i) Salaries and annual leave

Liabilities for salaries, including non monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (iii) Employee Entitlement Obligations

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

AASB 119 prescribes the accounting and disclosure requirements for employee benefits. The Fund Actuary has recommended that Health Super meets the definition of a defined benefit multi-employer plan under AASB 119. As some of the members of the defined benefit section of the fund are current and former employees of other employers, the actuary does not believe there is sufficient information to allocate obligations, assets and costs between employers. As a result there are adequate grounds to adopt defined contribution accounting in respect of the defined benefit section of the fund.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Termination Benefits

Liabilities for termination benefits are recognised when a detailed plan for terminations has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled.

### S. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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.

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**T. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**(i) Critical Accounting Estimates and Assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**i. Employee Entitlement Obligations**

This applies where the Group's accounting policy is to recognise any actuarial gains or losses immediately through the Statement of Comprehensive Income.

The present value of the retirement benefit or long service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations.

In determining the appropriate discount rate, the Group considers the long service leave wage inflation and discount rates published by the Department of Treasury and Finance of the Victorian State Government. Other key assumptions for retirement benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 1R.

**ii. Impairment of Available for Sale Financial Assets**

The Company follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement on determining when an available for sale financial

asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, amongst other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

**U. New standards and interpretations issued but not yet effective**

At the date of this financial report, AASB 9, AASB 2009-11, AASB 2010-7, AASB 2009-12, AASB 2010-2, AASB 2010-4, AASB 2010-5, AASB 2011-1, AASB 2011-2, AASB 2011-4, AASB 2011-5 and AASB 2011-6 which may impact the entity in the period of initial application, have been issued but are not yet effective. These new standards and interpretations have not been applied in the preparation of this financial report. Other than changes to disclosure formats, it is not expected that the initial application of these new standards and interpretations in the future will have any material impact.

**V. Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the Group's Statement of Financial Position it illustrates that the Group's current liabilities exceed current assets by \$13,829,803 (2010: \$6,677,477). In order to manage this deficiency, the Group has implemented the following measures:

- i. obtained an actuarial assessment of the expected rate of employee leave and incorporated this assessment into cash flow modelling;
- ii. as demonstrated in the Statement of Cash Flows the Group has generated cash inflows from operating activities which assist in meeting liabilities; and
- iii. monitoring of the balance between Cash and Cash Equivalents and Available for Sale Financial Assets to ensure sufficient cash is available to meet liabilities.

On this basis the Directors believe it is reasonably foreseeable that the Group will continue as a going concern and it is appropriate to adopt the going concern basis in the preparation of the financial report.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 2. REVENUE FROM CONTINUING OPERATIONS	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Government fees: – Operating	82,689,996	79,532,856	82,689,996	79,532,856
– Capital	100,000	100,000	100,000	100,000
	82,789,996	79,632,856	82,789,996	79,632,856
Customer and Client Fees	28,157,841	22,956,481	24,968,178	20,159,201
Other Fees	80,584	115,984	80,584	115,984
Donations	2,813,269	2,393,787	2,813,269	2,393,787
Other Fundraising Revenue	158,642	127,002	158,642	127,002
Interest and Investment Income / (Loss)	999,631	830,579	868,772	730,606
Sundry Income	779,986	588,050	822,358	604,996
<b>Revenue from Continuing Operations</b>	<b>115,779,949</b>	<b>106,644,739</b>	<b>112,501,799</b>	<b>103,764,432</b>

NOTE 3. NET GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash Proceeds Received	4,291,490	4,047,317	4,291,490	4,047,317
less Written Down Value of Assets Sold	(4,529,585)	(4,034,594)	(4,529,585)	(4,034,594)
<b>Net Gain / (Loss) on Disposal of Property, Plant and Equipment</b>	<b>(238,095)</b>	<b>12,723</b>	<b>(238,095)</b>	<b>12,723</b>

NOTE 4. NET GAINS AND EXPENSES	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Surplus from ordinary activities includes the following specific net gains and expenses:				
Depreciation: – Buildings	393,766	366,857	37,799	37,550
– Leasehold Improvements	59,772	57,908	120,511	91,988
– Plant and Equipment	924,992	955,875	894,047	926,554
– Motor Vehicles	1,443,825	1,352,695	1,440,503	1,349,323
<b>Total Depreciation</b>	<b>2,822,355</b>	<b>2,733,335</b>	<b>2,492,860</b>	<b>2,405,415</b>
Amortisation: – Software	694,309	706,046	692,995	704,663
<b>Total Amortisation</b>	<b>694,309</b>	<b>706,046</b>	<b>692,995</b>	<b>704,663</b>
<b>Aggregate Depreciation and Amortisation</b>	<b>3,516,664</b>	<b>3,439,381</b>	<b>3,185,855</b>	<b>3,110,078</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 5. CASH AND CASH EQUIVALENTS	Consolidated		RDNS	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at Bank and on Hand	5,562,065	3,136,428	5,426,396	2,951,517
Term Deposits	895,100	2,902,994	887,824	807,544
Cash Investments	741,112	4,273,182	563,224	4,273,182
<b>Cash and Cash Equivalents</b>	<b>7,198,277</b>	<b>10,312,604</b>	<b>6,877,444</b>	<b>8,032,243</b>

NOTE 6. TRADE AND OTHER RECEIVABLES	Notes	Consolidated		RDNS	
		2011	2010	2011	2010
		\$	\$	\$	\$
CURRENT					
Trade Debtors	i	2,618,282	2,538,655	2,618,215	2,538,655
Less Provision for Impairment	ii	(20,000)	(20,000)	(20,000)	(20,000)
		2,598,282	2,518,655	2,598,215	2,518,655
Other Receivables		675,998	437,696	434,828	294,177
GST Receivable		300,729	305,453	299,615	294,729
<b>Total Current Receivables</b>		<b>3,575,009</b>	<b>3,261,804</b>	<b>3,332,658</b>	<b>3,107,561</b>
NON CURRENT					
Receivables	19B	-	-	871,636	917,537
<b>Total Non Current Receivables</b>		<b>-</b>	<b>-</b>	<b>871,636</b>	<b>917,537</b>
<b>Aggregate Receivables</b>		<b>3,575,009</b>	<b>3,261,804</b>	<b>4,204,294</b>	<b>4,025,098</b>

Information concerning the effective interest rate and credit risk of current receivables is set out in note 15.

**i. Past due not impaired**

As at 30 June 2011 trade debtors of \$240,651 (2010: \$301,275) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

**ii. Impaired trade receivables**

The Company has reviewed outstanding debtors and determined the amount of debtors impaired at 30 June 2011. The individually impaired receivables relate to amounts which remain outstanding despite measures to collect. There is an expectation that some further amounts will be recovered for a portion of receivables. There were no impaired receivables for the consolidated entity in 2011 or 2010.

NOTE 7. PREPAYMENTS	Consolidated		RDNS	
	2011	2010	2011	2010
	\$	\$	\$	\$
Vehicle Expenses Prepaid	122,766	428,150	122,766	428,150
Printed Stock	255,227	137,106	255,227	137,106
Other Expenses Prepaid	290,508	303,995	283,740	299,806
<b>Prepayments</b>	<b>668,501</b>	<b>869,251</b>	<b>661,733</b>	<b>865,062</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 8. AVAILABLE FOR SALE FINANCIAL ASSETS	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Investments in Subsidiaries	-	-	990	990
Equity Holdings	8,027,523	4,559,038	6,081,527	4,559,038
Managed Funds	3,903,527	853,465	3,903,527	853,465
Property Funds	-	174,872	-	174,872
<b>Available for Sale Financial Assets</b>	<b>11,931,050</b>	<b>5,587,375</b>	<b>9,986,044</b>	<b>5,588,365</b>

Available for sale financial assets are shown at their market value as at the reporting date and is provided by the fund managers Macquarie Private Portfolio Management Ltd (2011 only) and JB Were Pty Ltd (2010 and 2011).

NOTE 9. PROPERTY, PLANT AND EQUIPMENT	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>A. Schedule</b>				
Land: Freehold Land at Valuation	9,311,375	9,311,375	170,000	170,000
<b>Total Land</b>	<b>9,311,375</b>	<b>9,311,375</b>	<b>170,000</b>	<b>170,000</b>
Buildings: Buildings at Valuation	6,675,500	6,655,550	770,950	751,000
less Accumulated Depreciation	(665,804)	(332,777)	(75,349)	(37,550)
	6,009,696	6,322,773	695,601	713,450
Building Improvements at Cost	607,989	579,839	-	-
less Accumulated Depreciation	(382,187)	(329,219)	-	-
	225,802	250,620	-	-
<b>Total Buildings</b>	<b>6,235,498</b>	<b>6,573,393</b>	<b>695,601</b>	<b>713,450</b>
Leasehold Improvements: Leasehold Improvements at Directors Valuation	316,253	316,253	924,242	896,092
less Accumulated Depreciation	(232,511)	(172,739)	(614,698)	(501,958)
	83,742	143,514	309,544	394,134
<b>Total Leasehold Improvements</b>	<b>83,742</b>	<b>143,514</b>	<b>309,544</b>	<b>394,134</b>
Equipment and Vehicles: Plant and Equipment at Cost	9,968,172	11,439,002	9,828,666	11,311,687
less Accumulated Depreciation	(7,920,740)	(9,313,429)	(7,860,474)	(9,284,108)
	2,047,432	2,125,573	1,968,192	2,027,579
Motor Vehicles at Cost	12,174,445	11,648,383	12,130,737	11,604,675
less Accumulated Depreciation	(1,519,423)	(1,319,758)	(1,512,729)	(1,316,387)
	10,655,022	10,328,625	10,618,008	10,288,288
<b>Total Equipment and Vehicles</b>	<b>12,702,454</b>	<b>12,454,198</b>	<b>12,586,200</b>	<b>12,315,867</b>
Intangible Assets: Software at Cost	3,989,790	5,889,141	3,984,717	5,884,068
less Accumulated Depreciation	(2,742,687)	(4,486,703)	(2,739,990)	(4,485,320)
<b>Total Intangible Assets</b>	<b>1,247,103</b>	<b>1,402,438</b>	<b>1,244,727</b>	<b>1,398,748</b>
<b>Property, Plant and Equipment</b>	<b>29,580,172</b>	<b>29,884,918</b>	<b>15,006,072</b>	<b>14,992,199</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**B. Valuations**

The basis of valuation of land and buildings is fair market value based on existing use.

The Company's and Trust's land and buildings were valued by Mr. Patrick Brady AAPI, MRICS of WBP Property Group in 2009.

**C. Reconciliations**

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

Consolidated	Freehold land	Buildings	Leasehold Improvements	Software	Plant and Equipment	Motor Vehicles	2011	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	9,311,375	6,573,393	143,514	1,402,438	2,125,573	10,328,625	29,884,918	30,272,054
Revaluations	-	-	-	-	-	-	-	-
Additions	-	55,871	-	538,974	864,848	6,281,810	7,741,503	7,086,839
Disposals	-	-	-	-	(17,997)	(4,511,588)	(4,529,585)	(4,034,594)
Depreciation	-	(393,766)	(59,772)	-	(924,992)	(1,443,825)	(2,822,355)	(2,733,335)
Amortisation	-	-	-	(694,309)	-	-	(694,309)	(706,046)
<b>Closing Balance</b>	<b>9,311,375</b>	<b>6,235,498</b>	<b>83,742</b>	<b>1,247,103</b>	<b>2,047,432</b>	<b>10,655,022</b>	<b>29,580,172</b>	<b>29,884,918</b>

RDNS	Freehold land	Buildings	Leasehold Improvements	Software	Plant and Equipment	Motor Vehicles	2011	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	170,000	713,450	394,134	1,398,748	2,027,579	10,288,288	14,992,199	15,105,927
Revaluations	-	-	-	-	-	-	-	-
Additions	-	19,950	35,921	538,974	852,657	6,281,811	7,729,313	7,030,944
Disposals	-	-	-	-	(17,997)	(4,511,588)	(4,529,585)	(4,034,594)
Depreciation	-	(37,799)	(120,511)	-	(894,047)	(1,440,503)	(2,492,860)	(2,405,415)
Amortisation	-	-	-	(692,995)	-	-	(692,995)	(704,663)
<b>Closing Balance</b>	<b>170,000</b>	<b>695,601</b>	<b>309,544</b>	<b>1,244,727</b>	<b>1,968,192</b>	<b>10,618,008</b>	<b>15,006,072</b>	<b>14,992,199</b>

**NOTE 10. PAYABLES**

	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>CURRENT</b>				
Trade Creditors	1,835,924	1,329,620	1,783,025	1,222,708
Other Payables	892,426	567,136	807,764	461,296
GST Payable	969,705	908,502	937,053	893,910
Accrued Expenses	2,004,196	1,421,727	1,991,668	1,406,386
Provision for Annual Leave	7,845,516	7,521,849	7,714,582	7,427,871
<b>Total Current Payables</b>	<b>13,547,767</b>	<b>11,748,834</b>	<b>13,234,092</b>	<b>11,412,171</b>
<b>NON CURRENT</b>				
Loan	18,553	35,621	-	-
<b>Total Non Current Payables</b>	<b>18,553</b>	<b>35,621</b>	<b>-</b>	<b>-</b>
<b>Aggregate Payables</b>	<b>13,566,320</b>	<b>11,784,455</b>	<b>13,234,092</b>	<b>11,412,171</b>

The carrying amounts of amounts payable approximate net fair values as determined by reference to the expected future net cashflows.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 11. INCOME IN ADVANCE	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
Income in Advance		1,240,436	176,122	1,260,495	281,527
<b>Income in Advance</b>	1Q	<b>1,240,436</b>	<b>176,122</b>	<b>1,260,495</b>	<b>281,527</b>

NOTE 12. EMPLOYEE BENEFITS	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
CURRENT				
Provision for Long Service Leave	10,483,387	9,196,180	10,457,232	9,196,180
NON CURRENT				
Provision for Long Service Leave	2,596,310	2,752,924	2,596,310	2,752,924
<b>Aggregate Employee Benefits Liability</b>	<b>13,079,697</b>	<b>11,949,104</b>	<b>13,053,542</b>	<b>11,949,104</b>
Employee Numbers				
<b>Average number of employees during the financial year</b>	<b>1,528</b>	<b>1,351</b>	<b>1,413</b>	<b>1,351</b>

## NOTE 13. EQUITY

## A. Reconciliation of Movements

Consolidated	Asset Revaluation Reserve	Restricted Purpose Funds	Investment Revaluation Reserve	Capital Grants	Accumulated Surplus	2011	2009
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	2,707,057	473,301	(1,012,072)	2,930,046	20,907,939	26,006,271	25,466,277
Surplus from Ordinary Activities	-	-	-	-	(1,454,115)	(1,454,115)	(153,237)
Revaluation	-	-	-	-	-	-	-
Additions	-	20,000	-	-	-	20,000	-
Changes in fair value of available for sale financial assets	-	-	494,400	-	-	494,400	693,231
<b>Closing Balance</b>	<b>2,707,057</b>	<b>493,301</b>	<b>(517,672)</b>	<b>2,930,046</b>	<b>19,453,824</b>	<b>25,066,556</b>	<b>26,006,271</b>

RDNS	Asset Revaluation Reserve	Restricted Purpose Funds	Investment Revaluation Reserve	Capital Grants	Accumulated Surplus	2011	2009
	\$	\$	\$	\$	\$	\$	\$
Opening Balance	1,198,148	473,301	(1,012,072)	2,930,046	6,270,742	9,860,165	8,588,338
Surplus from Ordinary Activities	-	-	-	-	(1,185,753)	(1,185,753)	578,596
Revaluation	-	-	-	-	-	-	-
Additions	-	20,000	-	-	-	20,000	-
Changes in fair value of available for sale financial assets	-	-	493,046	-	-	493,046	693,231
<b>Closing Balance</b>	<b>1,198,148</b>	<b>493,301</b>	<b>(519,026)</b>	<b>2,930,046</b>	<b>5,084,989</b>	<b>9,187,458</b>	<b>9,860,165</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**B. Nature and Purpose of Reserves****(i) Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets.

**(ii) Restricted Purpose Funds Reserve**

The restricted purpose funds reserve is used to assist in the administration of certain monetary amounts received by the Company from income and capital contributions and set aside for the purpose of incurring specific expenditures. Such expenditures may include capital and recurrent expenditures.

**(iii) Investment Revaluation Reserve**

The investment revaluation reserve is used to record changes in the fair value of available for sale financial assets. The changes in fair value of available for sale financial assets are the unrealised gain or loss on the investment holdings based on the market value of the investments at the reporting date when compared to the initial cost price.

**(iv) Capital Grants**

Capital grants represent government grants and donations received to fund the purchase of capital equipment and motor vehicles.

**NOTE 14. CASH POSITION****A. Reconciliation of Cash**

The reconciliation of cash is shown in Note 5 – Cash and Cash Equivalents.

	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash at Bank and on Hand		5,562,065	3,136,428	5,426,396	2,951,517
Term Deposits		895,100	2,902,994	887,824	807,544
Cash Investments		741,112	4,273,182	563,224	4,273,182
<b>Cash and Cash Equivalents</b>	5	<b>7,198,277</b>	<b>10,312,604</b>	<b>6,877,444</b>	<b>8,032,243</b>

**B. Reconciliation of Surplus from Continuing Operations to Net Cash Inflow from Operating Activities**

	Notes	Consolidated		RDNS	
		2011 \$	2010 \$	2011 \$	2010 \$
Surplus from Continuing Operations		(1,454,115)	(153,237)	(1,185,753)	578,596
Profit on Sale of Property, Plant and Equipment	3	238,095	(12,723)	238,095	(12,723)
Depreciation and Amortisation	4	3,516,664	3,439,381	3,185,855	3,110,078
Proceeds to Subsidiaries		-	-	-	400,000
Realised (Gain) / Loss on Available for Sale Financial Assets		413,622	(17,339)	412,588	(17,339)
Transfer to Reserves		20,000	-	20,000	-
(Increase) / Decrease in Assets: - Receivables	6	(313,205)	(468,364)	(179,196)	(962,489)
- Prepayments	7	200,750	(164,387)	203,329	(160,807)
Increase / (Decrease) in Liabilities: - Payables	10	1,781,865	(1,284,402)	1,821,921	(1,401,803)
- Income in Advance	11	1,064,314	(511,460)	978,968	(406,055)
- Employee Benefits	12	1,130,593	983,262	1,104,438	983,262
<b>Net Cash Inflow from Operating Activities</b>		<b>6,598,583</b>	<b>1,810,731</b>	<b>6,600,245</b>	<b>2,110,720</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**NOTE 15. FINANCIAL INSTRUMENTS****A. Accounting Policy, Terms and Conditions**

The accounting policies, including the terms and conditions of each class of financial assets, financial liabilities and equity instruments, for the Group and the Company are not materially different. At the reporting date they are as follows:

**Consolidated**

	Notes	2011	2010	Accounting Policy	Terms and Conditions
		\$	\$		
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents – Cash at Bank	5	5,562,065	3,136,428	Cash at bank is carried at the nominal amount.	Cash is invested at an effective interest rate of 4.23% (2010: 3.62%).
Cash and Cash Equivalents – Term Deposits	5	895,100	2,902,994	Term deposits are carried at their nominal amounts. Interest Revenue is recognised in the Statement of Comprehensive Income when it is earned.	Term deposits have an average maturity of 90 days and an effective interest rate of 5.60% (2010: 4.85%).
Cash and Cash Equivalents – Cash Investments	5	741,112	4,273,182	Cash investments are carried at the nominal amount.	Cash is invested at an effective interest rate of 4.39% (2010: 4.55%).
Trade and Other Receivables	6	3,575,009	3,261,804	Trade and other receivables are carried at cost.	Receivables are normally settled within 45 days.
Available for Sale Financial Assets	8	11,931,050	5,587,375	Available for sale financial assets are carried at their fair value at year end. Any change in fair value is recorded through a reserve, except where it has been identified as a permanent impairment and then the loss is removed from equity and recognised in the Statement of Comprehensive Income.	
		<b>22,704,336</b>	<b>19,161,783</b>		
<b>FINANCIAL LIABILITIES</b>					
Trade and Other Payables	10	13,566,320	11,784,455	Trade and other payables are recognised for amounts to be paid in the future for goods and services received.	Payables are normally settled within 30 days in accordance with vendor terms.
		<b>13,566,320</b>	<b>11,784,455</b>		

**B. Market Risk****(i) Interest Rate Risk**

The Company is exposed to both variable and fixed interest rate risk through the holding of cash and available for sale financial assets. These investments are managed in accordance with the Company's investment policy, to access positive returns over the medium term while meeting short term liquidity requirements and maintaining a capital base that supports the growth of the Company.

**(ii) Price Risk**

The Company is exposed to equity securities price risk. This arises from investments held by the Company, these are classified on the Statement of Financial Position as Available for Sale Financial Assets.

The majority of the Company's equity investments are held in shares and managed funds, being securities that are publicly traded on the ASX.

To manage its price risk from investments the Company has appointed an external investment manager to manage the portfolio within parameters that are agreed with the Company. These include benchmark portfolio weightings with predetermined variable tolerances. It is the objective of the Company to access positive returns over the medium term while meeting short term liquidity requirements and maintaining a capital base that supports the growth of the Company.

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**C. Credit Risk**

Credit risk arises from cash and cash equivalents and outstanding receivables.

To minimize any potential credit risk the cash, in particular surplus funds, are deposited only in reputable banking institutions.

The Company regularly monitors and reviews its receivables to mitigate the risk of credit exposure.

**D. Liquidity Risk**

Liquidity risk is the risk of being unable to meet financial obligations as they fall due.

The Consolidated Entity manages liquidity risk by monitoring cash flows and ensuring that funds are available for investment and payment of financial liabilities.

There has been no significant change in the Consolidated Entity's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

**E. Fair Value Disclosures**

The Consolidated Entity's financial assets and liabilities included in the Statement of Financial Position are at amounts that approximate net fair value. (Refer Note 11)

**NOTE 16. REMUNERATION OF AUDITORS**

During the year the following fees were paid or payable for services provided by the auditors of the group:

	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Remuneration for audit of the financial reports				
RSM Bird Cameron Partners	50,500	48,000	50,500	48,000
RSM Prince	9,456	10,916	-	-
<b>Audit services</b>	<b>59,956</b>	<b>58,916</b>	<b>50,500</b>	<b>48,000</b>
RSM Bird Cameron Partners	-	4,950	-	4,950
Moore Stephens	93,901	56,540	93,901	56,540
<b>Assurance services</b>	<b>93,901</b>	<b>61,490</b>	<b>93,901</b>	<b>61,490</b>

**NOTE 17. COMMITMENTS FOR EXPENDITURE**

	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
Operating Lease Commitments:				
- Within one year	2,293,510	2,227,225	2,251,843	2,177,225
- Later than one year but not later than two years	2,184,589	2,112,235	2,184,589	2,070,568
- Later than two years but not later than five years	1,679,849	3,415,508	1,679,849	3,415,508
<b>Lease Commitments</b>	<b>6,157,948</b>	<b>7,754,968</b>	<b>6,116,281</b>	<b>7,663,301</b>

All of the lease commitments are cancellable operating leases that are Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### NOTE 18. SUPERANNUATION FUNDS

The Company does not have an established fund in its own name. All employee benefits under government legislation are provided for and invested through funds controlled by Health Super Fund, HESTA Fund or other funds as selected by individual employees.

#### A. Health Super Fund

- (i) Notional company share of unfunded liability is \$nil (2010: \$nil).
- (ii) Total contributions for the period were \$4,443,888 (2010: \$5,098,479).
- (iii) Amount of contributions outstanding \$371,488 (2010: \$nil).
- (iv) Contribution rates are set by Health Super Fund.

#### B. HESTA Fund

- (i) There are no unfunded liabilities for this fund.
- (ii) Total contributions for the period were \$2,020,347 (2010: \$2,069,681).
- (iii) Amount of contributions outstanding \$179,439 (2010: \$nil).
- (iv) Contribution rates are set by HESTA Fund.

### NOTE 19. RELATED PARTIES

#### A. Land and Buildings Occupancy

The Company leases from the Trust occupancy rights to land and buildings at no cost. The land and buildings are used as operational centres by both field and administrative staff of the Company

#### B. RDNS NZ Limited

The Company has a loan agreement in place with RDNS NZ. Funds provided under this agreement are for the establishment of operations in the Auckland region. As at June 30 2011 the balance of the loan was \$918,648 (2010: \$917,537).

**NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 June 2011**NOTE 20. KEY MANAGEMENT PERSONNEL DISCLOSURES****A. Directors**

The names of persons who were directors of the Company at any time during the financial year are as follows: Noel Armstrong, Kathleen Baker, Jan Begg, Desmond Benjamin, Peter Brindley, Marion Lau, Susanne Macri, Paul Montgomery, Michael Murray, Leon Piterman and Michael Roberts.

**B. Transactions with Directors of the Company**

There were no transactions with the directors of the Company and their director related entities during the year. In accordance with a resolution passed at the Company's 2008 Annual General Meeting, the Company's directors became eligible for remuneration from 1 January 2009.

	Consolidated		RDNS	
	2011 No.	2010 No.	2011 No.	2010 No.
\$0 – \$20,000	6	7	3	4
\$20,001 – \$35,000	7	6	7	6
	<b>13</b>	<b>13</b>	<b>10</b>	<b>10</b>

**C. Remuneration Provided to RDNS Executives**

The aggregate compensation of key management personnel of the Company for the reporting period is set out below. The key management personnel are those executives, including the Chief Executive Officer, who collectively has the authority and responsibility for planning, directing and controlling the activities of the entity.

The Board recognises that the Company competes with the private sector in the market for executives, and that remuneration for senior executives must therefore be set at a level comparable to private sector companies in order to attract and retain appropriately qualified and experienced executives. In setting remuneration levels for senior executives the Board relies upon advice from external remuneration consultants. During 2010, Hay Group reviewed and advised the Board on the remuneration provided to the Company's executives.

	Consolidated		RDNS	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>Key Management Personnel Compensation</b>	<b>1,784,129</b>	<b>1,378,952</b>	<b>1,784,129</b>	<b>1,378,952</b>

- i. Includes base, fixed contractual entitlements and other non monetary benefits.
- ii. Includes statutory superannuation contributions made by the company
- iii. Includes accruals for long service leave

**D. Company Limited by Guarantee**

The Company is incorporated under the Corporations Law as a company limited by guarantee. The maximum liability of each member is \$100.

**NOTE 21. ECONOMIC DEPENDENCY**

The future operations of the Company are dependent upon the continuation of both Federal and State governments' purchasing of domiciliary nursing services for the Greater Melbourne area

**NOTE 22. EVENTS OCCURRING AFTER REPORTING DATE**

There have been no events which occurred after the reporting date that significantly affected the Company's operations or financial performance.

## Directors' Declaration

**The directors declare that the financial statements and notes as set out:**

- a. comply with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional requirements; and
- b. give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2011 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

**In the directors' opinion:**

- a. the financial statements and notes are in accordance with the Corporations Act 2001; and
- b. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the directors.



**Paul Montgomery**  
Director



**Peter Brindley**  
Director

Melbourne, 30 September 2011

# Independent Auditor's Report

## RSM Bird Cameron Partners

Chartered Accountants

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL DISTRICT NURSING SERVICE LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Royal District Nursing Service Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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## RSM Bird Cameron Partners

Chartered Accountants

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Royal District Nursing Service Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion:

- (a) the financial report of Royal District Nursing Service Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants



**R B MIANO**  
Partner

Dated: 30 September 2011  
Melbourne, Victoria