ONL
OSTOMY NSW LIMITED
ABN 92 003 107 220

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Ostomy NSW Limited

ABN 92 003 107 220

Financial Statements

For the year ended 30 June 2011

IN 2 BUSINESS PTY LIMITED

9/429 The Boulevarde

KIRRAWEE 2232

Phone: 9542 3033 Fax: 9542 1699

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ABN 92 003 107 220

Financial Report for the Year Ended 30 June 2011

Directors' Report

Your directors present this report on Ostomy NSW Limited (hereinafter referred to as "ONL") for the financial year ended 30 June 2011

Directors

The names of each person who has been a director during the year and to the date of this report are:

- Mr Thomas Flood
- Mr Warren Nalty
- Mr Gerard Watts
- Mr Michael Peebles, AM
- Mr Pearce Anderson
- Mr Stephen Grange
- Mr Robert Newman
- Ms Heather Hill, AM

Principal Activities

The principal activities of the company during the course of the year were to supply surgical appliances and services under the Federal Government Stoma appliance Scheme to members with or likely to have surgical conditions know as an ileostomy, ileal conduit, urostomy, colostomy or other medical condition requiring the use of an external pouch system. No significant change in the nature of these activities occurred during the year.

Short Term Objectives

The company's short term objectives are:

- To continue to provide efficient and accurate delivery of stoma appliances and ancillary products to the company members; and,
- To keep members informed of any issues that directly affect their deliveries or products, without attempting at any time to provide or imply any medical advice.

Long Term Objectives

The company's long term objectives are:

- To be recognised by its members as the Ostomy association that excels in member service; and,
- To improve the well-being and quality of life of all ostomates and the community in general.

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

- Appropriate training of employees and volunteers;
- Maintain adequate premises;
- Make the best use of computer and electronic technology; and,
- Adoption and use of a financial model that ensures long term viability, liquidity and solvency, with capacity for growth.

Information on Directors

Thomas Flood	Director & **President**
Experience	A member of the Board of Directors since 1990 and President since 1998. He worked for BHP for 34 years and also worked in property management.
Special Responsibilities	President & Chairman of the Board of Directors and member of the Finance Committee.
Warren Nalty	Director & **Vice President**
Experience	Has over 40 years banking experience specialising in performance management. Current JP. A member of the Board of Directors since 2007.
Special Responsibilities	Vice President and member of the Finance Committee, Chair of the Risk Management & Fund Raising Committees.
Gerard Watts	Director & **Treasurer**
Qualifications	B.Comm. Member of the Institute of Public Accountants.
Experience	A member of the Board of Directors since 2007. He has over 25 years accounting and finance experience.
Special Responsibilities	Treasurer & Chair of the Finance Committee.
Michael Peebles, AM	Director & **Company Secretary**
Qualifications	B.FinAdmin. Fellow of the Institute of Public Accountants, Member of the Australian Institute of Management and the Order of Australia Association.
Experience	Over 30 years management experience in civil and military roles. Civil experience includes both government and private sector organisations, particularly not for profit. Awarded an Order of Australia in 1994 for military service in the fields of leadership and management.
Special Responsibilities	Company Secretary

Stephen Grange	Director
Qualifications	MBA, Fellow of the Australian & New Zealand Institute of Insurance & Finance
Experience	Employed in the finance industry in a business development specialist role. A member of the Board of Directors since 2007.
Special Responsibilities	Member of the Risk Management & Fund Raising Committees.
Heather Hill, AM	Director
Qualifications	RN, BASc (Nursing), Fellow of the Royal College of Nursing, Life Member of the World College of Enterostomal Therapy, Life Member of the Australian Association of Stomal Therapy Nurses.
Experience	Extensive experience in stomal therapy nursing. Presented and published nationally and internationally. Awarded an Order of Australia in 2003 for services in the field of stomal therapy nursing.
Special Responsibilities	Board Meetings Minutes Secretary
Pearce Anderson	Director
Qualifications	BE Chem, Eng – Chemical Engineer
Experience	A member of the Board of Directors since 2007. Has had over 15 year's business experience.
Robert Newman	Director
Qualifications	B. Ec.
Experience	Appointed to the Board in 2010. Over 30 years' experience in the paper & packaging industry, in the fields of marketing, operations and finance. Owner and manager of retail gift store outlets.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Appointments / Resignations

Pearce Anderson - resigned 21 November 2010
Michael Peebles, AM - resigned 21 November 2010
Robert Newman – appointed 18 Jan 2011

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director were as follows:

Board Meetings

Director's Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Thomas Flood	7	7
Warren Nalty	7	7
Gerard Watts	7	6
Michael Peebles, AM	3	3
Stephen Grange	7	5
Heather Hill, AM	7	6
Pearce Anderson	3	2
Bob Newman	3	3

Meetings of Committees

Finance Committee

Director's Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Thomas Flood	6	3
Warren Nalty	6	6
Gerard Watts	6	6

Fund Raising Committee

Director's Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Warren Nalty	2	2
Stephen Grange	2	2

Risk Management Committee

Director's Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Warren Nalty	1	1
Stephen Grange	1	1

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute an amount not exceeding $10.00 towards meeting outstanding obligations of the company. At 30 June 2011, the total amount that members of the company were liable to contribute if the company was wound up was $62,810 (2010: $59,900).

Auditor Independence Declaration

The auditor independence declaration for the year ended 30 June 2011 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Thomas Flood Director – President	Gerard Watts Director – Treasurer

Dated this 5th day of October 2011.

BUSINESS PARTNER ACCOUNTANTS
ABN 31 254 110 993
Chartered Accountants and Business Advisors

PO Box 634
Miranda NSW 1490

E-mail: info@bpaccountants.com.au

Principal: Mark J. Lennon B.Comm., FCA

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AUDITOR INDEPENDENCE DECLARATION

To the Directors of Ostomy NSW Limited

In relation to our audit of the financial report of Ostomy NSW Limited for the year ended 30 June, 2011, we declare that, to the best of our knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Business Partner Accountants
Chartered Accountants

Mark J Lennon

5 October, 2011

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Note	2011 $	2010 $
Revenue	2	12,296,672	11,538,864
Cost of goods traded	3	(12,196,221)	(11,501,301)
Gross surplus		**100,451**	**37,563**
Other income	2	1,018,946	894,052
Employee benefits expense		(502,152)	(469,057)
Depreciation and amortisation expense	3	(14,393)	(14,927)
Cartage and freight		(200,660)	(186,675)
Other operating expenses		(191,303)	(205,428)
Profit from ordinary activities before income tax	3	**210,889**	**55,528**
Income tax expense		-	-
Surplus / (Deficit)		**210,889**	**55,528**
Other comprehensive income for the year		-	-
Surplus / (Deficit) attributable to members of the company		**210,889**	**55,528**

Statement of Financial Position as at 30 June 2011

	Note	2011	2010
Assets			
Current Assets			
Cash and equivalents	4	590,291	475,589
Trade and other receivables	5	1,088,297	1,023,477
Inventories	6	647,322	785,922
Other assets	7	14,943	5,499
Total Current Assets		**2,340,853**	**2,290,487**
Non-Current Assets			
Other assets	7	450	450
Property, plant and equipment	8	1,265,533	1,239,687
Total Non-Current Assets		**1,265,983**	**1,240,137**
Total Assets		**3,606,836**	**3,530,624**

	Note	2011 $	2010 $
Liabilities			
Current Liabilities			
Trade and other payables	9	1,162,746	1,288,164
Other liabilities	10	22,949	45,663
Short term provisions	11	47,084	36,768
Total Current Liabilities		**1,232,779**	**1,370,595**
Non-Current Liabilities			
Long term provisions	11	5,735	2,596
Total Non-Current Liabilities		**5,735**	**2,596**
Total Liabilities		**1,238,514**	**1,373,191**
Net Assets		**2,368,322**	**2,157,433**
Equity			
Retained Earnings		2,368,322	2,157,433
Total Equity		**2,368,322**	**2,157,433**

Statement of Changes in Equity for the Year Ended 30 June 2011

	Retained Earnings $	Revaluation Surplus $	Financial Assets Reserve $	Total $
Balance at 1 July 2009	**2,101,905**	-	-	**2,101,905**
Profit attributable to ONL	55,528	-	-	**55,528**
Total other comprehensive income for the year	-	-	-	-
Balance at 30 June 2010	**2,157,433**	-	-	**2,157,433**
Profit attributable to ONL	210,889	-	-	**210,889**
Total other comprehensive income for the year	-	-		-
Transfer on sale of assets	-	-	-	-
Balance at 30 June 2011	**2,368,322**	-	-	**2,368,322**

Statement of Cash Flows for the Year Ended 30 June 2011

	Note	2011 $	2010 $
Cash Flow from Operating Activities			
Receipts from government and customers		13,568,394	12,741,857
Payments to suppliers and employees		(14,432,399)	(14,546,453)
Member fees		240,772	225,766
Interest received		30,542	9,461
Raffles		18,188	3,590
Member postage		400,382	318,644
Donations received		25,687	39,740
Medicare commission		303,822	287,356
Other income		(446)	9,496
Net cash generated from operating activities		**154,942**	**(910,543)**
Cash Flow from Investing Activities			
Payment for building and improvements		(9,219)	-
Payment for plant and equipment		(31,021)	(12,528)
Net cash generated from investing activities		**(40,240)**	**(12,528)**
Cash Flow from Financing Activities		-	-
Net increase (decrease) in cash held		**114,702**	**(923,071)**
Cash at the beginning of the financial year		475,589	1,398,660
Cash at the end of the financial year	4	**590,291**	**475,589**

Notes to the Financial Statements for the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Ostomy NSW Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards, arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

1. **Revenue**

   Ostomy NSW receives non-reciprocal contributions of assets from the Federal Government and other parties for zero or nominal value, based on product prices set at 1 July each year under the Government's Stoma Appliance Scheme. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

   Fees paid by company members are recognised as revenue at the time it is received for the financial year to which it relates.

   Donations, bequests, raffles and other income are recognised as revenue when received.

   Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

   Revenue from the rendering of a service is recognised upon delivery of the service.

   All revenue is stated net of the amount of goods and services tax (GST).

2. Inventories

Inventories are measured at the lower of cost and current replacement cost. Inventories held for distribution are measured at cost, adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

3. Property Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

3.1. Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and building improvements.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

As the revalued buildings are depreciated, the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost, is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

3.2. Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

3.3. Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to ONL, commencing from the time the asset is held ready for use. Leasehold improvements, if any, are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Assets costing less than $3,000	Between 50% and 100%
Buildings / Improvements	2.5% to 50%
Plant and equipment	5% to 50%
Computer Software	25% to 50%

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each asset class carrying amount is written down immediately to its recoverable amount if the class's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

4. Leases

ONL had no leases during the reporting period. However, the following policies otherwise apply.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to ONL, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that ONL will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

5. Financial Instruments

5.1. Initial recognition and measurement

Financial assets and financial liabilities are recognised when ONL becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

5.2. Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

5.3. Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

5.4. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

5.5. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is ONL's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

5.6. Available-for-sale financial assets

ONL held no available-for-sale assets during the reporting period. However, the following policies otherwise apply.

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

5.7. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

5.8. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

5.9. Impairment

At the end of each reporting period, ONL assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

5.10. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby ONL no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

6. Impairment of Assets

At the end of each reporting period ONL reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when ONL would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

7. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by ONL to an employee superannuation fund and are charged as expenses when incurred.

8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. ONL has no bank overdrafts, but if it did, they would be shown within short-term borrowings in current liabilities on the statement of financial position.

9. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis.

10. Income Tax

No provision for income tax has been raised as ONL is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

11. Intangibles

11.1. Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

12. Provisions

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

13. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

14. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

15. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

15.1. Key estimates

Impairment

The freehold land and buildings were independently appraised at 17 January 2011 by L J Hooker Commercial, Miranda. The appraisal was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The appraisal arrived at a price range of between $900,000 and $1,000,000 (plus GST) for the freehold land and building.

At 30 June, 2011, the directors have performed a directors' valuation of the freehold land and building. The directors have determined to leave the value of the land and building unchanged at 30 June 2011. The directors believe the carrying value of the land and building correctly reflects the fair value less costs to sell at 30 June 2011.

16. Economic Dependence

Ostomy NSW Limited is dependent on the Department of Health & Ageing (Medicare Australia) for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Ostomy NSW Limited.

17. Contingent Liability

The directors note that after balance date a claim was made by ConvaTec (Australia) Pty Limited relating to tax invoices between the periods of March and October 2010 and which are in dispute, giving rise to a contingent liability which may be between zero and $40,357.

The financial statements were authorised for issue on 20 September 2011 by the directors of the company.

	2011 $	2010 $

Note 2: Revenue and Other Income

	2011 $	2010 $
Operating Activities		
Sales and Medicare Reimbursements	12,296,672	11,538,864
Other revenue	988,404	884,592
Interest revenue	30,542	9,461
	13,315,618	12,432,917

Note 3: Surplus for the Year

The surplus for the year from ordinary activities before income tax has been determined after charging as expenses:

	2011 $	2010 $
Cost of non-primary production goOds traded	12,196,221	11,501,301
Employee benefits expense	502,152	469,057
Depreciation and amortisation		
Buildings	5,856	5,710
Plant and equipment	8,537	9,217
Total depreciation expense	14,393	14,927

Note 4: Cash and Cash Equivalents

	2011 $	2010 $
Bank accounts	589,841	475,139
Cash on hand	450	450
	590,291	475,589

Note 5: Trade and Other Receivables

	2011 $	2010 $
Current		
Trade debtors	1,088,297	1,023,477
	1,088,297	1,023,477

Note 6: Inventories

	2011 $	2010 $
Current		
Finished goods at cost	647,322	785,922
	647,322	785,922

	2011 $	2010 $
Note 7: Other Assets		
Current		
Prepayments	14,943	5,499
	14,943	5,499
Non-Current		
Security deposit	450	450
	450	450

Note 8: Property, Plant and Equipment

	2011 $	2010 $
Buildings - At cost	1,238,537	1,229,318
Less: Accumulated depreciation	(17,238)	(11,383)
	1,221,299	1,217,935
Plant and Equipment - At cost	100,269	69,248
Less: Accumulated depreciation	(56,035)	(47,496)
	44,234	21,752
Total property, plant and equipment	1,265,533	1,239,687

Property Plant and Equipment - Movements in Carrying Amounts

	Land and Buildings	Plant and Equipment	Total
2010			
Balance at the beginning of the year	1,222,366	29,678	1,252,044
Additions at cost	1,279	1,291	2,570
Disposals	-	-	-
Revaluations (increments/decrements)	-	-	-
Depreciation expense	(5,710)	(9,217)	(14,927)
Carrying amount at the end of the year	1,217,935	21,752	1,239,687

2011			
Balance at the beginning of the year	1,217,935	21,752	1,239,687
Additions at cost	9,220	31,019	40,239
Disposals	-	-	-
Revaluations (increments/decrements)	-	-	-
Depreciation expense	(5,856)	(8,537)	(14,393)
Carrying amount at the end of the year	1,221,299	44,234	1,265,533

Asset Revaluations

The value of freehold land and buildings was independently appraised by L J Hooker Commercial on 17 January 2011. The appraisal was based on fair value less cost to sell. The critical assumptions adopted to determine the value included the location of the land and buildings, the current demand for them in the area and recent sales data for similar properties. The appraisal did not result in revaluation for the year ended 30 June 2011.

At 30 June 2011, the directors have performed a directors' valuation of the freehold land and buildings and while the directors noted that the carrying value of land and buildings, combined with building improvements, is more than the market appraisal, these assets are not held for resale and are expected to be continued to be used in the conduct of the company's operations in the long term and, therefore, the carrying amounts stated as at 30 June 2011 represent fair value.

	2011 $	2010 $
Note 9: Trade and Other Payables		
Current		
Trade payables	948,096	1,080,709
ACSA Conference 2011	24,635	2,485
Other creditors	190,015	204,970
	1,162,746	**1,288,164**

Note 10: Other Liabilities

Current		
Accrued charges	22,949	45,663
	22,949	**45,663**

	2011	2010
	$	$

Note 11: Provisions

	2011 $	2010 $
Employee Benefits		
Opening balance at 1 July	39,364	70,905
Additional provisions raised during the year	42,698	53,454
Amounts used	(29,342)	(84,996)
Total employee benefits at 30 June	52,720	39,364
Prepaid Member Fees	100	-
Closing balance at 30 June 2011	52,820	39,364

	2011 $	2010 $
Analysis of total provisions		
Employee benefits - Current	47,085	36,768
Employee benefits - Non-current	5,635	2,596
Prepaid Member Fees – Non-current	100	-
	52,720	39,364

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. This has been stated at current cost as at 30 June 2011 and normally a future cash flow method would be used to calculate the cost. However, the directors consider that, as the liability for long service leave is unlikely to be met for a significantly long period and the total liability is an immaterial amount, the use of current cost is reasonable.

Note 12: Contingent Liabilities

After balance date a claim was made by ConvaTec (Australia) Pty Ltd relating to tax invoices between the period March to October 2010 and which are in dispute, giving rise to a contingent liability which may be between zero and $40,357. Apart from that matter, the company is not aware of any other contingent liabilities.

Note 13: Events After the Reporting Period

Other than the contingent liability referred to at Note 12, there are no events after the end of the reporting period of which the directors or management are aware or should be aware, that affect the financial statements for the year ending 30 June 2011.

Note 14: Key Management Personnel Compensation

	Short Term Benefit	Post Employment Benefit	Other Long Term Benefit
2011			
Total compensation	145,229	-	-
2010			
Total compensation	181,323	-	19,391

Note 15: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons, unless otherwise stated.

During the year there were no related party transactions.

Note 16 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2011	2010
	$	$
Financial assets		
Cash and cash equivalents (Note 4)	590,291	475,589
Loans and receivables (Note 5)	1,088,297	1,023,477
Total financial assets	1,678,588	1,499,066
Financial liabilities at amortised cost		
Trade and other payables (Note 9)	972,731	1,083,194
Borrowings	-	-
Total financial liabilities	972,731	1,083,194

Directors' Declaration

The directors of ONL declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001*, and:

   1.1. comply with Australian Accounting Standards; and

   1.2. give a true and fair view of the financial position as at 30 June, 2011 and of the performance for the year ended on that date of ONL.

2. In the directors' opinion there are reasonable grounds to believe that ONL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the Board of Directors

Thomas Flood	Gerard Watts
Director – President	Director – Treasurer

Dated this 5th day of October 2011.

BUSINESS PARTNER ACCOUNTANTS

ABN 31 254 110 993

Chartered Accountants and Business Advisors

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Miranda NSW 1490

E-mail: info@bpaccountants.com.au

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Independent Auditor's Report

To the members of Ostomy NSW Limited

Report on the Financial Report

We have audited the accompanying financial report of Ostomy NSW Limited ("the company"), which comprises the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor Responsibility

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the Independence Declaration required by the *Corporations Act 2001*, provided to the directors of Ostomy NSW Limited on 5 October 2011, would be in the same terms if given to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of Ostomy NSW Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Business Partner Accountants

Business Partner Accountants
Chartered Accountants
Miranda, 5th day of October, 2011

Mark J Lennon

Liability limited by a scheme approved
under Professional Standards Legislation

Ostomy NSW Limited
ABN 92 003 107 220
Compilation Report

We have compiled the accompanying special purpose financial statements of Ostomy NSW Limited, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors of Ostomy NSW Limited

The directors of Ostomy NSW Limited, are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the directors of Ostomy NSW Limited, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed by us, and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of Ostomy NSW Limited. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

IN 2 BUSINESS PTY LIMITED

9/429 The Boulevarde

Kirrawee NSW 2232

Richard Broekhuyse, CPA