

Ostomy NSW Limited

ABN 92 003 107 220

Financial Statements

For the year ended 30 June 2010

IN 2 BUSINESS PTY LIMITED

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KIRRAWEE 2232

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Ostomy NSW Limited
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Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2010.

Directors

The names of the directors in office at any time during or since the end of the year are:

Information on Directors

Name	Qualifications, experience & special responsibilities
Thomas Flood Experience	Director & President A member of the Board of Directors since 1990 and President since 1998.
Warren Nalty Qualifications Experience	Director & Vice President A member of FINSIA Has over 40 years banking experience specialising in performance management. Current JP. A member of the Board of Directors since 2007.
Gerard Watts Qualifications Experience	Director & Treasurer B.Com. Member of the NIA A member of the Board of Directors since 2007. Has 25 years of accounting and finance experience.
Michael Peebles, AM Qualifications Experience	Director & Company Secretary B.Fin Admin, Member of NIA, AIM and Order of Australia Over 30 years management experience in civil and military roles. Civil experience includes both government and private sector, particularly NFP.
Pearce Anderson Qualifications Experience	Director BE Chem, Eng – Chemical engineer A member of the Board of Directors since 2007. Has had 15 years business experience.
Stephen Grange Qualifications Experience	Director MBA, ANZIIF(Fellow) Employed in the finance industry in a business development specialist role. A member of the Board of Directors since 2007.

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Directors' Report

Heather Hill, AM Qualifications	Director RN, BAsc (Nursing), Fellow Royal College Nursing, Life Member World Council of Enterostomal Therapy, Life Member Australian Association Stomal therapy Nurses
Experience	Extensive experience in Stomal nursing. Presented and published Nationally and Internationally. Awarded Order of Australia 2003 for services in the field of stomal therapy nursing.

Appointments/Resignations

John Thomas, Resigned 15/12/09
Dianne Speakman, Resigned 15/12/09
Melvyn Harris, Resigned 23/07/09
Heather Hill AM, Appointed 15/12/09
Michael Peebles AM, Appointed 19/06/10

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

Directors' Meetings

During the year, 8 Directors' meetings were held. Attendances by each director were as follows:

	Number eligible To attend	Number attended
Thomas Flood	8	8
Gerard Watts	8	7
Dianne Speakman	4	4
Pearce Anderson	8	5
Stephen Grange	8	8
Warren Nalty	8	8
John Thomas	2	1
Michael Peebles	0	0
Heather Hill	3	3
 Finance Committee Meetings		
Thomas Flood	3	2
Gerard Watts	3	2
Warren Nalty	3	3

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Directors' Report

Operating Result

The surplus / (deficit) of the company for the financial year amounted to:

Year ended	Year ended
30 June 2010	30 June 2009
\$	\$
55,527.86	(39,962.28)

Review of Operations

A review of the operations of the company during the financial year and the results of those operations indicated that the net assets of the company remained fairly stable (\$2,157,433 – 2010, \$2,101,905 - 2009). The company's membership has increased during the year, by 377 members (5,990 in 2010 year compared to 5,613 in the 2009 year). The directors believe that the company is in a strong and stable financial position to continue its current operations and services to its members.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

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 known as ileostomy, ileal conduit, urostomy and colostomy. No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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Directors' Report

Dividends

No dividends were declared or paid since the start of the financial year. The company's constitution prohibits the payment of any dividends or distribution to any of its members.

Options

The company has no issued capital and therefore, has not issued any options.

Remuneration Report

Apart from ordinary salary entitlements of Michael Peebles, the directors did not receive any remuneration. The company had 12 employees at 30 June 2010 (2009: 11 employees).

Directors' Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors confirm that the auditor did not provide any non-audit services during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:

Thomas Flood
Director – President

Gerard Watts
Director - Treasurer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OSTOMY NSW LIMITED
ABN 92 003 107 220

I have audited the accompanying financial statements of Ostomy NSW Limited (the company), which comprise the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Matters Relating to the Electronic Publication of the Audited Financial Statements

In the event that the Directors of the Company decide to publish these financial statements on the Ostomy NSW Limited website I advise the following:

The directors of the company are responsible for the integrity of Ostomy NSW Limited's website. I have not been engaged to report on the integrity of Ostomy NSW Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements as may appear on a website. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in any website version of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OSTOMY NSW LIMITED
ABN 92 003 107 220

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In my opinion:

- (a) the financial statements of Ostomy NSW Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010, and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and

- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

P N Markoulli
Chartered Accountant
Registered Company Auditor
309A Homer Street, Earlwood NSW 2206

Dated this _____ day of _____ 2010

Ostomy NSW Limited
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Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company 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.

Thomas Flood
Director - President

Gerard Watts
Director - Treasurer

Dated:

Ostomy NSW Limited
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Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Trading revenue	2	11,538,864.43	10,218,997.03
Cost of goods traded	3	<u>(11,501,301.23)</u>	<u>(10,195,070.70)</u>
Gross profit		37,563.20	23,926.33
Other revenues from ordinary activities	2	894,052.32	819,195.60
Employee Benefits expense		(469,057.03)	(534,412.72)
Depreciation and amortisation expenses	3	(14,926.87)	(15,025.00)
Cartage & Freight		(186,675.13)	(179,121.04)
Other operating expenses		<u>(205,428.63)</u>	<u>(154,525.45)</u>
Profit from ordinary activities before income tax	2	55,527.86	(39,962.28)
Income tax revenue relating to ordinary activities	1	<u> </u>	<u> </u>
Profit/(loss) for the year		<u>55,527.86</u>	<u>(39,962.28)</u>
Other Comprehensive Income for the year			
Profit/(Loss) attributable to Members of the Company		<u>55,527.86</u>	<u>(39,962.28)</u>

The accompanying notes form part of these financial statements.

Ostomy NSW Limited
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Statement of Financial Position 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Current Assets			
Cash and cash equivalents	4	475,588.43	1,398,659.73
Trade and other receivables	5	1,023,477.12	939,859.48
Inventories	6	785,922.13	563,357.01
Other assets	7	5,498.98	15,574.34
Total Current Assets		<u>2,290,486.66</u>	<u>2,917,450.56</u>
Non-Current Assets			
Other Assets	7	450.00	450.00
Property, plant and equipment	8	1,239,687.21	1,252,043.88
Total Non-Current Assets		<u>1,240,137.21</u>	<u>1,252,493.88</u>
Total Assets		<u>3,530,623.87</u>	<u>4,169,944.44</u>
Liabilities			
Current Liabilities			
Trade and other payables	9	1,288,164.36	1,950,361.84
Other liabilities	11	45,663.13	28,790.39
Short term provisions	10	36,767.79	84,372.00
Total Current Liabilities		<u>1,370,595.28</u>	<u>2,063,524.23</u>
Non-Current Liabilities			
Long term provisions	10	2,595.52	4,515.00
Total Non-Current Liabilities		<u>2,595.52</u>	<u>4,515.00</u>
Total Liabilities		<u>1,373,190.80</u>	<u>2,068,039.23</u>
Net Assets		<u>2,157,433.07</u>	<u>2,101,905.21</u>
Equity			
Retained earnings		<u>2,157,433.07</u>	<u>2,101,905.21</u>
Total Equity		<u>2,157,433.07</u>	<u>2,101,905.21</u>

The accompanying notes form part of these financial statements.

Ostomy NSW Limited
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Statement of Changes in Equity
For the year ended 30 June 2010

	Retained Earnings	Revaluation Surplus	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2008	2,141,867.49	-	-	2,141,867.49
Profit attributable to the entity	(39,962.28)	-	-	(39,962.28)
Total other comprehensive income for the year	-	-	-	-
Balance at 30 June 2009	2,101,905.21	-	-	2,101,905.21
Profit attributable to the entity	55,527.86	-	-	55,527.86
Transfer on sale of asset	-	-	-	-
Total other comprehensive income for the year	-	-	-	-
Balance at 30 June 2010	2,157,433.07	-	-	2,157,433.07

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Notes to the Financial Statements
For the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover Ostomy NSW Limited as an individual entity. Ostomy NSW Limited is a Public company limited by guarantee, incorporated and domiciled in Australia.

The financial statements of Ostomy NSW Limited comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety .

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

Income tax

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

Inventories

Inventories are measured at the lower of cost and current replacement cost.

Property, Plant and Equipment

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

a) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), 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.

b) Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

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The cost of fixed assets constructed within Ostomy NSW Limited includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Ostomy NSW Limited commencing from the time the asset is held ready for use. Any leasehold improvements 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 asset are:

Class of Asset	Depreciation Rate %
Buildings	2.5%
Plant and equipment	5% to 25%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to Ostomy NSW Limited 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 value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that Ostomy NSW Limited will obtain ownership of the asset or over the term of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight - line basis over the life of the lease term.

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Financial Instruments

a) Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

b) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

c) 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 measured at amortised cost using the effective interest rate method.

d) Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised cost using the effective interest rate method.

e) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

f) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

g) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

h) 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.

i) Impairment

At each reporting date, the directors assess 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 value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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Impairment of Assets

At each reporting date, the directors review 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 assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Provisions

Provisions are recognised when Ostomy NSW Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the government is recognised on lodgement of PBS claim. Donations and bequests are recognised when received.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

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

Goods and Service 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a net basis.

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Comparative Figures

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

a) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report 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 internally.

Key estimates - Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments - Doubtful debts provision

Included in accounts receivable at 30 June 2010 is an amount receivable from Department of Health (PBS). The directors believe that the full amount of the debt is recoverable and no doubtful debt provision has been made at 30 June 2010.

ACSA Conference – NSW 2011

Funds for the ACSA 2011 Annual Conference have been contributed on a 50/50 basis from Ostomy NSW Limited and Colostomy Association Inc. All receipts and payments relating to the conference are managed through a bank account operated by Ostomy NSW Limited on behalf of itself and Colostomy Association Inc in accordance with a formal agreement of the ACSA 2011 Annual Conference Organising Committee, comprising directors from both ONL and CA. Total funds received up to 30th June 2010 were \$25,000.00 and total payments and bank fees (net of GST) were \$20,030.00.

Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the company.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and impact on the company's financial statements.

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Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investment that are a return on investment can be recognised in profit or loss and there is no impairment of recycling on disposal of the instrument;

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- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010). These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. These amendments are not expected to impact the company.
- AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010). The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the company.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard

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ABN 92 003 107 220
Notes to the Financial Statements
For the year ended 30 June 2010

also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).
This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the company.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010)
This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

Ostomy NSW Limited
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Notes to the Financial Statements
For the year ended 30 June 2010

2010

2009

Note 2: Revenue

Operating Activities:

Non-primary production trading revenue	11,538,864.43	10,218,997.03
Other revenue	884,590.96	796,791.99
Interest revenue	9,461.36	22,403.61
	<u>12,432,916.75</u>	<u>11,038,192.63</u>

Note 3: Profit from Ordinary Activities

Profit (loss) from ordinary activities before income tax
has been determined after:

Charging as Expense:

Cost of non-primary production goods traded	11,501,301.23	10,195,070.70
Depreciation of non-current assets:		
- Buildings	5,709.61	5,555.00
- Plant and equipment	9,217.26	9,470.00
Total depreciation expenses	<u>14,926.87</u>	<u>15,025.00</u>

Ostomy NSW Limited
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Notes to the Financial Statements
For the year ended 30 June 2010

2010

2009

Note 4: Cash and Cash Equivalents

Bank accounts:

BNZ - Office A/c ...449	55,054.94	83,920.30
BNZ - A/c ... 675	112,740.35	1,003,703.03
ING - Direct A/c ...804	302,373.14	310,586.40
NAB Acsa A/c ...306	4,970.00	
Cash on hand	450.00	450.00
	<u>475,588.43</u>	<u>1,398,659.73</u>

Note 5: Trade and Other Receivables

Current

Trade debtors	<u>1,023,477.12</u>	<u>939,859.48</u>
	<u>1,023,477.12</u>	<u>939,859.48</u>

Note 6: Inventories

Current

Finished goods at cost	<u>785,922.13</u>	<u>563,357.01</u>
	<u>785,922.13</u>	<u>563,357.01</u>

Ostomy NSW Limited
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Notes to the Financial Statements
For the year ended 30 June 2010

	2010	2009
Note 7: Other Assets		
Current		
Prepayments	5,498.98	
Other		15,574.34
	5,498.98	15,574.34
	5,498.98	15,574.34
Non-Current		
Security deposit	450.00	450.00
	450.00	450.00
	450.00	450.00
Note 8: Property, Plant and Equipment		
Buildings:		
- At cost	1,229,318.33	1,228,039.31
- Less: Accumulated depreciation	(11,382.61)	(5,673.00)
	1,217,935.72	1,222,366.31
	1,217,935.72	1,222,366.31
Plant and equipment:		
- At cost	69,248.55	67,957.37
- Less: Accumulated depreciation	(47,497.06)	(38,279.80)
	21,751.49	29,677.57
	21,751.49	29,677.57
	1,239,687.21	1,252,043.88

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Notes to the Financial Statements
For the year ended 30 June 2010

Property Plant and Equipment – Movements in Carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings \$	Plant & Equipment \$	Total \$
2009			
Balance at the beginning of the year	1,220,046.31	31,880.94	1,251,927.25
Additions at cost	7,875.00	7,266.63	15,141.63
Disposals	-	-	-
Revaluations (increments/decrements)	-	-	-
Depreciation expense	(5,555.00)	(9,470.00)	(15,025.00)
Carrying amount at the end of the year	<u>1,222,366.31</u>	<u>29,677.57</u>	<u>1,252,043.88</u>
2010			
Balance at the beginning of the year	1,222,366.31	29,677.57	1,252,043.88
Additions at cost	1,279.02	1,291.18	2,570.20
Disposals	-	-	-
Revaluations (increments/decrements)	-	-	-
Depreciation expense	(5,709.61)	(9,217.26)	(14,926.87)
Carrying amount at the end of the year	<u>1,217,935.72</u>	<u>21,751.49</u>	<u>1,239,687.21</u>

Ostomy NSW Limited
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Notes to the Financial Statements
For the year ended 30 June 2010

2010

2009

Note 9: Trade and Other Payables

Unsecured:

- Trade creditors	1,080,708.71	1,746,854.24
- Colostomy/ACSA JV 2011	2,485.00	
- Other creditors	204,970.65	203,507.60
	1,288,164.36	1,950,361.84

Note 10: Provisions for Employee Entitlements

Current

Opening Balance	84,372.00	70,835.00
Changes in Provision during year	(47,604.21)	13,537.00
Balance at Year End	36,767.79	84,372.00

Non Current

Opening Balance	4,515.00	
Changes in Provision during year	(1,919.48)	4,515.00
Balance at Year End	2,595.52	4,515.00

* Aggregate employee entitlements liability	39,363.31	88,887.00
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There were 12 employees at the end of the year

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value and future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1: Statement of significant accounting policies.

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Notes to the Financial Statements
For the year ended 30 June 2010

	2010	2009
Note 11: Other Liabilities		
Current		
Accrued Charges	45,663.13	28,790.39
	<u>45,663.13</u>	<u>28,790.39</u>

Note 12: Superannuation Commitments

The entity participated in various superannuation funds to provide benefits to employees on retirement, death or disability. Benefits provided under the plans are based on accumulated contributions and earnings for each employee.

Note 13: Auditors' Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	9,760.00	7,350.00
Other services	<u>9,760.00</u>	<u>7,350.00</u>

Note 14: Contingent Liabilities

The Company is not aware of any contingent liability.

Note 15: Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is limited by guarantee and has no issued capital. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any obligations of the company. At 30th June 2010 the number of members was 5,990. (2009: 5,613)

Ostomy NSW Limited
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Notes to the Financial Statements
For the year ended 30 June 2010

2010

2009

Note 16: Economic Dependence

The company is dependent on the Department of Health through the Pharmaceutical Benefits Scheme for the majority of its revenue used to provide services and surgical appliances to its members. 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. The level of service at current arrangements is dependent on this continuing level of support from the government.

Ostomy NSW Limited
ABN 92 003 107 220
Notes to the Financial Statements
For the year ended 30 June 2010

Note 17: Segment Reporting

Business and Geographical Segments.

Business Segments.

The company has the following business segments:

- The company operates in one business segment delivering medical and surgical products, educational and support services to members with or likely to have surgical conditions known as ileostomy, ileal conduit, urostomy and colostomy.

Geographical Segments.

The company's business segments are located in Australia.

Note 18: Capital Management

Management controls the capital of the company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Finance Committee ensures that the overall risk management strategy is in line with this objective.

The Finance Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The company's capital consists of financial liabilities, supported by financial assets. Management effectively manages the company's capital by assessing the company's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debt levels. There have been no changes to the strategy adopted by management to control the capital of the company since the previous year.

The gearing ratios for the years ended 30th June 2010 and 30th June 2009 are as follows:

	30/06/10	30/06/09
Financial Liabilities		
Trade and Other Payable	1,288,164	1,950,361
Less Cash and Cash equivalents	<u>475,588</u>	<u>1,398,659</u>
Net Debt	812,576	551,702
Total Equity	<u>2,157,433</u>	<u>2,101,905</u>
Total Capital	<u>1,344,857</u>	<u>1,550,203</u>
Gearing Ratio	60%	36%

Ostomy NSW Limited
ABN 92 003 107 220
Notes to the Financial Statements
For the year ended 30 June 2010

Note 19: Financial Risk Management

a. Financial Risk Management Policies

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

The company does not have any derivative instruments at 30 June 2010.

i. Treasury Risk Management

A Finance Committee consisting of board members and senior staff meet on a regular basis to analyse the financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The company has no other debt except for trade creditors that are paid usually within 30 days. The company has no exposure to debt interest rate risk. Interest rates fluctuations can affect the company's income from term deposits.

Foreign Currency Risk

The company is not exposed to fluctuations in foreign currencies.

Liquidity Risk

The company manages risk by monitoring forecast cash flows and ensuring that adequate cash funds are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company. Its only receivable is from the Department of Health (PBS).

There are no material amounts of collateral held as security at 30 June 2010. Credit risk is managed by the company and reviewed regularly by the Finance Committee. It arises from exposures to customers as well as deposits with financial institutions. The company monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- Only banks and financial institutions with an "A" rating are utilised.
- Only accredited fund managers linked to "A" rated financial institutions are used.
- The credit standing of counterparties is reviewed monthly for liquidity and credit risk.

The trade receivables balances at 30 June 2010 and 30 June 2009 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Ostomy NSW Limited
ABN 92 003 107 220
Notes to the Financial Statements
For the year ended 30 June 2010

Price Risk

The company is not exposed to any material commodity price risk.

Note 20: Key Management Personnel Compensation

	Short Term Benefit	Post employment Benefit	Other Long Term Benefit	Total
2010				
Total Compensation	\$181,323	-	\$19,391	\$200,714
2009				
Total Compensation	\$186,753	-	\$21,566	\$208,319

Note 21: Company Details

The registered and business office of the company is at 6/555 Princess Highway Kirrawee NSW 2232.

Ostomy NSW Limited
ABN 92 003 107 220
Statement of Cash Flows
For the year ended 30 June 2010

	2010	2009
	\$	\$
Cash Flow From Operating Activities		
Receipts from government and customers	12,741,857.40	10,158,104.25
Payments to Suppliers and employees	(14,546,452.90)	(10,232,053.10)
Member Fees	225,765.85	191,356.92
Interest Received	9,461.36	22,403.61
Raffles	3,589.50	16,929.00
Member Postage	318,643.97	293,119.82
Donations Received	39,739.85	39,279.55
Medicare Commission	287,355.48	254,356.70
Other Income	9,496.31	1,750.00
Net cash generated from operating activities (note 23)	(910,543.18)	745,246.75
Cash Flow From Investing Activities		
Payment for improvements		(7,875.00)
Payment Plant and equipment	(12,528.12)	(7,266.63)
	(12,528.12)	(15,141.63)
Cash Flow From Financing Activities		
Net increase (decrease) in cash held	(923,071.30)	730,105.12
Cash at the beginning of the financial year	1,398,659.73	668,554.61
Cash at the end of the financial year (note 4)	475,588.43	1,398,659.73

The accompanying notes form part of these financial statements.

Ostomy NSW Limited
ABN 92 003 107 220
Statement of Cash Flows
For the year ended 30 June 2010

	2010	2009
	\$	\$
Note 22:		
Reconciliation of Cash		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Bank of New Zealand - Office A/c... 449	55,054.94	83,920.30
NAB Acsa A/c...306	4,970.00	
Bank of New Zealand - A/c...675	112,740.35	1,003,703.03
ING Direct - A/c...804	302,373.14	310,586.40
Cash on hand	450.00	450.00
	475,588.43	1,398,659.73

Note 23:
**Reconciliation of Cash from Operations
with Profit After Income Tax**

Profit after income tax	55,527.86	(39,962.28)
Non Cash Flows		
Depreciation	14,926.87	15,025.00
Changes in Assets and Liabilities:		
(Increase)/decrease in trade debtors	(83,617.64)	(122,716.95)
(Increase)/decrease in finished goods	(206,990.78)	(140,925.76)
(Increase)/decrease in prepayments	(5,498.98)	3,305.50
(Increase)/decrease in Security Deposit		(450.00)
Increase/(decrease) in trade creditors and accruals	(649,272.79)	931,610.33
Increase/(decrease) in other creditors	(3,166.56)	(37,686.00)
Increase/(decrease) in employee entitlements	(42,409.08)	13,537.00
Increase/(decrease) in other	9,957.92	123,509.91
Net cash provided by operating activities	(910,543.18)	745,246.75

Ostomy NSW Limited
ABN 92 003 107 220
Independent Auditor Report

Scope

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Ostomy NSW Limited for the financial year ended 30 June 2010. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

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

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements.

Signed on :

P N Markoulli, Registered Company Auditor
P N Markoulli
309A Homer Street, Earlwood NSW 2206

Ostomy NSW Limited

ABN 92 003 107 220

Compilation Report to Ostomy NSW Limited

We have compiled the accompanying special purpose financial statements of Ostomy NSW Limited, which comprise the Statement of Financial Performance and Statement of Financial Position, 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 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.

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Ostomy NSW Limited
ABN 92 003 107 220
Trading Account
For the year ended 30 June 2010

	2010	2009
	\$	\$
<hr/>		
Trading Income		
Sales - PBS	11,486,129.35	10,174,631.83
Sales - General	52,735.08	44,365.20
Total Trading Income	<u>11,538,864.43</u>	<u>10,218,997.03</u>
Cost of Sales		
Add:		
Opening finished goods	563,357.01	405,485.06
Purchases	11,723,866.35	10,352,942.65
	<u>12,287,223.36</u>	<u>10,758,427.71</u>
Less:		
Closing finished goods	785,922.13	563,357.01
	<u>785,922.13</u>	<u>563,357.01</u>
Cost of Sales	<u>11,501,301.23</u>	<u>10,195,070.70</u>
Gross Profit from Trading	<u><u>37,563.20</u></u>	<u><u>23,926.33</u></u>

The accompanying notes form part of these financial statements.

Ostomy NSW Limited
ABN 92 003 107 220
Detailed Income Statement
For the year ended 30 June 2010

	2010	2009
	\$	\$
Income		
Trading profit	37,563.20	23,926.33
Member Fees	225,765.85	191,356.92
Raffles	3,589.50	16,929.00
Member Postage	318,643.97	293,119.82
Donations Rec'd	39,739.85	39,279.55
Medicare Commission	287,355.48	254,356.70
Other Income	9,496.31	1,750.00
Interest received	9,461.36	22,403.61
Total income	<u>931,615.52</u>	<u>843,121.93</u>
Expenses		
Accountancy	7,312.50	10,521.80
Audit fees	9,760.00	7,350.00
Bank Fees And Charges	9,268.06	7,891.69
Freight	186,675.13	179,121.04
Cleaning/rubbish removal	1,695.66	948.00
Computer costs	9,355.29	6,180.35
Depreciation - plant	9,217.26	9,470.00
Depreciation - buildings	5,709.61	5,555.00
Filing Fees	105.00	40.00
Holiday pay accrued	39,398.27	6,640.00
Insurance	15,466.33	21,200.09
Electricity	5,947.44	2,346.47
Long service leave accrued	2,595.52	11,412.00
Newsletter & Marketing	30,407.09	18,543.53
Print, Post & stationery	11,042.98	12,550.44
Raffle Prizes + Nurse Scholarship	6,000.00	1,000.00
Rates & land taxes	477.52	465.63
Repairs & maintenance	546.60	184.80
Salaries & Wages	431,149.01	491,016.19
Security	685.45	140.00
Staff amenities	5,195.21	6,772.36
Staff training		269.18
W Comp & other oncosts	5,884.41	
Strata Management	9,585.95	16,858.05
Assn Memberships	9,850.04	11,364.60

The accompanying notes form part of these financial statements.

Ostomy NSW Limited
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Detailed Income Statement
For the year ended 30 June 2010

	2010	2009
	\$	\$
Superannuation	37,908.02	43,396.53
Communications	6,563.36	5,367.30
Travel, accom & conference	4,242.62	6,325.24
Travel - local		153.92
ACSA Conference 2011	10,015.00	
Entertainment	4,028.33	
Total expenses	<u>876,087.66</u>	<u>883,084.21</u>
Profit/ Loss from Ordinary Activities before income tax	<u><u>55,527.86</u></u>	<u><u>(39,962.28)</u></u>

The accompanying notes form part of these financial statements.