ABORIGINAL AND TORRES STRAIT ISLANDER

COMMUNITY HEALTH SERVICES BRISBANE LIMITED

ABN 40 084 136 508

AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2012

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited
ABN 40 084 136 508

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Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

ABN 40 084 136 508

Financial Report for the Year Ended 30 June 2012

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2012.

Directors

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

Alfred Davis

Raymond James Brunker

Selwyn James Button

Jody Elizabeth Currie (ceased 22/05/2012)

Kylie Waldren (ceased 21/05/2012)

Rick Dale Bird (ceased 22/08/2011)

Dianne Louise Harvey (ceased 06/02/2012)

Iris Suzanne Morgan (ceased 03/11/2011)

Sally Corrigan (appointed 03/11/2011)

Pele Tina Bennet (appointed 03/11/2011)

Lorraine May Tutton (appointed 03/11/2011), (resigned 07/09/2012)

Garth Edwards Ivan Morgan (appointed 03/11/2011)

Brett Shannon (appointed 26/03/2012)

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

Principal Activities

The principal activity of the company during the financial year was to assist Aboriginal and Torres Strait Islander people in need of medical and dental advice, treatment or other services.

The company's short-term objectives are to:

- To undertake and organisational review to identify opportunities to improve and to best position the organisation moving forward in the longer term;
- To continue on the path of building the financial sustainability of the organisation;
- To embed the SEQ Community controlled Health Service model of care across all of the ATSICHS clinics.

The company's long-term objectives are to:

- Provide leadership in the provision of health services to Aboriginal and Torres Strait Islander peoples in South East Queensland;
- Operate a sustainable service with strong community and client support;
- Improve the knowledge base in relation to urban Aboriginal and Torres Strait Islander health;
- Contributing to the development of a competent and sustainable workforce in Aboriginal and Torres Strait Islander health.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Establish numerous health promotion activities, courses, projects, workshops and conferences to encourage and promote health awareness in the wider community.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Information on Directors

Alfred Davis	–	Chairperson
Qualifications & Experience	–	Extensive experience in health and child protection issues, former Chief Executive Officer of Queensland Aboriginal and Islander Health Council Ltd and currently lecturing at Griffith University. Has a bachelor of social work.
Raymond James Brunker	–	Director
	–	Project manager at the institute for Urban Indigenous Health, has a bachelor of Education (Primary) and a Bachelor of Human Services.
Selwyn James Button	–	Director
Qualifications & Experience	–	Former teacher and police officer, extensive experience in government policy department and indigenous education and health, currently the Chief Executive Officer of Queensland Aboriginal and Islander Health. Has a bachelor of Teaching (Primary School).
Jody Elizabeth Currie	–	Deputy Chairperson
Qualifications & Experience	–	Extensive experience on child safety and health issues, Human Service Manager of the Institute for Urban Indigenous Health. Has a bachelor of Arts.
Kylie Waldren	–	Director
Qualifications & Experience	–	Interest and experience in Indigenous Health, former employee of the Health Service, currently working with Murri Ministry.
Rick Dale Bird	–	Director
	–	Interest and experience in indigenous sport and a member of the Brisbane Natives Indigenous Sports Club.
Dianne Louise Harvey	–	Director
	–	Over 30 years of experience working in human services within both government and community controlled sectors, held various positions in Aged Care, Aboriginal and Torres Strait Islander health and Child Protection, formerly the Chief Executive Officer of the Queensland Aboriginal and Torres Strait Child Protection Peak, has an Associate Diploma in Aboriginal and Islander Business Administration.
Iris Suzanne Morgan	–	Director
	–	Over 30 years of experience in Indigenous Health and former Chief Executive Officer of the Health Service.

Sally Corrigan	–	Director
	–	Has experience across a range of services within the Aboriginal and Torres Strait islander community. She is currently of the Black Community Housing Service.
Pele Tina Bennet	–	Director
	–	Employed within the health sector (both government and past employee of ATSICHS) for 13 years. Pele has a bachelor of Health Science (Aboriginal Community Development).
Lorraine May Tutton	–	Director
	–	Has vast experience working with the Aboriginal and Torres Strait Islander community. She has been a director of a number of Community Controlled Services and she is currently the Manager of the Brisbane region for Aboriginal and Torres Strait Islander Services (Departments of Communities).
Garth Edwards Ivan Morgan	–	Director
	–	Currently employed as the Executive Director of the Queensland Aboriginal and Torres Strait Islander Human Services Coalition. Has a wealth of experience gleaned from his extensive career in the community, government and not-for-profit sectors. Was the project manager of a private consulting firm, founder and Managing Director of OCHREistic Group and Senior program Officer with the Department of Health and Ageing. Spent a number of years with the Queensland Aboriginal and Islander Health Council in roles including Workplace Planning and Development Officer, Acting Chief Operations officer and Director of QAIHC College of Health. Has a bachelor of Arts in Education, a Graduate Certificate in Training and Development and will complete his Masters of Business Administration in 2012.
Brett Shannon	–	Director
	–	Has completed human movement and Business degrees and a Masters in Applied Epidemiology. Has completed a range or projects in partnership with Aboriginal and Torres Strait Islander Community Controlled Services. Also currently a medical student at the University of Queensland.

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 11 meetings of directors (including committee meetings) were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Alfred Davis	11	11
Raymond James Brunker	11	11
Selwyn James Button	11	9
Jody Elizabeth Currie	11	10
Kylie Waldren	11	4
Rick Dale Bird	2	0
Dianne Louise Harvey	8	5
Iris Suzanne Morgan	6	2
Sally Corrigan	5	3
Pele Tina Bennet	5	5
Lorraine May Tutton	5	2
Garth Edwards Ivan Morgan	5	4
Brett Shannon	1	1

The company is incorporated under the *Corporations Act 2001* (Cth) and is an company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company. At 30 June 2012, the total amount that members of the company are liable to contribute if the company is wound up is $224 (2011: $197).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 7 of the financial report.

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

Director A.V.D

Alfred Davis (Chair)

Dated this 17th day of September 2012

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ABORIGINAL AND TORRES STRAIT ISLAND COMMUNITY HEALTH SERVICES BRISBANE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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

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

Patrick Hoi

Name of Firm: Patrick Hoiberg Chartered Accountant

Name of Partner: Patrick Hoiberg

Date: 17th September 2012

Address: 108 Wilkie Street Yeerongpilly Queensland 4105

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$	$
Revenue	2	19,016,160	14,820,359
Other income	2	934,185	808,461
Administration expense		(1,178,722)	(1,248,499)
Employee benefits expense		(12,922,149)	(10,255,321)
Occupancy expenses		(682,266)	(438,333)
Other expenses from ordinary activities		(2,698,213)	(1,580,645)
Current year surplus before income tax	3	2,468,995	2,106,022
Income tax expense		-	-
Net current year surplus		2,468,995	2,106,022
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	7(b)	854,205	-
Other comprehensive income for the year		854,205	-
Total comprehensive income for the year		3,323,200	2,106,022
Net current year surplus attributable to members of the entity		3,323,200	2,106,022
Total comprehensive income attributable to members of the entity		3,323,200	2,106,022

The accompanying notes form part of these financial statements.

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012	2011
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,716,840	6,818,001
Accounts receivable and other debtors	5	91,248	105,555
Other current assets	6	82,920	71,279
TOTAL CURRENT ASSETS		7,891,007	6,994,835
NON-CURRENT ASSETS			
Property, plant and equipment	7	23,088,567	21,567,967
TOTAL NON-CURRENT ASSETS		23,088,567	21,567,967
TOTAL ASSETS		30,979,574	28,562,802
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	8	1,397,422	1,793,816
Unexpended grants	9	53,694	694,137
Provisions for employee benefits	10	461,862	422,460
TOTAL CURRENT LIABILITIES		1,912,978	2,910,413
NON-CURRENT LIABILITIES			
Long term borrowings	11	3,459,700	3,459,700
Provisions for employee benefits	10	289,174	198,166
TOTAL NON-CURRENT LIABILITIES		3,748,874	3,657,866
TOTAL LIABILITIES		5,661,852	6,568,279
NET ASSETS		25,317,722	21,994,522
EQUITY			
Revaluation Surplus		9,864,205	9,010,000
Retained surplus		15,453,517	12,984,522
TOTAL EQUITY		25,317,722	21,994,522

The accompanying notes form part of these financial statements.

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Surplus	Revaluation Surplus	Total
		$	$	$
Balance at 1 July 2010		10,878,500	9,010,000	19,888,500
Comprehensive income				
Surplus for the year attributable to members of the entity		2,106,022	-	2,106,022
Other comprehensive income for the year	7(b)	-	-	-
Total comprehensive income attributable to members of the entity		2,106,022	-	2,106,022
Balance at 30 June 2011		12,984,522	9,010,000	21,994,522
Comprehensive income				
Surplus for the year attributable to members of the entity		2,468,994	-	2,468,994
Other comprehensive income for the year	7(b)	-	854,205	854,205
Total comprehensive income attributable to members of the entity		2,468,994	9,864,205	3,323,200
Balance at 30 June 2012		15,453,517	9,864,205	25,317,722

For a description of each reserve, refer to Note 17.

The accompanying notes form part of these financial statements.

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Commonwealth, state and local government grants		18,900,519	14,876,777
Payments to suppliers and employees		(17,382,739)	(12,581,967)
Interest received		409,384	289,109
Net cash generated from operating activities	13	1,927,164	2,583,919
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,818	102,531
Payment for property, plant and equipment		(1,030,142)	(906,990)
Net cash generated from/(used in) investing activities		(1,028,324)	(804,459)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash used in financing activities		-	-
Net increase in cash held		898,839	1,779,460
Cash and cash equivalents at beginning of the financial year		6,818,001	5,038,541
Cash and cash equivalents at the end of the financial year	4	7,716,840	6,818,001

The accompanying notes form part of these financial statements.

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The financial statements cover Aboriginal and Torres Strait islander Community Health Service Limited as an individual entity, incorporated and domiciled in Australia. Aboriginal and Torres Strait Islander Community Health Service Limited is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17 September 2012 by the directors of the company.

Accounting Policies

a. **Revenue**

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Aboriginal and Torres Strait islander Community Health Service Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. 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.

Donations and bequests 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. Dividend revenue is recognised when the right to receive a dividend has been established.

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).

b. **Inventories on Hand**

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

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

c. **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 any impairment losses.

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.

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 recognised in profit or loss.

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.

During the 2006/2007 financial year, the Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited entered into a deed of arrangement with the Brisbane City Council. Under the deed of arrangement, the Brisbane City Council compulsorily resumed the land and building owned by the Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited at Hubert Street Woolloongabba. Also during the 2006/2007 financial year, the Brisbane City Council acquired land at 49, 51, 53 and 55 Annerley Road and 6 Crown Street, Woolloongabba on behalf of the Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited.

Consequently during the 2006/2007 financial year the disposal of the land and building at Hubert Street, Woolloongabba and acquisition of the land at 49, 51, 53 and 55 Annerley Road and 6 Crown Street, Woolloongabba, were included in the 2006/2007 financial statements.

Under the Deed of Arrangement, the Brisbane City Council were to construct suitable premises on the acquired land at 49, 51, 53 and 55 Annerley Road and 6 Crown Street, Woolloongabba at no cost to the Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited. However, as there was no agreed upon compensation for the resumption, this asset could not be recorded in the 2006/2007 financial statements.

Construction of a new medical facility at 49, 51, 53 and 55 Annerley Road and 6 Crown Street, Woolloongabba was completed during the 2009 financial year, with the official handover of the building not until 13th July 2009. As the titles for the properties were in the name of the Aboriginal and Torres Strait islander Community health Service Brisbane Limited, the new asset of the building had been reflected in the financial statements at cost. Consequently, income of $9,010,000 had been recognised in the accounts as an asset had also been recognised in the financial statements for the same amount in 2009. Refer to note 7 to observe the break-up of land and buildings held in the statement of financial position.

During the 2011/2012 Financial Year the organisation purchased a property located at 25 Annerley Road Dutton park for $595,795 which was significantly below market value. The property was revalued to reflect the market value of $1,450,000. The revaluation increment was booked to revaluation reserve. In accordance with AASB 108, the previous revaluation increment booked from the revaluation of 49, 51, 53 and 55 Annerley Road should have been shown in the revaluation surplus account, not in retained earnings as noted above. This has been corrected.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. 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 assets are:

Class of Fixed Asset	**Depreciation Rate**
Buildings	2%
Plant and equipment	20 – 33.33%
Motor Vehicles	20 – 33.33%

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

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 reserve relating to that asset are transferred to retained earnings.

d. **Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising 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 the entity 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 recognised 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.

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie 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 recognised in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. 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 the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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 item in profit or loss.

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) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, 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.

(ii) *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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *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 the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments 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.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter into bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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 either discharged, cancelled or expired. The difference between the carrying amount 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.

f. **Impairment of Assets**

At the end of each reporting period, the entity 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 recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity 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 it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised 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 class of asset.

g. **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 that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

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

h. **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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

j. **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).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997* (Cth).

l. **Provisions**

Provisions are recognised when the entity 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.

m. **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.

n. **Accounts Payable and Other Payables**

Accounts payable 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.

o. **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.

Key Estimates

Impairment

The property located at 252 Annerley Road, Dutton Park was independently valued at 04 June 2012 by Propell National Valuers. The valuation 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 strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $854,205 being recognised for the year ended 30 June 2012.

p. **Economic Dependence**

Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited is dependent on the Department of Health and Ageing 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 Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited.

q. **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key 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 investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - 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; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the company.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127 (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

  AASB 13 requires:

  - inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
  - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

  These Standards are not expected to significantly impact the company.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is therefore not expected to significantly impact the company.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

(a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

  (i) where for an offer that may be withdrawn – when the employee accepts;

  (ii) where for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

The association has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTE 2: REVENUE AND OTHER INCOME

	Note	2012	2011
		$	$
Revenue			
Revenue from (non-reciprocal) government grants and other grants			
– Commonwealth government grants – operating		9,574,535	12,252,609
– State government grants – operating		4,580,414	-
– Local government grants – operating		1,938	-
– Other organisations		2,115,142	477,212
		16,272,029	12,729,821
Other revenue			
– Medicare Income		1,981,152	1,407,955
– Dental Services		62,342	32,709
– HIC fees		291,252	360,765
– Interest received on financial assets		409,384	289,109
		2,744,130	2,090,538
Total Revenue		19,016,159	14,820,359
Other Income			
– Profit/(Loss) on disposal of property, plant and equipment		(7,553)	(106,390)
– Rent received (resident fees)		860,367	798,921
– other		81,371	115,930
Total Other Income		934,185	808,461
Total Revenue and Other Income		19,950,344	15,628,820

NOTE 3: SURPLUS FOR THE YEAR

	2012	2011
	$	$
a. **Expenses**		
Auditor Fees		
– audit services (Patrick Hoiberg Chartered Accountant)	49,000	-
– audit services (Haywards Chartered Accountants)	-	51,000
– Other services (Patrick Hoiberg Chartered Accountant)	3,000	2,050
– Other services	-	7,900
Total Audit Remuneration	52,000	60,950
b. **Significant Revenue and Expenses**		
Proceeds on disposals	1,818	102,531
Disposals at carrying value	(9,371)	(208,921)
Net gain/(loss) on disposals	(7,553)	(106,390)

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2012	2011
		$	$
CURRENT			
Cash at bank – unrestricted		7,714,530	6,815,487
Cash float		2,310	2,514
Total cash and cash equivalents as stated in the statement of financial position		7,716,840	6,818,001
Total cash and cash equivalents as stated in the cash flow statement		7,716,840	6,818,001

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

		2012	2011
		$	$
CURRENT			
Accounts receivable		55,426	68,588
Provision for doubtful debts	5(i)	-	-
Other debtors		35,822	36,967
Total current accounts and other receivables	14	91,248	105,555

(i) **Provision for Doubtful Debts**

Current accounts receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for doubtful debts is recognised when there is objective evidence that an individual accounts receivable is impaired. These amounts have been included in doubtful debts expense. When the company is satisfied that no recovery of the amount owing is possible, the amounts are written off against the receivable directly.

Movement in the provision for doubtful debts is as follows:

	$
Provision for doubtful debts as at 1 July 2010	
– Charge for year	-
– Written off	-
Provision for doubtful debts as at 30 June 2011	
– Charge for year	-
– Written off	-
Provision for doubtful debts as at 30 June 2012	-

(ii) **Credit Risk – Accounts Receivable and Other Debtors**

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	Gross amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
2012							
Accounts receivable	55,426	-	46,665	8,761	-	-	46,665
Other debtors	35,822	-	35,821	-	-	-	35,821
Total	91,248	-	82,486	8,761	-	-	82,486
2011							
Accounts receivable	68,588	-	65,277	881	999	1,431	65,277
Other debtors	36,967	-	36,967				36,967
Total	105,555	-	102,244	881	999	1,431	102,244

NOTE 6: OTHER CURRENT ASSETS

	Note	2012	2011
		$	$
Bonds Held		20,000	20,000
Deposits		9,830	4,100
Prepayments		53,090	47,179
		82,920	71,279

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Note	2012	2011
		$	$
LAND AND BUILDINGS			
Freehold land & buildings at Director's valuation:			
– 259 – 256 River Hills Road, Eagleby		3,122,680	3,122,680
– 49 – 55 Annerley Road & 6 Crown Street, Woolloongabba		14,231,277	14,231,277
– 5 Charles Avenue, Woodridge		1,365,380	1,365,380
– 313 Melton Road, Northgate		1,589,971	1,589,971
– 252 Annerley Road, Dutton Park		1,450,000	-
Total land & buildings		21,759,308	20,309,308
PLANT AND EQUIPMENT			
Plant and equipment			
At cost		4,300,537	4,347,040
Less accumulated depreciation		(3,408,813)	(3,576,442)
		891,724	770,598
Motor vehicles			
At cost		619,599	578,246
Accumulated depreciation		(182,065)	(90,183)
		437,535	488,061
Total plant and equipment		1,329,258	1,258,659
Total property, plant and equipment		23,088,567	21,567,967

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 and Buildings	Motor Vehicles	Plant and Equipment	Total
(b)	$	$	$	$
2011				
Balance at the beginning of the year	20,309,308	201,618	639,420	21,150,346
Additions at cost	-	543,246	363,745	906,991
Additions at fair value	-	-	-	-
Disposals	-	(208,921)	-	(208,921)
Revaluation increment	-	-	-	-
Depreciation expense	-	(47,882)	(232,567)	(280,449)
Carrying amount at end of year	20,309,308	488,061	770,598	21,567,967

2012

Balance at the beginning of the year	20,309,308	488,061	770,598	21,567,967
Additions at cost	595,795	76,353	357,994	1,030,142
Additions at fair value	854,205	-	-	854,205
Disposals	-	(9,371)	-	(9,371)
Depreciation expense	-	(117,507)	(236,869)	(354,376)
Carrying amount at end of year	21,759,308	437,535	891,724	23,088,567

(c)

Certificate of Title is held by the Aboriginal and Torres Strait Islander Community Health Service Brisbane Limited:

- 49 - 51 Annerley Road & 6 Crown Street, Woolloongabba
- 53 - 55 Annerley Road, Woolloongabba
- 6 Crown Street, Woolloongabba
- 5 Charles Avenue, Woodridge
- 313 Melton Road, Northgate
- 252 Annerley Road, Dutton Park

The property at 259 – 269 River Hills Road Eagleby has the following registered on the certificate of title:-

MORTGAGE – The Commonwealth of Australia through the Commonwealth Bank of Australia have taken out a mortgage over the property at 259 – 269 River Hills Road Eagleby for $3,459,700. The mortgage is not presently repayable, although the mortgage would have to be discharged prior to any settlement or any transaction involving the property.

At 30 June 2012 the directors reviewed the key assumptions made by the valuers at 30 June 2011. They have concluded that these assumptions remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and buildings at 30 June 2012.

NOTE 8: ACCOUNTS PAYABLE AND OTHER PAYABLES

	Note	2012	2011
		$	$
CURRENT			
Accounts payables		206,110	433,072
Other current payables		622,317	892,930
Provision for annual leave		568,995	467,814
	8a	1,397,422	1,793,816

		Note	2012	2011
			$	$
a.	**Financial liabilities at amortised cost classified as trade and other payables**			
	Accounts payable and other payables			
	– Total current		1,522,485	1,793,816
	– Total non-current		-	-
	Less annual leave entitlements		(568,995)	(467,814)
	Financial liabilities as accounts payable and other payables	14	953,490	1,326,002

NOTE 9: UNEXPENDED GRANTS

	2012	2011
	$	$
Department of Health and Ageing		
- Accreditation fees	-	24,627
- Capital Works (Clinics)	-	40,587
- Stolen Generation Project	-	56,673
- Jimbelunga Capital Investment	-	10,909
Queensland Health		
- Logan Chronic Disease	-	502,884
- Alchohol and Drug	-	58,457
- Alchohol/Drug Comm Worker	15,457	-
- Indigenous CH 1 BNTH	38,237	-
	53,694	694,137

NOTE 10: PROVISIONS FOR EMPLOYEE BENEFITS

	Provisions for Employee Benefits
	$
Opening balance at 1 July 2011	620,626
Additional provisions raised during year	164,433
Amounts used	(34,023)
Balance at 30 June 2012	751,036

	2012	2011
	$	$
Analysis of Total Provisions		
Current	461,862	422,460
Non-current	289,174	198,166
	751,036	620,626

Provision for Non-current Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(g) to these financial statements.

NOTE 11: LONG TERM BORROWINGS

	2012	2011
	$	$
Mortgage – Commonwealth Bank of Australia	3,459,700	3,459,700
	3,459,700	3,459,700

NOTE 12: RELATED PARTY TRANSACTIONS

	2012	2011
	$	$
a. **Key Management Personnel**		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
Key management personnel compensation	-	-
No Directors were paid for their services during the financial year.	-	-
b. **Other Related Parties**		
Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.		
- Corporate Companion Trust	19,405	-
The above company is the private entity of the Company Secretary. The payments were for services rendered.	19,405	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 13: CASH FLOW INFORMATION

	2012	2011
	$	$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	3,323,200	2,106,022
Non-cash flows		
Depreciation and amortisation expense	354,376	280,449
Profit on sale of property, plant and equipment	(1,818)	106,390
Furniture and equipment written off	9,371	-
Gain on revaluation of property	(854,205)	-
Changes in assets and liabilities		
(Increase)/decrease in accounts receivables and other debtors	14,307	88,658
Increase)/decrease in other assets	(11,641)	23,658
Increase/(decrease) in accounts payable and other payables	(396,394)	302,272
Increase/(decrease) in unexpended grants	(640,443)	(462,934)
Increase/(decrease) in short term provisions	39,402	135,066
Increase/(decrease) in long term provisions	91,008	4,340
	1,927,164	2,583,919

NOTE 14: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables and lease liabilities.

The carrying amounts 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:

	Note	2012	2011
		$	$
Financial assets			
Cash and cash equivalents	4	7,716,840	6,818,001
Accounts receivable and other debtors	5	91,248	105,555
Total Financial Assets		7,808,088	6,923,556
Financial Liabilities			
Financial liabilities at amortised cost			
– accounts payable and other payables	8	1,397,422	1,793,816
– borrowings	11	3,459,700	3,459,700
Total Financial Liabilities			
		4,857,122	5,253,516

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 90% of the grants being received from commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding for a period of 3 years.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

		2012	**2011**
Cash and cash equivalents		**$**	**$**
– AA rated or above		7,716,840	6,818,001
	4	7,716,840	6,818,001

b. **Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Accounts payable and other payables (excluding estimated annual leave and deferred income)	953,490	1,326,002	-	-	-	-	953,490	1,326,002
Total expected outflows	953,490	1,326,002	-	-	-	-	953,490	1,326,002
Financial assets – cash flows realisable								
Cash and cash equivalents	7,716,840	6,818,001	-	-	-	-	7,716,840	6,818,001
Accounts receivable and other debtors	91,248	105,555	-	-	-	-	91,248	105,555
Total anticipated inflows	7,808,088	6,923,556	-	-	-	-	7,808,088	6,923,556
Net (outflow)/inflow on financial instruments	6,854,598	5,597,554	-	-	-	-	6,854,598	5,597,554

c. **Market risk**

i. ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments which expose the company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt.

At 30 June 2012 approximately 0% of company debt is fixed rate

ii. ***Other price risk***

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The company is exposed to other price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables

	Profit	Equity
	$	$
Year ended 30 June 2012		
+/-2% in interest rates	+/- $154,337	+/- $154,337
Year Ended 30 June 2011		
+/-2% in interest rates	+/- $136,310	+/- $136,310

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

		2012		2011	
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	7,716,840	7,716,840	6,818,001	6,818,001
Accounts receivable and other debtors	(i)	91,248	91,248	105,555	105,555
		7,808,088	7,808,088	6,923,556	6,923,556
Financial liabilities					
Accounts payable and other payables	(i)	953,490	953,490	1,326,002	1,326,002
Total financial liabilities		953,490	953,490	1,326,002	1,326,002

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited
ABN 40 084 136 508

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Aboriginal and Torres Strait Islander Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 7 to 33, are in accordance with the *Corporations Act 2001*:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.
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.

Alfred Davis (Director)

Dated this 17th day of September 2012

Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited

ABN 40 084 136 508

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY HEALTH SERVICES BRISBANE LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Aboriginal and Torres Strait Islander Community Health Services Limited (the company), which comprises the statement of financial position as at 30 June 2012, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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 judgment, 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aboriginal and Torres Strait Islander Community Health Services Brisbane Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion, the financial report of Aboriginal and Torres Strait islander Community Health Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Patrick Hooley

Auditor's signature:

Address: 108 Wilkie Street Yeerongpilly QLD 4105

Dated this 17th day of September 2012