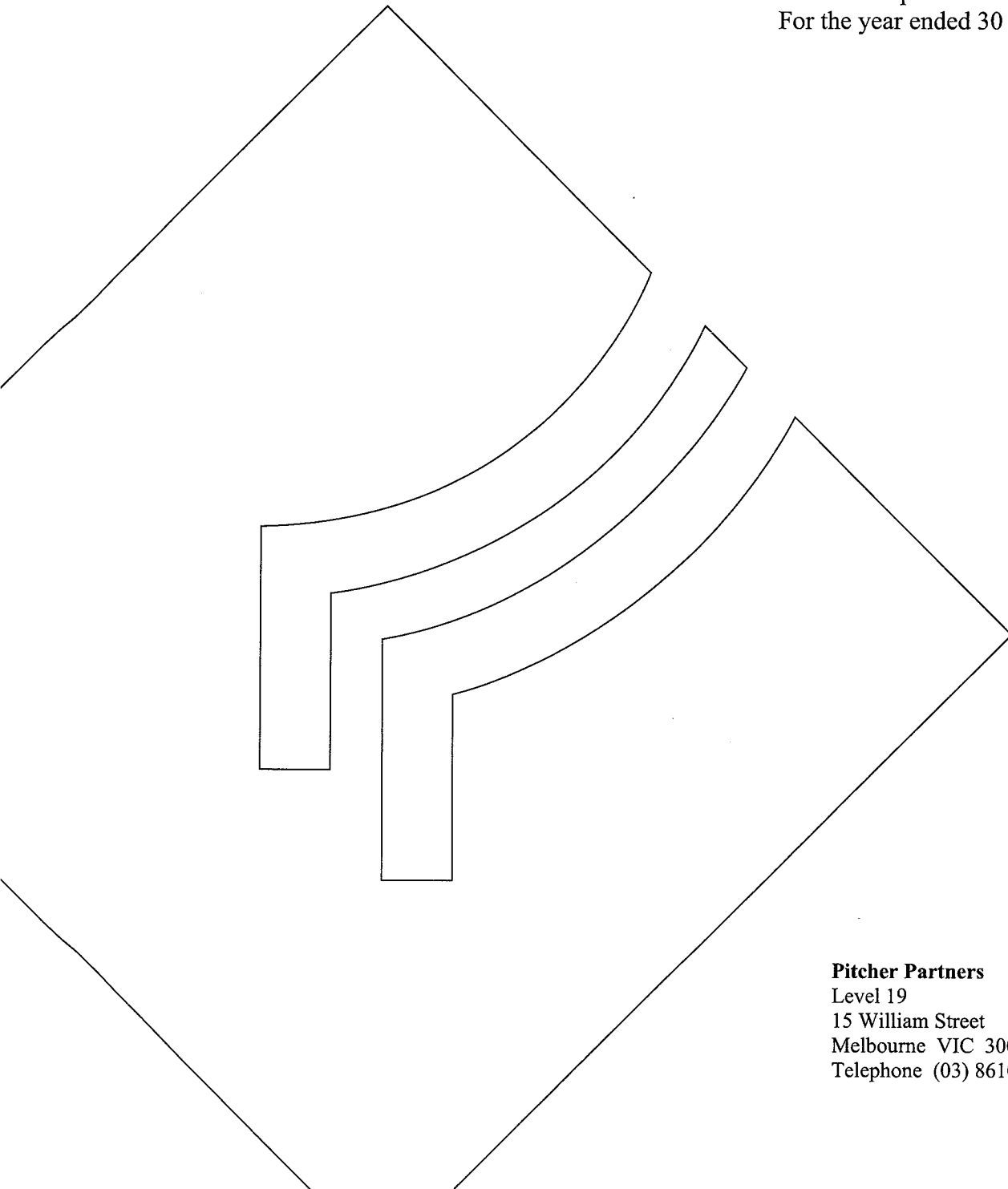




ARAFEMI Victoria Inc.

Financial report
For the year ended 30 June 2011



Pitcher Partners
Level 19
15 William Street
Melbourne VIC 3000
Telephone (03) 8610 5000

TABLE OF CONTENTS

| | |
|---|---------|
| Committees' report | 1 - 2 |
| Financial report | |
| Statement of comprehensive income | 3 |
| Statement of financial position | 4 |
| Statement of changes in members funds | 5 |
| Statement of cash flows | 6 |
| Notes to financial statements | 7 - 18 |
| Statement by members of the committee | 19 |
| Independent auditor's report | 20 - 21 |

ARAFEMI VICTORIA INC.

COMMITTEES' REPORT

The committee members present their report together with the financial report of ARAFEMI Victoria Inc. for the year ended 30 June 2011 and auditors report thereon.

Committee members names

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

Andrew Concannon
Anne Holland
Shirley Mill
Johann Kelaart
Rachael Starbuck
Kay Gross
Rosemary Martin
Liz Burgat
Keith Creasey

The committee members have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The surplus of the association for the year amounted to \$67,397.

Review of operations

The association continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the association's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

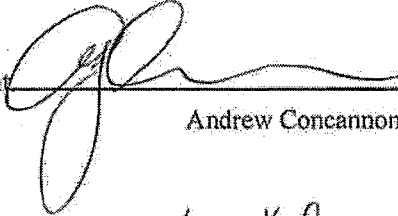
The principal activity of the association during the year was was to provide services as well as promote and improve the well being of people affected by mental illness, their family, and their carers.

No significant change in the nature of these activities occurred during the year.

ARAFEMI VICTORIA INC.

COMMITTEES' REPORT

Signed on behalf of the members of the committee.

President  _____
Andrew Concannon

Treasurer  _____
Johann Kelaart

Dated this 2nd day of September 2011

ARAFEMI VICTORIA INC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

| | Note | 2011 \$ | 2010 \$ |
|--|------|----------------------|-----------------------|
| Revenue | | | |
| Grants received | 5 | 2,872,082 | 2,214,948 |
| Other income | 5 | <u>116,055</u> | <u>155,903</u> |
| | | <u>2,988,137</u> | <u>2,370,851</u> |
| Less: expenses | | | |
| Salaries and wages | 6 | (2,185,840) | (1,723,773) |
| Rent and outgoings | | (219,631) | (178,692) |
| Depreciation | 6 | (99,837) | (51,709) |
| Bank charges | | (1,350) | (1,799) |
| Professional fees | 6 | (17,445) | (9,754) |
| Motor vehicle expenses | | (64,832) | (51,844) |
| Repairs and maintenance | | (5,225) | (3,892) |
| Accreditation costs | | (23,519) | (17,149) |
| Electricity and gas | | (25,518) | (22,281) |
| Insurance | | (13,421) | (45,994) |
| Internet and telephone | | (41,596) | (27,958) |
| Printing and stationery | | (28,230) | (23,421) |
| Advertising | | (3,500) | (3,334) |
| IT expenses | | (20,935) | (19,094) |
| Loss on sale of equipment | 6 | (3,189) | (15,900) |
| Program expenses | | (60,177) | (79,147) |
| Other expenses | | <u>(106,495)</u> | <u>(127,201)</u> |
| | | <u>(2,920,740)</u> | <u>(2,402,942)</u> |
| Surplus / (deficit) for the year | | 67,397 | (32,091) |
| Other comprehensive income | | | |
| Revaluation of property, plant and equipment, net of tax | | <u>-</u> | <u>145,000</u> |
| Other comprehensive income for the year | | <u>-</u> | <u>145,000</u> |
| Total comprehensive income | | <u><u>67,397</u></u> | <u><u>112,909</u></u> |

The accompanying notes form part of these financial statements.

ARAFEMI VICTORIA INC.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 1,161,269 | 1,409,934 |
| Receivables | 8 | 65,702 | 60,739 |
| Other assets | 9 | <u>15,157</u> | <u>8,769</u> |
| Total current assets | | <u>1,242,128</u> | <u>1,479,442</u> |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 845,517 | 775,052 |
| Intangible assets | 11 | <u>36,976</u> | <u>-</u> |
| Total non-current assets | | <u>882,493</u> | <u>775,052</u> |
| Total assets | | <u>2,124,621</u> | <u>2,254,494</u> |
| Current liabilities | | | |
| Payables | 12 | 248,386 | 172,233 |
| Provisions | 13 | 133,300 | 94,280 |
| Other liabilities | 14 | <u>135,469</u> | <u>464,451</u> |
| Total current liabilities | | <u>517,155</u> | <u>730,964</u> |
| Non-current liabilities | | | |
| Provisions | 13 | <u>16,539</u> | <u>-</u> |
| Total non-current liabilities | | <u>16,539</u> | <u>-</u> |
| Total liabilities | | <u>533,694</u> | <u>730,964</u> |
| Net assets | | <u>1,590,927</u> | <u>1,523,530</u> |
| Equity | | | |
| Reserves | 15 | 268,793 | 268,793 |
| Accumulated surplus / (losses) | 16 | <u>1,322,134</u> | <u>1,254,737</u> |
| Equity | | <u>1,590,927</u> | <u>1,523,530</u> |

The accompanying notes form part of these financial statements.

ARAFEMI VICTORIA INC.

**STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 30 JUNE 2011**

| | Reserves | Retained | Total equity |
|--|-----------------|------------------|---------------------|
| | \$ | \$ | \$ |
| Balance as at 1 July 2009 | 123,793 | 1,286,828 | 1,410,621 |
| Deficit for the year | - | (32,091) | (32,091) |
| Revaluation of property, plant and equipment, net of tax | <u>145,000</u> | <u>-</u> | <u>145,000</u> |
| Total comprehensive income for the year | <u>145,000</u> | <u>(32,091)</u> | <u>112,909</u> |
| Balance as at 30 June 2010 | <u>268,793</u> | <u>1,254,737</u> | <u>1,523,530</u> |
| Balance as at 1 July 2010 | 268,793 | 1,254,737 | 1,523,530 |
| Surplus for the year | <u>-</u> | <u>67,397</u> | <u>67,397</u> |
| Total comprehensive income for the year | <u>-</u> | <u>67,397</u> | <u>67,397</u> |
| Balance as at 30 June 2011 | <u>268,793</u> | <u>1,322,134</u> | <u>1,590,927</u> |

The accompanying notes form part of these financial statements.

ARAFEMI VICTORIA INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

| | Note | 2011 \$ | 2010 \$ |
|--|-------|-------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Receipts from customers | | 2,848,124 | 2,890,936 |
| Payments to suppliers and employees | | (2,943,328) | (2,768,719) |
| Interest received | | <u>61,017</u> | <u>40,434</u> |
| Net cash provided by / (used in) operating activities | 17(b) | <u>(34,187)</u> | <u>162,651</u> |
| Cash flow from investing activities | | | |
| Payment for property, plant and equipment | | <u>(207,310)</u> | <u>(3,752)</u> |
| Net cash provided by / (used in) investing activities | | <u>(207,310)</u> | <u>(3,752)</u> |
| Cash flow from financing activities | | | |
| Proceeds from borrowings | | - | 12,000 |
| Repayment of borrowings | | <u>(12,000)</u> | <u>-</u> |
| Net cash provided by / (used in) financing activities | | <u>(12,000)</u> | <u>12,000</u> |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 1,414,766 | 1,239,035 |
| Net increase / (decrease) in cash held | | <u>(253,497)</u> | <u>170,899</u> |
| Cash at end of financial year | 17(a) | <u><u>1,161,269</u></u> | <u><u>1,409,934</u></u> |

The accompanying notes form part of these financial statements.

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act 1981.

The financial report was approved by the committee as at the date of the committees' report.

The following is a summary of the material accounting policies adopted by the association in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Revenue

Grant revenue is recognised upon receipt, except for where there is a reciprocal act required by the grant deed, in which case revenue is deferred until requirements have been met.

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

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

(d) Income tax

The Association does not pay income tax as it has been deemed as a charitable institution pursuant to s50-5 of the Income Tax Assessment Act 1997.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

ARAFEMI VICTORIA INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 any accumulated impairment losses.

Property

Freehold land and buildings are measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

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

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by committee to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the deemed depreciable replacement cost.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready 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.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|--------------------------------|---------------------------|---------------------------|
| Leasehold improvements at cost | 10% | Straight line |
| Motor vehicles at cost | 25% | Diminishing value |
| Office equipment at cost | 10% - 33.33% | Diminishing value |

(g) 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 Tax 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

ARAFEMI VICTORIA INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The board has not yet assessed the impact of these standards or interpretations.

NOTE 3: CHANGE IN ACCOUNTING POLICIES

In previous financial years, the long service leave provision was recognised as a current liability. In the 2011 financial year and in future subsequent reporting years, the long service leave provision have been apportioned across the current and non-current liability portions.

NOTE 4: PRIOR PERIOD ERRORS

Overstated provision for sick leave

In previous financial years, the Association had recognised a provision for sick leave and the associated expense during the financial year. As there is no obligation for the Association to pay sick leave to an employee upon cessation of employment, there is no requirement to raise a provision. Sick leave provisions raised in the previous financial years have been adjusted in the financial year ended 30 June 2010 as detailed below.

Overstated liability for unearned revenue - rental income

The Association manages two rental properties for the Department of Human Services ("the Department"); funds received from tenants are used to maintain the properties and cover administrative costs incurred in relation to the two sites. The Association has been recording the net unspent rental income as a liability to the Department although there is no requirement for the Association to repay any rental income received. The liability raised in previous financial years have been adjusted in the 2010 financial year results as detailed below.

Overstated liability for unearned revenue - William Buckland grant funding

In the 2010 financial year, the Association received a grant from the William Buckland Foundation for the purposes of establishing the "Centre for Excellence" in Peer Support. The receipt of the funds was initially recorded as deferred income and subsequently released into revenue as expenses were incurred. The correct treatment of the receipt of the funds would have been to recognise the full amount as income during the year it was received. The deferred amount has thus been recognised as income in the 2010 financial year, the year in which the funds were received. The effect on the position of the Association is detailed below.

Effect of adjustments on the 2010 statement of comprehensive income

| | |
|---|-----------|
| Surplus / (Deficit) for year ended 30 June 2010 as previously stated | (181,731) |
| Adjustment for sick leave provision | 14,307 |
| Adjustment for overstated rental liabilities | 35,333 |

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|---|------|-------------------------|
| | \$ | \$ |
| Adjustment for overstated deferred grant income | | <u>100,000</u> |
| Surplus / (Deficit) for year ended 30 June 2010 restated | | <u><u>(32,091)</u></u> |
| <i>Effect of adjustments on the 2010 net asset position</i> | | |
| Net assets as at 30 June 2010 as previously stated | | 1,261,042 |
| Adjustment for sick leave provision | | 84,037 |
| Adjustment for overstated rental liabilities | | 78,452 |
| Adjustment for overstated deferred grant income | | <u>100,000</u> |
| Net assets as at 30 June 2010 restated | | <u><u>1,523,531</u></u> |

NOTE 5: REVENUE

| | | |
|------------------------------------|----------------|----------------|
| Grant revenue | | |
| Grants received | 2,872,082 | 2,214,948 |
| Other revenue | | |
| Interest income | 61,017 | 40,435 |
| Gain on sale of non-current assets | 3,971 | 14,753 |
| Net rental income | 35,044 | 44,498 |
| Other income | <u>16,023</u> | <u>56,217</u> |
| | <u>116,055</u> | <u>155,903</u> |
| | <u>116,055</u> | <u>155,903</u> |

Significant event

Grant revenue includes \$469,762 received in the year ended 30 June 2010 but deferred for application to programs in the year ended 30 June 2011. The deferral was approved by the funding Department and resulted in a significant one-off increase in income.

NOTE 6: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

| | | |
|---|-----------|-----------|
| Depreciation | 99,837 | 67,609 |
| Employee benefits: | | |
| - Short term benefits | 2,185,840 | 1,723,773 |
| Net loss on disposal of non-current assets | | |
| - Loss on sale of property, plant and equipment | 3,189 | - |
| Remuneration of auditors for: | | |
| - Auditor's remuneration - audit fees | 17,445 | 9,754 |

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 7: CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 4,751 | 1,990 |
| Cash at bank | 988,446 | 629,807 |
| Cash on deposit | <u>168,072</u> | <u>778,137</u> |
| | <u><u>1,161,269</u></u> | <u><u>1,409,934</u></u> |

NOTE 8: RECEIVABLES

CURRENT

| | | |
|---------------|---------------|---------------|
| Trade debtors | <u>65,702</u> | <u>60,739</u> |
|---------------|---------------|---------------|

Aged analysis

| | Gross 2011 \$ | Impairment 2011 \$ | Gross 2010 \$ | Impairment 2010 \$ |
|----------------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Not past due | 29,428 | - | 27,205 | - |
| Past due 31-60 days | 35,274 | - | 33,534 | - |
| Past due 61-90 days | - | - | - | - |
| Past due more than 91 days | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u><u>65,702</u></u> | <u><u>-</u></u> | <u><u>60,739</u></u> | <u><u>-</u></u> |

NOTE 9: OTHER ASSETS

CURRENT

| | | |
|----------------------|----------------------|---------------------|
| Prepayments | 14,757 | 8,769 |
| Other current assets | <u>400</u> | <u>-</u> |
| | <u><u>15,157</u></u> | <u><u>8,769</u></u> |

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Land

| | | |
|--------------|----------------|----------------|
| At valuation | <u>400,000</u> | <u>400,000</u> |
|--------------|----------------|----------------|

Leasehold improvements

| | | |
|--------------------------|-----------------------|-----------------------|
| At cost | 226,986 | 222,809 |
| Accumulated depreciation | <u>(100,704)</u> | <u>(86,748)</u> |
| | <u><u>126,282</u></u> | <u><u>136,061</u></u> |
| Total land and buildings | <u><u>526,282</u></u> | <u><u>536,061</u></u> |

ARAFEMI VICTORIA INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | |
| Plant and equipment | | |
| Motor vehicles at cost | 397,411 | 339,016 |
| Accumulated depreciation | <u>(189,199)</u> | <u>(143,770)</u> |
| | 208,212 | 195,246 |
| Office equipment at cost | 110,689 | 69,940 |
| Accumulated depreciation | <u>(43,921)</u> | <u>(26,195)</u> |
| | 66,768 | 43,745 |
| Computer equipment | 53,552 | 8,577 |
| Accumulated depreciation | <u>(9,297)</u> | <u>(8,577)</u> |
| | <u>44,255</u> | <u>-</u> |
| Total plant and equipment | <u>319,235</u> | <u>238,991</u> |
| Total property, plant and equipment | <u><u>845,517</u></u> | <u><u>775,052</u></u> |

(a) Valuations

Freehold land has been valued at cost plus any increments as a result of Directors' valuations. The Directors' valuations were made based on market values of similar surrounding properties.

(b) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Freehold land

| | | |
|--|-----------------------|-----------------------|
| Opening carrying amount | 400,000 | 255,000 |
| Net amount of revaluation increments less decrements | <u>-</u> | <u>145,000</u> |
| Closing carrying amount | <u><u>400,000</u></u> | <u><u>400,000</u></u> |

Leasehold improvements

| | | |
|-------------------------|-----------------------|-----------------------|
| Opening carrying amount | 136,061 | 167,115 |
| Additions | 7,656 | - |
| Disposals | (3,479) | (16,073) |
| Depreciation expense | <u>(13,956)</u> | <u>(14,981)</u> |
| Closing carrying amount | <u><u>126,282</u></u> | <u><u>136,061</u></u> |

Motor vehicles

| | | |
|-------------------------|-----------------------|-----------------------|
| Opening carrying amount | 195,246 | 209,136 |
| Additions | 105,354 | 76,944 |
| Disposals | (33,529) | (39,125) |
| Depreciation expense | <u>(58,859)</u> | <u>(51,709)</u> |
| Closing carrying amount | <u><u>208,212</u></u> | <u><u>195,246</u></u> |

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|---|----------------------|----------------------|
| | \$ | \$ |
| NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | |
| (b) Reconciliations (Continued) | | |
| <i>Office equipment</i> | | |
| Opening carrying amount | 43,745 | 70,048 |
| Additions | 40,748 | 8,933 |
| Disposals | - | (23,245) |
| Depreciation expense | <u>(17,725)</u> | <u>(11,991)</u> |
| Closing carrying amount | <u><u>66,768</u></u> | <u><u>43,745</u></u> |
| <i>Computer equipment</i> | | |
| Opening carrying amount | - | - |
| Additions | 53,552 | - |
| Depreciation expense | <u>(9,297)</u> | <u>-</u> |
| Closing carrying amount | <u><u>44,255</u></u> | <u><u>-</u></u> |

NOTE 11: INTANGIBLE ASSETS

| | | |
|---------------------------|----------------------|-----------------|
| Capitalised website costs | <u><u>36,976</u></u> | <u><u>-</u></u> |
|---------------------------|----------------------|-----------------|

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

| | | |
|----------------------------------|----------------------|-----------------|
| <i>Capitalised website costs</i> | | |
| Opening balance | - | - |
| Additions | <u>36,976</u> | <u>-</u> |
| Closing balance | <u><u>36,976</u></u> | <u><u>-</u></u> |

Amortisation expense in relation to intangible assets is included within depreciation expenses in the statement of comprehensive income.

(b) Impairment loss

Impairment losses in relation to intangible assets are included within depreciation expenses in the statement of comprehensive income.

(c) Impairment tests for goodwill and intangible assets with indefinite useful lives

No intangible assets have been assessed as having indefinite useful lives.

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|---------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| NOTE 12: PAYABLES | | |
| CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Trade creditors | 121,170 | 23,776 |
| Sundry creditors and accruals | 127,216 | 136,457 |
| Loan from associates | <u>-</u> | <u>12,000</u> |
| | <u><u>248,386</u></u> | <u><u>172,233</u></u> |
| NOTE 13: PROVISIONS | | |
| CURRENT | | |
| Employee benefits | <u>133,300</u> | <u>94,280</u> |
| NON CURRENT | | |
| Employee benefits | <u>16,539</u> | <u>-</u> |
| NOTE 14: OTHER LIABILITIES | | |
| CURRENT | | |
| Deferred income | <u>135,469</u> | <u>464,451</u> |
| NOTE 15: RESERVES | | |
| Asset revaluation reserve | <u>268,793</u> | <u>268,793</u> |
| | <u><u>268,793</u></u> | <u><u>268,793</u></u> |

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

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 16: ACCUMULATED SURPLUS / (LOSSES) | | |
| Accumulated surplus at beginning of year | 1,254,737 | 1,286,828 |
| Surplus / (deficit) | <u>67,397</u> | <u>(32,091)</u> |
| | <u><u>1,322,134</u></u> | <u><u>1,254,737</u></u> |

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

| | | |
|--|-------------------------|-------------------------|
| Cash on hand | 4,751 | 1,990 |
| Cash at bank | 988,446 | 629,807 |
| At call deposits with financial institutions | <u>168,072</u> | <u>778,137</u> |
| | <u><u>1,161,269</u></u> | <u><u>1,409,934</u></u> |

(b) Reconciliation of cash flow from operations with profit after income tax

| | | |
|---|--------|----------|
| Surplus / (deficit) from ordinary activities after income tax | 67,397 | (32,091) |
|---|--------|----------|

Adjustments and non-cash items

| | | |
|--|---------|--------|
| Depreciation | 99,837 | 78,681 |
| Net (gain) / loss on disposal of property, plant and equipment | (3,971) | 1,147 |

Changes in assets and liabilities

| | | |
|---|------------------------|-----------------------|
| (Increase) / decrease in receivables | (4,963) | (44,910) |
| (Increase) / decrease in other assets | (6,388) | 22,559 |
| Increase / (decrease) in payables | 87,324 | (346,513) |
| Increase / (decrease) in provisions | 55,559 | 25,410 |
| Increase / (decrease) in deferred income | <u>(328,982)</u> | <u>458,368</u> |
| Cash flows provided by/(used in) operating activities | <u><u>(34,187)</u></u> | <u><u>162,651</u></u> |

NOTE 18: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

| | | |
|---|-----------------------|-----------------------|
| Payable | | |
| - not later than one year | 193,194 | 186,968 |
| - later than one year and not later than five years | <u>72,860</u> | <u>266,054</u> |
| | <u><u>266,054</u></u> | <u><u>453,022</u></u> |

ARAFEMI VICTORIA INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 19: FINANCIAL RISK MANAGEMENT

The association is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk

The members of the committee have overall responsibility for identifying and managing operational and financial risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The association's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2011

| Financial instruments | Interest bearing | Non-interest bearing | Total carrying amount | Weighted average effective interest rate |
|------------------------------|-------------------------|-----------------------------|------------------------------|---|
| | \$ | \$ | \$ | |
| <i>Financial assets</i> | | | | |
| Cash | 1,161,269 | - | 1,161,269 | 2.1 % |
| Debtors | <u>-</u> | <u>65,702</u> | <u>65,702</u> | 0.0 % |
| | <u>1,161,269</u> | <u>65,702</u> | <u>1,226,971</u> | |
| <i>Financial liabilities</i> | | | | |
| Creditors | - | 112,927 | 112,927 | 0.0 % |
| Other payables | <u>-</u> | <u>127,225</u> | <u>127,225</u> | 0.0 % |
| | <u>-</u> | <u>240,152</u> | <u>240,152</u> | |

2010

| | | | | |
|------------------------------|------------------|----------------|------------------|-------|
| <i>Financial assets</i> | | | | |
| Cash | 1,414,766 | - | 1,414,766 | 2.1 % |
| Debtors | <u>-</u> | <u>60,739</u> | <u>60,739</u> | 0.0 % |
| | <u>1,414,766</u> | <u>60,739</u> | <u>1,475,505</u> | |
| <i>Financial liabilities</i> | | | | |
| Creditors | - | 23,776 | 23,776 | 0.0 % |
| Related party payables | - | 12,000 | 12,000 | 0.0 % |
| Other payables | <u>-</u> | <u>136,457</u> | <u>136,457</u> | 0.0 % |
| | <u>-</u> | <u>172,233</u> | <u>172,233</u> | |

ARAFEMI VICTORIA INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Interest rate risk (Continued)

Sensitivity

If interest rates were to increase/decrease by 1% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

| | 2011 | 2010 |
|------------------------|--------|--------|
| + / - 1% interest rate | \$ | \$ |
| Impact on net surplus | 11,613 | 14,148 |
| Impact on equity | 11,613 | 14,148 |

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

The association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the association.

The association minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Association manages that risk by preparing and reporting against budgets and monitoring working capital balances.

NOTE 20: ECONOMIC DEPENDENCE

The Association is dependent on continued support and funding from Government and non-Government grants.

ARAFEMI VICTORIA INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2011 2010
\$ \$

NOTE 21: RELATED PARTY TRANSACTIONS

(a) There were no significant related party transactions in the 2011 financial year.

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the association

| | | |
|--------------------------------|---------------|---------------|
| - short-term employee benefits | 85,531 | 78,506 |
| - post-employment benefits | 7,698 | 7,066 |
| - other long-term benefits | - | - |
| | <u>93,229</u> | <u>85,572</u> |

The names of committee members who have held office during the year are:

Name

Andrew Concannon
Anne Holland
Shirley Mill
Johann Kelaart
Rachael Starbuck
Kay Gross
Rosemary Martin
Liz Burgat
Keith Creasey

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2011 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2011, of the association, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2011, of the association.

NOTE 24: ASSOCIATION DETAILS

The registered office of the association is:

ARAFEMI Victoria Inc.
270 Auburn Road
Hawthorn VIC 3122

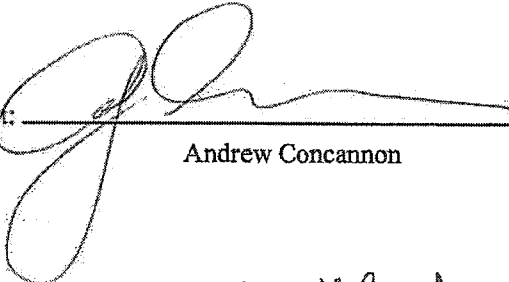
ARAFEMI VICTORIA INC.

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee the financial report as set out on pages 3 - 18:

1. Presents fairly the financial position of ARAFEMI Victoria Inc. as at 30 June 2011 and performance for the year ended on that date in accordance with the Accounting Standards in Australia and other mandatory professional reporting requirements in Australia and other authoritative pronouncements of the Australian Accounting Standards.
2. At the date of this statement, there are reasonable grounds to believe that ARAFEMI Victoria Inc. will be able to pay its debts as and when they become due and payable.
3. As stated in note 1, complies with *International Financial Reporting Standards*.

This declaration is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President: 

Andrew Concannon

Treasurer 

Johann Kelaart

Dated this 2nd day of September 2011



ARAFEMI VICTORIA INC.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARAFEMI VICTORIA INC.**

We have audited the accompanying financial report of ARAFEMI Victoria Inc., which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in members funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Committee Member's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

ARAFEMI VICTORIA INC.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARAFEMI VICTORIA INC.**

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of ARAFEMI Victoria Inc. as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.



M J HARRISON

Partner



PITCHER PARTNERS

MELBOURNE

Date *7 September 2011*