

**ODYSSEY HOUSE VICTORIA**

**ABN 11 005 583 960**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**



# ODYSSEY HOUSE VICTORIA

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**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
CHAIRMAN'S REPORT  
ON BEHALF OF THE BOARD**

I am pleased to submit this Report on behalf of the new Chairman, Mr. Bruce Hartnett, who joined the Board by invitation in mid 2011. Together with him, I wish to thank my fellow Board members for the time and energy they have given to Odyssey House Victoria. We also welcome another new Director, Susan Mackay.

The activities and achievements which will be detailed later in this Report have been due to the efforts of many people but, in particular, to our Senior Executive Staff. Dr. Stefan Gruenert, our Chief Executive Officer, has led Odyssey with skill, with enthusiasm, with vigour and with tact. Both internally and in the broader community, he is well known and his expertise is of great value, both to us and to the wider alcohol and other drug treatment services. I thank Stefan for his hard work and for letting us have the use of his skill and ability.

Eric Allan continues to manage residential services in a way which makes it the premier residential rehabilitation establishment in Australia. The therapeutic community at Lower Plenty is a thriving and productive enterprise. Eric and his team aided by the hard work of the residents, turn people who are affected by alcohol and other drug problems into functioning, efficient and happy citizens.

Jeff Wilson, on the financial side and Neos Zavrou, managing Community Services and the Odyssey Institute, are both valuable and respected members of the Executive Team. The tightness of the economy has tested Jeff's skills during this past year and there is more to come.

There have been, again, problems in fund-raising this year. Not only have people been slow to donate, but the claims for charitable assistance for causes such as the Children's Hospital, Famine Relief and Disaster Relief, have taken priority in the minds of many people over the claims of drug rehabilitation. Nevertheless, Janet Beaumont continues to push the Odyssey cause.

Despite another year in which funding from the Victorian State Government remained very tight, we have been busy and productive in treating, training and supporting members of the community. Some of our highlights include:-

- Treatment delivered to over 1500 Victorians and support for their family members;
- Very strong demand for our therapeutic community in Lower Plenty and our short-term residential rehabilitation program in Benalla. Evaluations of these programs have shown world class outcomes, including progress made in working with indigenous people, which has been warmly received by the Telkaya network;
- The establishment of several new programs under the Stepping Up consortium with partners Interact Australia, Taskforce and Youth Projects. These include three new therapeutic counselling programs in the Melbourne growth corridor areas of Melton, Werribee and Pakenham and a new 10 bed residential program in Footscray to support men with acquired brain injuries transition back into the community from prison;
- Nationally accredited training courses delivered to more than 200 students through the Odyssey Institute;
- Securing long-term funding for our Kids in Focus program and the establishment and trial of equine therapy and extended support networks for children in our programs (Mirror Families). Our partnership with the Post Placement Support Service was officially launched by the Honourable Mary Wooldridge with a children's art exhibition;
- Presentations aimed at preventing alcohol and other drug problems delivered at schools, conferences and community service organizations across Melbourne and Australia;
- Binge drinking prevention workshops delivered across Victoria in partnership with V/Line, the Victorian Country Football League and Netball Victoria;
- The construction of two new six-bedroom Family Units and Community Centre at Lower Plenty with funding by the Commonwealth Department of Education, Employment and Workplace Relations and supported by the efforts of residential clients and staff;
- The improvement of facilities at Lower Plenty with repairs to a large section of asphalt, renovations to the Women's bathroom and work on the fire safety upgrade;
- Securing long-term funding for our Family Eclipse program that supports young people with co-occurring mental health and drug and alcohol problems and their families;

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CHAIRMAN'S Report  
ON BEHALF OF THE BOARD (CONT'D)**

- Our ongoing commitment to support the mental health needs of all clients as well as identifying and addressing a range of their other problems;
- Our partnership with the Department of Justice at the Neighbourhood Justice Centre to assist in preventing crime and address the underlying causes of offending;
- Re-certification under our quality assurance system ISO 9001:2008 and continued high level of achievement in Community of Communities audits against Therapeutic Communities for drug dependence and children and young person's standards;
- Partnership with GIO has resulted in 3 Odyssey graduates gaining full-time employment at GIO and many GIO staff experiencing a day in the life of an Odyssey client;
- Very strong interest in Odyssey House open days by workers within the sector and students undertaking AOD training.

This work and those achievements would have not been possible without the financial support from State and Commonwealth Governments and the many individual donors who, in the spirit of Odyssey, have given their generous assistance. In addition, the following trusts and foundations have also supported Odyssey House Victoria this year:-

- Annie and John Paterson Foundation
- Bell Charitable Fund
- Commonwealth Bank Staff Community Fund
- Consolidated Chemical Co.
- The Dawn Wade Foundation
- The Dimmick Charitable Trust
- H & L Hecht Trust
- Joe White Bequest
- Kenneth & Myrtle Topliss Charitable Foundation
- Lord Mayor's Charitable Fund
- The Marian & EH Flack Trust
- Marrich Charitable Foundation
- Magistrates' Court of Victoria
- Melbourne Community Foundation
- Orloff Family Charitable Trust
- The Estate of the Late Dr. Phillip Law
- Rotary Club of Kew (Inc.)
- Walter Campbell Memorial Trust
- The William Angliss (Victoria) Charitable Fund
- William Buckland Foundation

In addition to financial support, many other people and organizations have enabled us to operate successfully. They include:-

- Our research partners – Deakin, LaTrobe, Melbourne and Swinburne Universities;
- Our consultant General Practitioners Dr. Madeline Philip, Dr. Greg Feen at Lower Plenty and Dr. Julian Fidge in Benalla;
- Our consultant psychiatrists Dr. Ranvir Sood and Dr. Chris Walshe;
- Our consultant psychologist JLA Consulting;
- Our pharmacists, Thompson's Amcal Pharmacy, Jenny Milne Pharmacy, Benalla;
- Our advisers, partners and collaborators:-
  - Alfred Hospital
  - Austin Hospital
  - Australasian Therapeutic Community Association

**ODYSSEY HOUSE VICTORIA  
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CHAIRMAN'S Report  
ON BEHALF OF THE BOARD (CONT'D)**

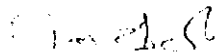
- The Australian Crime Commission
- The Australian Quilters Association
- City of Stonnington
- Collingwood Neighbourhood Justice Centre
- GIO
- Glastonbury Community Services;
- Good Shepherd
- Greening Australia
- Hawthorn, Carlton and Western Bulldogs Football Clubs
- Interact Australia
- Jewish Council of Victoria
- Kildonan UnitingCare
- NESAs
- Ngwala
- Northern Nexus
- North East Dual Diagnosis Service
- North & West Headspace
- Reclink
- Rotary Clubs of North Balwyn and Templestowe
- SEADS
- Salvation Army (Crisis Centre)
- Shepparton Koori Court
- Southern Headspace
- ST&P
- Stonnington Council
- Taskforce
- Telkaya network of indigenous AOD workers
- Tatong Football Club
- Victoria Police
- V/Line
- Windana
- Youth Projects

Professor David de Kretser AC completed his term as Governor of Victoria and consequently as co-patron of Odyssey House with his wife, Mrs. Jan de Kretser. We thank them for their patronage during the period in which Professor de Kretser was Governor and are delighted to announce that the new Governor, the Honourable Alex Chernov, AO, QC and his wife, Mrs. Elizabeth Chernov, have agreed to become joint-patrons of Odyssey House and we welcome them warmly.

There is a growing waiting list for most of our programs because demand for our services exceeds our capacity to assist people. Much of our funding comes from the Government and the Victorian Government has not increased funding, in keeping with the increasing costs for some years. The Victorian Auditor-General's Report on the management of the Alcohol and Other Drug (AOD) sector was a scathing attack on the lack of investment in the sector by the Government. Consequently, in the year ahead, the Government has committed to the development of a Victorian "whole of Government", drug and alcohol strategy and proposed reform of Victoria's drug and alcohol sector. Both of these initiatives will provide some challenges and some opportunities for Odyssey House.

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CHAIRMAN'S Report  
ON BEHALF OF THE BOARD (CONT'D)**

In conclusion, I can assure you that Odyssey House Victoria will continue to do its best to rehabilitate victims of addiction, to educate the community in relation to the problems caused by alcohol and drugs and to lobby the Government, both State and Federal, for increased funding and facilities for the task. Those who are affected by an addiction to alcohol and drugs need to summon up great courage to take the steps necessary to overcome that addiction. Odyssey respects and applauds their courage and will do its best to assist them in their endeavours.



David E F Bullard OBE RFD ED  
Immediate Past Chairman  
Odyssey House Victoria

**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2011.

**Directors**

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

Mr Nigel A Dick  
Mr David E F Bullard  
Ms Rowena Allsop  
Ms Margarita Frederico  
Mr Brian J Mallon  
Mr David Rosback  
Mr Nick McMahon  
Mr Andrew Hutchins  
Mr Frank O'Sullivan  
Mr Bruce C Hartnett (appointed 21 June 2011)  
Mr Chris Neville-Smith  
Ms Susan Mackay

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

**Operating Results**

The surplus of the company for the financial year amounted to \$679,489 (2010: \$117,283).

**Review of Operations**

A review of the operations of the company during the financial year and the results of those operations found that during the year the company 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 state of affairs of the company during the financial year.

**Principal Activity**

The principal activity of the company during the financial year was the provision of residential and non-residential drug rehabilitation services in Victoria. No significant change in the nature of these activities occurred during the year.

**Short and Long Term Objectives of the Company**

The company's short-term objectives are: to strengthen its core residential and community based alcohol and other drug treatment, training and support activities; to further develop the alcohol and other drug, mental health and family skills of its staff; and to build and maintain key relationships and partnerships to address emerging client needs.

The company's long-term objectives are: to secure recurrent and new financial resources in order to grow its capacity to service those with alcohol and other drug problems; to support community prevention and early intervention initiatives; and to better evaluate and communicate client outcomes.

**Performance Measurement**

The company has an electronic system to monitor the key deliverables, targets and reporting requirements of each program and project. The Chief Executive Officer reports to the board on the status of these programs and projects at each meeting.

The company has a finance committee that reports to the board at each meeting on the status of income and expenditure against annual budgets.

**After Balance Date Events**

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

**Likely Developments**

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

**Environmental Issues**

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

**Dividends Paid or Recommended**

The company is not-for-profit and its constitution precludes it from paying dividends.

**ODYSSEY HOUSE VICTORIA  
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DIRECTORS' REPORT (CONT'D)**

**Information on Directors**

Board Member	Experience	Special Responsibilities
Mr Nigel A Dick AM, MA, Hon D Comm (RMIT) FAIA, FAID (ret) SFDCA (dip)	A founding board member of Odyssey House Victoria, and instrumental in the program coming to Victoria. He is also a life member of a number of charities. Nigel Dick was chairman of Odyssey Victoria for 20 of the first 32 years of its existence. He was Chief Executive and a director of GTV9, TCN9, and the Broadcasting Corporation of New Zealand, Director of TV and Radio, HWT Limited, Executive Chairman of HSV7 and Southern Cross Communications and a past Chairman and President of the RACV and a member of a number of public company boards. Nigel received the Prime Minister's 2007 Award for Excellence and Outstanding Contribution in Drug and Alcohol Endeavours, and in 2010 was the Victorian Senior Australian of the Year, principally for his work with Odyssey House Victoria. Nigel believes, 'My greatest reward is seeing so many young people re-united with their families, becoming responsible and loving parents and re-entering society as tax-paying citizens.	
Mr David E F Bullard OBE, RFD, ED, LLB	A founding board member and past Chairman, Mr Bullard, a Barrister and Solicitor and Partner of Bullards is a retired Lt. Colonel of the Australian Army Reserve and a past Chairman and President of the RACV.	CHAIRMAN (until 21 June 2011)
Ms Rowena Allsop OAM	A board member since 1996, Ms Allsop has previous experience as an honorary juvenile probation and community corrections officer and as the Independent Third Person (ITP) with the Office of the Public Advocate. For the past 20 years, she has participated in honorary community work as a Bail Justice and with the Moonee Valley City Council as a member of the various community committees (Festival, Recreation and Arts Advisory Committees). In 1994, she received the Victorian of the Year Award for 'Outstanding contributions to the Victorian Community', in 1995 was awarded an Order of Australia Medal (OAM) and in 2001 received an 'Australia Day Medallion' for community service from the City of Moonee Valley. Rowena is a former teacher and for the past 15 years has worked in the Department of Education, Communications Division, as Coordinator of the Information and Referral Service. Rowena is a keen Master athlete – competing in athletics as a sprinter and in rowing in the single scull.	
Assoc Prof Margarita Frederico BA., Dip Soc Stud, MSW, MBA.	A board member since December 1994, Ms Frederico is Head of the School of Social Work and Social Policy at La Trobe University, Bundoora, with a particular interest in Not-For-Profit Governance and quality practice. She has long experience in practice research and education in relation to social and emotional wellbeing of children and families. Margarita's experience includes work in this area in the USA, Indonesia, United Kingdom and the Philippines.	
Mr Brian J Mallon	A board member since 1982, Mr Mallon's previous positions include Managing Director of HSV7 Melbourne, Managing Director of Crown Communications London, General Manager of Par Plan Australia and Executive Director of the Royal Children's Hospital Foundation.	



**ODYSSEY HOUSE VICTORIA  
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DIRECTORS' REPORT (CONT'D)**

Board Member	Experience	Special Responsibilities
Mr David Rosback, AM	<p>Joined the board in March 2007. Mr Rosback worked in the textile manufacturing and retail industry for 30 years. He sold his business in 1987 and concentrated on community service, mainly through Rotary, serving as Club President in 1989 and District 9800 Governor in 1994/5. Mr Rosback was a director of the LM Portsea Camp redevelopment, Counsellor of St John Ambulance, Chairman of the Development Committee for Australians against Child Abuse and AACA Director, member of the Shrine restoration committee, Chairman of the Epworth Medical Foundation from 1999 - 2009, and is currently a trustee of that Foundation. Mr Rosback also worked as a consultant with Thai Knitting and for six years was CEO of The Australia/Philippines Business Council. Mr Rosback feels passionate about Odyssey House Victoria as he thinks it's "the community conduit to address drug abuse".</p>	
Mr Nick McMahon	<p>A board member since 2003, Mr McMahon has been in the television production business for over 30 years. He originally spent 13 years with Crawford Productions as the Director of Sales and Marketing, selling Australian products around the world. In 1987 he formed McMahon and Lake Pty Ltd with Michael Lake and was responsible for the Australian production of Paramount's Mission Impossible series, which received international success. In 1990 Nick became Managing Director of Village Roadshow Pictures (Aust) Pty Ltd based on the Gold Coast. He rejoined Crawfords in 1999 as CEO and left the company in 2011. He has also worked as an international consultant for the US Home Box Office (HBO) and is the Pacific Rim Representative of the US National Association of Television Program Executives (NATPE). Nick says "Attending the Odyssey Graduation/Christmas Carols, seeing the clients and their families, hearing the stories of their journeys is inspiring and a truly wonderful experience."</p>	
Mr Andrew Hutchins B.Bus., (Banking and Finance), MBA	<p>A board member since October 2004, Mr Hutchins is a Chartered Accountant with a Masters in Business Administration from RMIT University. Andrew has more than 20 years experience in senior finance roles across a range of industries, including corporate recoveries, advertising, satellite broadcasting, and the legal industry. Mr Hutchins is currently the Chief Financial Officer for MBD Energy.</p>	TREASURER
Mr Frank O'Sullivan Ph.C., M.P.S., AACP	<p>A board member since October 2004, Mr O'Sullivan is a consultant pharmacist that currently supplies medication review services to nursing homes, hostels, and private individuals, being a member of medication committees at several of these facilities. Frank is also a member of the Pharmaceutical Association of Consultant Pharmacists, the Australian Pharmaceutical Society, has been a community pharmacist for over 40 years and had his own pharmacy in Camberwell for 30 years. His association with drug affected people began when he commenced a methadone dispensing service at his pharmacy, which still continues. Frank is past president of the Rotary Club, Kew.</p>	
Mr Bruce C Hartnett B.Eng., MEng.Sci., MPhil., CSM, MA. (appointed 21 June 2011)	<p>Bruce is the Chair of the State Services Authority in Victoria, Chair of the Australia Day Committee (Victoria), Deputy Chair of VicSuper, Deputy Chair of the RACV, and President of the Rural Learning and Leadership School. He has been in senior management roles in the Victorian Government, ICI, the National Australia Bank, the ACTU and the non-government sector, and was formerly a director of the Victorian Energy Networks Corporation. Bruce studied Civil Engineering at Melbourne University and has post-graduate qualifications in Transport Engineering and Town Planning from Melbourne and London Universities. Bruce has contributed to Federal and State Government advisory committees on Industry Best Practice, Child Care Policy, Self Governing Schools and University Governance and has been a member of course advisory committees at RMIT, VUT, Deakin and Melbourne Universities.</p>	CHAIRMAN (Since 21 June 2011)

**ODYSSEY HOUSE VICTORIA  
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DIRECTORS' REPORT (CONT'D)**

<b>Board Member</b>	<b>Experience</b>	<b>Special Responsibilities</b>
Mr Chris Neville-Smith	Joined the board in February 2010. Mr Neville-Smith has built a successful career in the Sports Events/Travel Industry over the past 17 years, including four years spent in London working with Keith Prowse UK. In 1999, he became Owner/Managing Director of Australian Sports Marketing Pty Ltd(ASM), before acquiring a full service travel business; Executive Travel Pty Ltd(ET). Chris continues to successfully run both businesses and is also a director/board member of Falcon Pty Ltd, a Family Investment Business, as well as Medley Property Group, a property development business. Chris says "As a father of two young boys, I want to be able to contribute to the understanding and education of Australia's youth against the dangers of drugs and alcohol."	
Ms Susan Mackay (appointed 20 July 2010)	Ms Mackay is a member of the Ministerial Advisory Council, Museum of Australian Democracy. Previously, Ms Mackay was a Tasmanian Member of the Australian Senate from 1996 until her retirement in 2005. During this time she held the positions of Shadow Parliamentary Secretary for Employment and Industrial Relations, then Shadow Minister for Regional Services, Local Government and the Territories, and for several years held the position of Senate Whip for the Australian Labor Party (ALP).  From 1993 to 1996, Ms Mackay was Tasmanian State Secretary for the ALP. From 1992 to 1993, Ms Mackay was Senior Policy Adviser to the Tasmanian Leader of the Opposition while from 1989 to 1992 she was Senior Adviser to the Tasmanian Minister for Health. Prior to this, Ms Mackay had 10 years employment in a number of positions including with the CES and as the State Industrial Officer for the Commonwealth Community and Public Sector Union.	

**Meetings of Directors**

<b>DIRECTORS</b>	<b>DIRECTORS' MEETINGS</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
Mr Nigel A Dick	8	8
Mr David E F Bullard	8	8
Ms Rowena Allsop	8	8
Ms Margarita Frederico	8	5
Mr Brian J Mallon	8	1
Mr Nick McMahon	8	7
Mr Andrew Hutchins	8	6
Mr Frank O'Sullivan	8	5
Mr Bruce C Hartnett	1	1
Mr David Rosback	8	7
Mr Chris Neville-Smith	8	6
Ms Susan McKay	8	5

**Options**

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

**Indemnification of Officer or Auditor**

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

**ODYSSEY HOUSE VICTORIA  
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DIRECTORS' REPORT (CONT'D)**

**Auditor Independence**

A copy of the auditors' independence declaration as required under section 307C of the Corporation Act 2001 is attached to this report.

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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



Mr Bruce C Hartnett  
Chairman

Dated this 18 October 2011



Chartered Accountants  
& Business Advisers

**LEAD AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: **The Directors**  
**Odyssey House Victoria**

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'J A Mooney'.

**J A Mooney**  
**Partner**  
**PKF**

18 October 2011  
Melbourne

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**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

	Notes	2011 \$	2010 \$
<b>Revenue</b>	2	<b>9,469,100</b>	8,382,626
Employee benefits expense		<b>(5,652,764)</b>	(5,355,653)
Depreciation and amortisation expenses	3	<b>(221,530)</b>	(270,343)
Lease expenses	3	<b>(436,393)</b>	(407,734)
Utilities expenses		<b>(282,152)</b>	(253,175)
Resident food and personal needs		<b>(895,258)</b>	(824,134)
Motor vehicles expenses		<b>(493,612)</b>	(148,084)
Other operating expenses		<b>(210,229)</b>	(639,856)
Other expenses		<b>(597,673)</b>	(366,364)
<b>Surplus/(Deficit) before income tax</b>		<b>679,489</b>	117,283
Tax expense	1(b)	-	-
<b>Net Surplus/(Deficit)</b>		<b>679,489</b>	117,283
Other comprehensive income		-	-
<b>Total comprehensive income, net of tax</b>		<b>679,489</b>	117,283

**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	323,090	637,958
Trade and other receivables	7	107,681	43,836
Other assets	8	90,027	159,199
<b>TOTAL CURRENT ASSETS</b>		<u>520,798</u>	<u>840,993</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	4,281,481	2,874,775
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,281,481</u>	<u>2,874,775</u>
<b>TOTAL ASSETS</b>		<u>4,802,279</u>	<u>3,715,768</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,093,693	732,155
Provisions	11	587,142	541,658
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,680,835</u>	<u>1,273,813</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	20,989	20,989
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>20,989</u>	<u>20,989</u>
<b>TOTAL LIABILITIES</b>		<u>1,701,824</u>	<u>1,294,802</u>
<b>NET ASSETS</b>		<u>3,100,455</u>	<u>2,420,966</u>
 <b>RETAINED SURPLUS</b>		 <u>3,100,455</u>	 <u>2,420,966</u>

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

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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>RETAINED SURPLUS</b>		
Balance at the beginning of the year	<b>2,420,966</b>	2,303,683
Total comprehensive income, net of tax	<b>679,489</b>	117,283
Balance at the end of the year	<b><u>3,100,455</u></b>	<b><u>2,420,966</u></b>

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

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

	Notes	2011 \$	2010 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
State and Federal Government funding		7,532,377	6,390,136
Client fees		782,297	827,433
Payments to suppliers and employees		(8,463,961)	(8,246,766)
Donations and fundraising		600,834	533,875
Interest received		47,465	26,810
Other receipts received		814,356	564,551
Net cash provided by operating activities	13 (b)	<u>1,313,368</u>	<u>95,839</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		<u>(1,628,236)</u>	<u>(98,737)</u>
Net cash used in investing activities		<u>(1,628,236)</u>	<u>(98,737)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Financing lease repayments		-	<u>(11,929)</u>
Net cash used in financing activities		-	<u>(11,929)</u>
Net (decrease)/increase in cash held		<b>(314,868)</b>	<b>(14,827)</b>
Cash and cash equivalents at beginning of financial year		<u>637,958</u>	<u>652,785</u>
Cash and cash equivalents at end of financial year	13 (a)	<u>323,090</u>	<u>637,958</u>

The accompanying notes form part of these financial statements.



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

**INTRODUCTION**

The financial report covers Odyssey House Victoria as an individual entity. Odyssey House is a company limited by guarantee, incorporated and domiciled in Australia.

The principal activity of Odyssey House Victoria is to provide residential and non residential drug rehabilitation services in Victoria.

The registered office of the company is 660 Bridge Road, Richmond, Victoria, and the principal place of business is 28 Bonds Road, Lower Plenty, Victoria. The presentation currency and functional currency is Australian dollars.

The financial report was authorised for issue by the Board of Directors of Odyssey House Victoria on the date shown on the Director's Declaration attached to the Financial Statements.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated, are consistent with those of the previous year.

**(a) Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All values are rounded to the nearest dollar.

A statement of compliance with International Financial Reporting Standards cannot be made as the Company is considered to be a Not-for-Profit entity and has prepared the financial statements in accordance with the requirements regarding Not-for-Profit entities as contained in Australian Accounting Standards.

*Going Concern*

The Company has a deficiency of net current assets of \$1,160,037 at 30 June 2011 which indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The Company is expecting to fund ongoing obligations beyond the net current asset position as at 30 June 2011 as follows:

- Cash flow budgets show that the company has sufficient funds to continue its development programs until February 2012.
- The Company plans to increase its overdraft facility to \$500,000 if necessary and draw down a loan of up to \$500,000, if required at end of February/March 2012. The ANZ bank confirmed the loan facility. The ANZ bank will engage an independent valuer to perform a valuation on the existing premise on Bonds Road.

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**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of Preparation (Cont'd)**

Following the approval of the funding described above, cash flow forecasts prepared by management demonstrate that the Company has sufficient cash flows to meet its commitments for a period of at least twelve months from the date of signing this report. For that reason the financial statements have been prepared on the basis the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

**(b) Income Tax**

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

**(c) Significant Judgements and Key Assumptions**

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern depreciation rates. These are reviewed annually by the directors to ensure that assets are being appropriately depreciated.

No key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the directors consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(e) Trade and Other Receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Receivables from related parties are recognised and carried at the nominal amount due.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Property, Plant and Equipment**

Each class of property, plant and equipment is recorded at cost less any accumulated depreciation and any impairment in value.

Freehold land and buildings are measured at cost. Plant and equipment are measured on the cost basis.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are amortised 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rates</b>	<b>Depreciation Basis</b>
Buildings	2 %	Straight Line
Leasehold improvements	20 %	Straight Line
Motor Vehicles	22.5 %	Straight Line
Computer Equipment	33 %	Straight Line
Improvements	10 %	Straight Line

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

**(g) Trade and Other Payables**

Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and paid within 30 days of recognition.

**(h) Provisions**

Provisions are recognised when the company has a present obligation (legal, equitable or constructive) as a result of a present or past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments reduce the liability.

**(j) Employee Entitlements**

***Wages and Salaries and Annual Leave***

Provision for employee benefits relate to liabilities made in respect of wages and salaries, annual leave and other employee benefits when it is possible that settlement will be required and they are capable of being measured reliably. The provision for employee benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

***Long Service Leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

***Superannuation***

The amount charged to the Statement of Comprehensive Income in respect of superannuation represents the contributions made by the entity to the employees' nominated superannuation funds.

**(k) Revenue**

Revenue from the sale of goods is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised as follows:

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

Grant revenue is recognised when the right to receive the grant consideration is attained.

Donations and specific purpose grant revenue is recognised during the period the project is completed.

Client fee revenue is recognised when the fees are received.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(l) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- (ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

**(m) Impairment of Assets**

At each reporting date Odyssey House Victoria reviews the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The recoverable amount is assessed as the higher of fair value less costs to sell or the assets value in use being the depreciated replacement cost.

**(n) Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**(o) Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset. No borrowing costs were capitalised during the financial year ended 30 June 2011 (2010: Nil).

**(p) Members Liability**

The liability of the members of Odyssey House Victoria is limited. Each member has undertaken to contribute to the assets of Odyssey House Victoria in the event of the Company being wound up while a member, or within one year after ceasing to be a member for payment of debts. The amount of each member's liability is limited to \$50. At balance date there were 12 members.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(q) New and Revised Accounting Standards and Interpretations**

All the new and revised Accounting Standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2010 have been adopted by the Company in accordance with accounting policy described in Note 1 above.

*New Accounting Standards and Interpretations*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2011. The Company has decided not to early adopt. The Directors do not believe that the new and revised standards issued by the AASB that are not yet effective will have any material impact on the financial statements. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below:

**AASB 1053 Application of Tiers of Australian Accounting Standards**

This standard is applicable to annual reporting periods on or after 1 July 2013. This standard established a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. Although it qualifies as a Tier 2, the company has no immediate plan to adopt these amendments for reduced disclosures.

**AASB 2010-5 Amendments to Australian Accounting Standards**

These amendments are applicable to annual reporting periods beginning or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the company.

**AASB 124 Related Party Disclosures (December 2009)**

The revised standard is applicable to annual reporting periods beginning or after 1 January 2011. This revised standard implies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identified a subsidiary and an associate with the same investor as related parties if each other; entities significantly influenced by one person and entities of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the company.

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	2011 \$	2010 \$
<b>2. REVENUE</b>		
State Government Grants (DHS)	3,425,604	3,378,092
Client fees	782,297	827,433
Donations and fundraising	745,834	533,675
Interest	50,389	29,047
Other (non DHS) Government Funding	3,566,775	3,137,044
Other revenue	898,201	477,335
	<u>9,469,100</u>	<u>8,382,626</u>
<b>3. RESULT</b>		
Result before income tax has been determined after charging expenses as:		
Depreciation of non-current assets		
- Buildings	39,147	39,147
- Leasehold improvements	1,333	2,242
- Motor vehicles	20,313	17,374
- Leased motor vehicles	2,919	12,112
- Plant & equipment	71,798	61,039
- Improvements	86,020	138,429
Depreciation of property, plant and equipment	<u>221,530</u>	<u>270,343</u>
Remuneration of the auditors for:		
- Audit or review services	15,200	14,500
- Financial statement preparation	5,700	5,775
	<u>20,900</u>	<u>20,275</u>
Rental expense on operating leases	436,393	407,734
Salaries and wages related expense	<u>5,227,622</u>	<u>4,949,589</u>
Superannuation contribution expense	<u>425,142</u>	<u>406,064</u>

**4. DIRECTORS' REMUNERATION AND RELATED PARTY TRANSACTIONS**

**(a) Directors' Remuneration**

No director received remuneration from the company.

The names of directors who have held office during the financial year are:

Mr Nigel A Dick  
Mr David E F Bullard  
Ms Rowena Allsop  
Ms Margarita Frederico  
Mr Brian J Mallon  
Mr David Rosback  
Mr Nick McMahon  
Mr Andrew Hutchins  
Mr Frank O'Sullivan  
Mr Bruce C Hartnett (appointed 21 June 2011)  
Mr Chris Neville-Smith  
Ms Susan Mackay

Mr D Bullard is a partner with Bullards Barristers and Solicitors who have provided legal advice on an honorary basis.

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	2011 \$	2010 \$
<b>5. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
The following table discloses the aggregate of Key Management personnel compensation.		
Key management personnel consist of the Chief Executive of the company.		
Total remuneration	<u>130,220</u>	<u>123,500</u>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	7,450	7,950
Cash at bank	<u>315,640</u>	<u>630,008</u>
	<u>323,090</u>	<u>637,958</u>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Trade debtors	61,721	43,836
Accrued revenue	<u>45,960</u>	<u>-</u>
	<u>107,681</u>	<u>43,836</u>

As at 30 June 2010, the ageing analysis of trade receivables is as follows:

	Current	30 days	60 days	90 days	Total
2011	\$18,508	\$6,298	\$3,538	\$33,377	\$61,721
2011	30.0%	10.2%	5.7%	54.1%	100%
2010	\$19,385	\$5,567	\$1,780	\$17,104	\$43,836
2010	44.2%	12.7%	4.1%	39.0%	100%

Receivables past due but not considered impaired are \$36,915 (2010: \$18,884). Management is satisfied that payment will be received in full.

**Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

	2011 \$	2010 \$
<b>8. OTHER ASSETS</b>		
CURRENT		
Prepaid expenses	22,707	84,803
Security bond	-	10,000
Deposit for bank guarantee	<u>67,320</u>	<u>64,396</u>
	<u>90,027</u>	<u>159,199</u>



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	2011 \$	2010 \$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>LAND</b>		
Freehold land:		
At cost	<u>620,693</u>	620,693
<b>BUILDINGS</b>		
At cost	<u>3,114,439</u>	1,569,657
Less accumulated depreciation	<u>(269,755)</u>	(230,608)
	<u>2,844,684</u>	1,399,049
<b>LEASEHOLD IMPROVEMENTS</b>		
At cost	<u>9,641</u>	9,641
Less accumulated amortisation	<u>(7,354)</u>	(6,021)
	<u>2,287</u>	3,620
<b>PLANT AND EQUIPMENT</b>		
(a) Plant and equipment		
At cost	<u>1,455,142</u>	1,416,888
Less accumulated depreciation	<u>(1,350,710)</u>	(1,278,912)
	<u>104,432</u>	137,976
(b) Improvements		
At cost	<u>1,570,924</u>	1,525,724
Less accumulated depreciation	<u>(899,097)</u>	(813,077)
	<u>671,827</u>	712,647
(c) Motor vehicles		
At cost	<u>165,870</u>	165,870
Less accumulated depreciation	<u>(128,312)</u>	(107,999)
	<u>37,558</u>	57,871
(d) Motor vehicles – leased		
At cost	<u>26,143</u>	26,143
Less accumulated depreciation	<u>(26,143)</u>	(23,224)
	<u>-</u>	2,919
Total plant and equipment	<u>813,817</u>	911,413
<b>Total Property, Plant and Equipment</b>	<u>4,281,481</u>	2,874,775

**(a) 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:

	Freehold Land \$	Buildings \$	Leasehold Improvements \$	Plant & Equipment \$
<b>2011</b>				
Balance at the beginning of the year	620,693	1,339,049	3,620	137,976
Additions	-	1,544,782	-	38,254
Disposals	-	-	-	-
Depreciation expense	-	(39,147)	(1,333)	(71,798)
Carrying amount at the end of the year	<u>620,693</u>	<u>2,844,684</u>	<u>2,287</u>	<u>104,432</u>

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**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>Leased Motor Vehicles \$</b>	<b>Motor Vehicles \$</b>	<b>Improvements \$</b>	<b>Total \$</b>
<b>2011</b>				
Balance at the beginning of the year	2,919	57,871	712,647	<b>2,874,775</b>
Additions	-	-	45,200	<b>1,628,236</b>
Disposals	-	-	-	-
Depreciation expense	(2,919)	(20,313)	(86,020)	<b>(221,530)</b>
Carrying amount at the end of the year	<u>-</u>	<u>37,558</u>	<u>671,827</u>	<u><b>4,281,481</b></u>

	<b>Freehold Land \$</b>	<b>Buildings \$</b>	<b>Leasehold Improvements \$</b>	<b>Plant &amp; Equipment \$</b>
<b>2010</b>				
Balance at the beginning of the year	620,693	1,361,946	5,862	167,150
Additions	-	16,250	-	31,865
Disposals	-	-	-	-
Depreciation expense	-	(39,147)	(2,242)	(61,039)
Carrying amount at the end of the year	<u>620,693</u>	<u>1,339,049</u>	<u>3,620</u>	<u>137,976</u>

	<b>Leased Motor Vehicles \$</b>	<b>Motor Vehicles \$</b>	<b>Improvements \$</b>	<b>Total \$</b>
<b>2010</b>				
Balance at the beginning of the year	15,031	42,462	833,237	3,046,381
Additions	-	32,783	17,839	98,737
Disposals	-	-	-	-
Depreciation expense	(12,112)	(17,374)	(138,429)	(270,343)
Carrying amount at the end of the year	<u>2,919</u>	<u>57,871</u>	<u>712,647</u>	<u><b>2,874,775</b></u>
			<b>2011</b>	<b>2010</b>
			<b>\$</b>	<b>\$</b>

**10. TRADE AND OTHER PAYABLES**

**CURRENT**

Trade and other creditors	<b>179,951</b>	106,752
Sundry creditors and accruals	-	2,530
Unearned income	<b>919,000</b>	609,000
Lease incentive	<b>5,258</b>	13,873
	<u><b>1,093,693</b></u>	<u>732,155</u>

In accordance with the lease agreement for the premises on Bridge Road, Odyssey House was given one year's rental free which is to be expensed over the life of the lease.

**Fair Value**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

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	2011 \$	2010 \$
<b>11. PROVISIONS</b>		
<b>CURRENT</b>		
Annual leave	287,502	257,018
Long service leave	299,640	284,640
	<u>587,142</u>	<u>541,658</u>
<b>NON-CURRENT</b>		
Long service leave	<u>20,989</u>	<u>20,989</u>
(a) Aggregate employee entitlements liability	<u>608,131</u>	<u>562,647</u>

A provision has been recognised for employee entitlements, relating to annual and long service leave accrued for employees. The measurement and recognition criteria for employee benefits have been included in Note 1 (h) and (j).

**12. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments - Premises**

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

Payable

- not later than one year

- later than one year and not later than five years

205,032	-
626,030	-
<u>831,062</u>	<u>-</u>

**13. 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 balance sheet as follows:

Cash on hand	7,450	7,950
Cash at bank	315,640	630,008
	<u>323,090</u>	<u>637,958</u>

**(b) Reconciliation of cash flow from operations with surplus/(deficit) after income tax**

Net surplus/(deficit)	679,489	117,283
Non-cash items included in the surplus/(deficit)		
Depreciation	221,530	270,343
Lease incentive	(19,131)	(37,359)
Changes in assets and liabilities		
Decrease/(increase) in receivables	(63,846)	(87,214)
(Increase)/decrease in other assets	69,172	(21,992)
Increase/(decrease) in payables	380,669	(332,333)
Increase/(decrease) in provisions	45,485	12,683
Cash flow from operations	<u>1,313,368</u>	<u>95,839</u>

**ODYSSEY HOUSE VICTORIA  
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**13. CASH FLOW INFORMATION (CONT'D)**

**(c) Non-cash Investing and financing activities**

There were no non-cash investing or financing activities throughout the year (2010: \$Nil).

**(d) Other disclosures**

The entity has an unused overdraft facility for \$200,000 (2010: \$200,000).

**14. FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and Policies**

The company's principal financial instruments comprise receivables, payables, and cash and short-term deposits. These activities expose the company to a variety of financial risks: market risk, interest rate risk, credit risk and liquidity risk.

Although the company does not have documented policies and procedures, the Board manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rates and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

**(b) Interest Rate Risk**

The company's exposure to market interest rates relates primarily to cash and short term deposits held.

**Sensitivity Analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables held constant, the company's net profit and net assets would increase by \$4,800 and decrease by \$4,800 (2010: increase by \$6,000 and decrease by \$6,000). This is mainly attributable to the company's exposure to interest rates on its cash and cash equivalents.

**(c) Foreign Currency Risk**

The company is not exposed to fluctuations in foreign currencies.

**(d) Liquidity Risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**Financing Arrangements**

The company has an overdraft facility as described in Note 13(d).

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**14. FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Liquidity Risk (Cont'd)**

**Maturities of Financial Liabilities**

The table below analyses the company's financial liabilities.

	<b>Maturing within year</b>	<b>Maturing 1 to 5 years</b>	<b>Total</b>
	\$	\$	\$
<b>2011</b>			
Financial liabilities			
Trade and sundry creditors	1,093,693	-	1,093,693
Total financial liabilities	<u>1,093,693</u>	<u>-</u>	<u>1,093,693</u>
<b>2010</b>			
Financial liabilities			
Trade and sundry creditors	732,155	-	732,155
Total financial liabilities	<u>732,155</u>	<u>-</u>	<u>732,155</u>

**(e) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The company trades only with recognised, creditworthy third parties, and as such collateral is not requested as it is the company's policy to scrutinise its trade or other receivables. All sales are on a cash basis and as such, there is no credit risk on trade receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

**(f) Price Risk**

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

**(g) Net Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

The net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**16. COMPANY DETAILS**

The registered office of the company is:

Odyssey House Victoria  
660 Bridge Road  
Richmond Victoria 3121

The principal place of business is:

Odyssey House Victoria  
28 Bonds Road  
Lower Plenty Victoria 3093

**17. SUBSEQUENT EVENTS**

There have been no events subsequent to balance date, which require further disclosure or amendments to this financial report.

**18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**


- (a) The company's bank has provided a guarantee of \$50,000 as security for the premises that the company occupies. The bank holds term deposits as security for this guarantee. Other than the above, the company is not aware of the existence of any other contingent assets or liabilities.
- (b) The ANZ Bank holds an undischarged mortgage over the company's property at 28 Bonds Road, Lower Plenty, Victoria.

**ODYSSEY HOUSE VICTORIA  
ABN 11 005 583 960  
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 26 are in accordance with the Corporations Act 2001, including;
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the financial 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.

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



Mr Bruce C Hartnett  
Chairman

Dated this 18 October 2011

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ODYSSEY HOUSE VICTORIA**



Chartered Accountants  
& Business Advisers

**Report on the Financial Report**

We have audited the accompanying financial report of Odyssey House Victoria which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, 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**

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 whether the financial report is free from material misstatement.

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

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

**Independence**

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

**Auditor's Opinion**

In our opinion the financial report of Odyssey House Victoria is in accordance with the *Corporations Act 2001*, including:

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

PKF

18 October 2011  
Melbourne

J A Mooney  
Partner

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