# ODYSSEY HOUSE VICTORIA

## ABN 11 005 583 960

## FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2013

# ODYSSEY HOUSE VICTORIA

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

This is my second report as Chair of Odyssey House Victoria. Through my involvement over the past two years, I been exposed to the incredibly important work that Odyssey House does in the difficult area of drug and alcohol addiction.

I am pleased to say that Odyssey House Victoria continues to be the major provider of residential drug and alcohol rehabilitation in Victoria, and our activities have grown over these past 12 months.

We have been able to do this through the support provided by the Australian and Victorian Governments and the generosity of Trusts, Foundations and individual donors. And of course through the committed work of the staff at Odyssey House Victoria whose dedication and expertise make a real difference in people's lives.

My thanks go to them and to all my fellow Board members for their governance and guidance. I am particularly grateful for the continued involvement of my predecessors in the role of Chair, Nigel Dick and David Bullard. They began the journey with Odyssey House Victoria from its inception and continue to apply their energy and talents to the cause.

I would like to make special mention of the executive team Jeff Wilson, with his steady hand on the finances, Eric Allan for his continuing excellent work with the residents at the Therapeutic Community at Lower Plenty, Neos Zavrou for his work with the Community Services and Odyssey Institute staff and Janet Beaumont for an excellent result in raising much-needed funds over this past year.

Our CEO, Stefan Gruenert, is an acknowledged leader in this area - he is a Board member of both the State and Federal Peak bodies for the sector where he is a strong advocate for the people we serve. This year he continued to play a central role in the development of a Victorian Whole-of-Government Alcohol and Other Drugs strategy and has developed partnerships and co-operative working relationships with other agencies that both respond to, and take advantage of, the opportunities provided by this strategy.

Our work is not just important, it is vital. Our clients continue to face the stigma attached to addiction and I applaud their bravery in addressing their vulnerability and the complexity of issues they confront in dealing with, and talking about, their addictions. Our efforts and achievements justify our longstanding reputation as one of the leading Alcohol and Other Drug treatment, training and support organisations in the country.

Research by economist, Jeff Rae, has shown that for every resident who benefits from our residential rehabilitation program the community reaps one million dollars in benefits over that person's lifetime through savings in welfare payments, costs of crime, policing and imprisonment and improved health outcomes and tax payments.

Before I list the many organisations and individuals who have contributed to our work I want to thank the Australian Government and the State Government, particularly Minister Mary Woolridge, who brings a personal touch to her involvement in this challenging area for Government.

The following list highlights some of our achievements in the last financial year. We have:-

- Delivered treatment to over 2500 Victorians and provided support for their family members;
- Continued to provide treatment and support to people in Melbourne's growth corridor areas and in the Loddon Mallee region through the Stepping Up consortium with partners Interact Australia, Taskforce and Youth Projects;

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- Delivered nationally accredited training courses to more than 200 students through the Odyssey Institute;
- Delivered binge drinking prevention workshops to more than 800 young people in several towns across Victoria in partnership with V/Line, AFL Victoria Country and Netball Victoria;
- Opened 10 new slow-stream, pharmacotherapy withdrawal beds at the Therapeutic Community for adult men and women wishing to reduce their reliance on pharmacotherapy treatments like Methadone;
- Established a new financial counsellor for people with gambling issues;
- Secured a further four years funding for our *Kids In Focus* child & family program;
- Established counselling positions in 7 of Melbourne's community/alternative schools;
- Featured in our fourth "Kick the Habit" AFL game, this year between Carlton FC and Port Adelaide FC;
- Upgraded the playground equipment and electronic learning aids for children residing at our Lower Plenty facility, and constructed a new art studio for residents to work in;
- Delivered prevention programs and talks in schools and community service organisations across Melbourne and Australia;
- Developed a new resource for drug and alcohol workers to help them deal with Family Violence;
- Commenced the implementation of an Aboriginal Reconciliation Action Plan to improve the access and cultural safety of our programs for Aboriginal and Torres Strait Islander peoples;
- Opened a ceremonial and cooking fire pit at the Therapeutic Community, with Colin Hunter. (Wurundjeri Elder) presiding over the ceremony and using ashes from the Canberra Tent Embassy;
- Presented the outcomes of our work at several national conferences and journal articles;
- Ongoing input into several government reviews/committees including Service Sector Reform, the establishment of a Family Drug Treatment Court, and Victorian Legal Aid;
- Maintained the certification of our ISO9001 Quality System and our RTO status following external audits;
- Launched our "Addiction doesn't go away on its own" television and radio campaign.

But many challenges remain, including:-

- The continued growth in the demand for our services, with waiting lists of more than 150 people at any one time who wish to access a bed at one of our residential programs; and
- The ongoing work that has gone into the development of relationships and new service models as we prepare for the reform of the AOD sector and re-commissioning of state funded AOD services.

Once again, we rely on and are deeply grateful for the support we receive from Trusts and Foundations, business and private donors. The Board, the staff and, most importantly, the clients thank the following individuals and organisations that have provided financial support to Odyssey House Victoria this year.

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- Annie and John Patterson Foundation
- Australian Communities Foundation
- Bell Charitable Fund
- Collier Charitable Fund
- J & T Daley Charitable Trust
- Equity Trustees
- Flora & Frank Leith Charitable Trust
- H & L Hecht Trust
- Helen Macpherson Smith Trust
- Inger Rice Foundation
- Isabel & John Gilbertson Charitable Fund
- Jack & Ethel Goldin Foundation
- Jennifer Hutchins Charitable Fund
- Mrs B Hutchins
- Joe White Bequest
- Lord Mayor's Charitable Fund
- Matana Foundation
- Milton Corporation Foundation
- Perpetual Trustees
- Peter & Lyndy White Foundation
- The Dawn Wade Foundation
- The Honda Foundation
- The Jack Brockhoff Foundation
- The William Angliss (Victoria) Charitable Fund
- William Buckland Foundation

In addition to financial support, many other people and organisations have enabled us to operate successfully.

They include:

- Our research partners – Deakin, LaTrobe, Melbourne, Swinburne and Victoria 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 psychologists JLA Consulting;
- Our pharmacists Thompson's Amcal Pharmacy & Jenny Milne Pharmacy (Benalla).

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**CHAIR'S REPORT**

Our advisers, partners and those providing in kind support including:

- Alcohol and Drug Council of Australia
- Alfred Hospital
- Austin Hospital
- Australian Drug Foundation
- Australasian Therapeutic Community Association
- Australia Post
- Australian Quilters Association
- Berry Street
- Banyule Community Health Service
- The Bouverie Centre
- Bunurong Health Service
- Carlton Football Club
- Caulfield Park and Sydney Road Community Schools
- City of Stonnington
- Clifton Consulting
- Collingwood Neighbourhood Justice Centre
- Costco
- George Patterson Y&R
- GIO
- Glastonbury Community Services
- Good Shepherd
- Greening Australia
- Harold Mitchell
- Headspace Elsternwick
- Horse Instincts
- Interact Australia
- Jeff Rae (economist)
- Jewish Community Council of Victoria
- Kildonan UnitingCare
- MessageMedia
- National Centre for Education and Training on Addictions (NCETA)
- NESA
- Ngwala
- Northern Nexus
- North East Dual Diagnosis Service

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- North & West Headspace
- Post Placement Support Service (PPSS)
- Road Runner Tyres
- Reclink
- Salvation Army (Crisis Centre)
- SEADS
- Shepparton Koori Court
- Stonnington Council
- Taskforce
- Tatong Football Club
- Telkaya network of indigenous AOD workers
- Templestowe Rotary Club
- Turning Point
- UnitingCare ReGen
- VAADA
- VACCHO
- Victoria Police
- Victorian Country Football League
- V/Line
- Western Bulldogs Football Club & Fresh
- Windana
- Youth Projects
- YSAS

To all these people and organisations, to our partners in community organisations and in Government, State and Federal, to our staff, our volunteers and to my fellow Board members can I express my profound thanks for the contribution you make to the rehabilitation of our clients who carry the burden of drug and alcohol addiction. You all help to take that load from their lives.

**Bruce C Hartnett**
**Chair**

**ODYSSEY HOUSE VICTORIA**
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**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2013.

**Directors**

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

Mr Bruce C Hartnett
Ms Rowena Allsop
Mr David E F Bullard
Mr Nigel A Dick
Assoc Prof Margarita Frederico
Mr Andrew Hutchins
Mr Brian J Mallon
Mr Chris Neville-Smith
Mr Frank O'Sullivan
Ms Susan Mackay (resigned 16 October 2012)

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 $203,055 (2012: $404,900).

**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.

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DIRECTORS' REPORT (CONT'D)

**Information on Directors**

| Board Member | Experience | Special Responsibilities |
|---|---|---|
| Mr Bruce Hartnett<br>B. Eng., M. Eng. Sci., M.Phil., CSM, MA | Bruce is the Chair of the State Services Authority in Victoria, former Chair of the Australia Day Committee (Victoria), Deputy Chair of VicSuper, a director of the RACV, and President of the Council 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. 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. | CHAIR |
| Ms Rowena Allsop<br>OAM | A board member since 1996, Ms Allsop has previous experience as an honorary juvenile probation and community corrections officer, Independent Third Person (ITP) with the Office of the Public Advocate and over 22 years as a bail justice. She has participated in honorary community work with the Moonee Valley City Council as a member of the various community committees (Festival, Recreation and Arts Advisory Committees) and still is an active member of the Athletics Track committee. 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. | |
| Mr David E F Bullard<br>OBE, RFD, ED, LLB | A founding board member and past Chair, Mr Bullard, a Barrister and Solicitor and Partner of Bullards is a retired Lt. Colonel of the Australian Army Reserve and a past Chair and President of the RACV. | DEPUTY CHAIR |
| Mr Nigel A Dick<br>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.' | |

ODYSSEY HOUSE VICTORIA
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DIRECTORS' REPORT (CONT'D)

| Board Member | Experience | Special Responsibilities |
|---|---|---|
| Assoc Prof Margarita Frederico<br><br>BA, Dip Social 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 Andrew Hutchins<br><br>B.Bus., (Banking and Finance), MBA | A board member since October 2004, Mr Hutchins is a Chartered Accountant with a Master 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. | TREASURER |
| 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. | |
| 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." | |
| Mr Frank O'Sullivan<br><br>Ph.C., M.P.S., AACP | 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. | |

ODYSSEY HOUSE VICTORIA
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DIRECTORS' REPORT (CONT'D)

**Meetings of Directors**

| DIRECTORS | DIRECTORS' MEETINGS | |
|---|---|---|
| | Number eligible to attend | Number attended |
| Mr Bruce C Hartnett | 8 | 6 |
| Ms Rowena Allsop | 8 | 8 |
| Mr David E F Bullard | 8 | 7 |
| Mr Nigel A Dick | 8 | 8 |
| Assoc Prof Margarita Frederico | 8 | 5 |
| Mr Andrew Hutchins | 8 | 6 |
| Mr Brian J Mallon | 8 | 3 |
| Mr Chris Neville-Smith | 8 | 6 |
| Mr Frank O'Sullivan | 8 | 6 |
| Ms Susan Mackay | 2 | - |

**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.

**Auditor Independence**

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

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

**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
Chair

Dated this 16/10/2013

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**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ODYSSEY HOUSE VICTORIA**

As lead auditor of Odyssey House Victoria for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

James Mooney
Partner

**BDO East Coast Partnership**

Melbourne, 16 October 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **Revenue** | 2 | **10,091,178** | 9,270,470 |
| Finance costs | | **(35,147)** | (13,468) |
| Employee benefits expense | | **(6,231,169)** | (5,772,428) |
| Depreciation and amortisation expenses | 3 | **(280,603)** | (262,138) |
| Lease expenses | | **(476,313)** | (459,479) |
| Utilities expenses | | **(369,861)** | (311,960) |
| Resident food and personal needs | | **(1,042,415)** | (939,149) |
| Motor vehicles expenses | | **(269,374)** | (190,581) |
| Other operating expenses | | **(564,307)** | (517,188) |
| Other expenses | | **(618,934)** | (399,179) |
| **Surplus before tax expense** | | **203,055** | 404,900 |
| Tax expense | 1(b) | **-** | - |
| **Surplus after tax expense** | | **203,055** | 404,900 |
| **Other comprehensive income** | | | |
| Revaluation increment | 9 | **-** | 1,179,307 |
| **Other comprehensive income after tax** | | **-** | 1,179,307 |
| **Total comprehensive income for the year** | | **203,055** | 1,584,207 |

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | **684,480** | 291,506 |
| Trade and other receivables | 7 | **803,268** | 108,339 |
| Other assets | 8 | **146,920** | 71,359 |
| **TOTAL CURRENT ASSETS** | | **1,634,668** | 471,204 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **6,012,568** | 6,245,473 |
| **TOTAL NON-CURRENT ASSETS** | | **6,012,568** | 6,245,473 |
| **TOTAL ASSETS** | | **7,647,236** | 6,716,677 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | **1,622,464** | 936,374 |
| Borrowings | 11 | **35,000** | 49,429 |
| Provisions | 12 | **590,104** | 544,279 |
| **TOTAL CURRENT LIABILITIES** | | **2,247,568** | 1,530,082 |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 11 | **420,650** | 444,860 |
| Provisions | 12 | **91,301** | 57,073 |
| **TOTAL NON-CURRENT LIABILITIES** | | **511,951** | 501,933 |
| **TOTAL LIABILITIES** | | **2,759,519** | 2,032,015 |
| **NET ASSETS** | | **4,887,717** | 4,684,662 |
| **EQUITY** | | | |
| Reserves | | **1,179,307** | 1,179,307 |
| Retained surplus | | **3,708,410** | 3,505,355 |
| | | **4,887,717** | 4,684,662 |

The accompanying notes form part of these financial statements.

**ODYSSEY HOUSE VICTORIA**
**ABN 11 005 583 960**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2013**

| | Asset Revaluation Reserve (1) | Retained Surplus | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance as at 30 June 2012 | 1,179,307 | 3,505,355 | 4,684,662 |
| Surplus after tax expense | - | 203,055 | 203,055 |
| Total Comprehensive Income for the year | - | - | - |
| **Balance as at 30 June 2013** | **1,179,307** | **3,708,410** | **4,887,717** |

| | Asset Revaluation Reserve (1) | Retained Surplus | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance as at 30 June 2011 | - | 3,100,455 | 3,100,455 |
| Surplus after tax expense | - | 404,900 | 404,900 |
| Total Comprehensive Income for the year | 1,179,307 | - | 1,179,307 |
| **Balance as at 30 June 2012** | 1,179,307 | 3,505,355 | 4,684,662 |

(1) The asset revaluation reserve records revaluations of Freehold land.

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013 $ | 2012 $ |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| State and Federal Government funding | | **6,206,874** | 6,347,426 |
| Client fees | | **937,835** | 814,102 |
| Payments to suppliers and employees | | **(8,881,791)** | (8,425,232) |
| Donations and fundraising | | **601,890** | 601,768 |
| Interest received | | **12,343** | 10,501 |
| Finance costs | | **(35,147)** | (13,468) |
| Other receipts received | | **1,637,307** | 1,185,853 |
| Net cash provided by operating activities | 14(b) | **479,311** | 520,950 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Payment for property, plant and equipment | | **(47,698)** | (1,046,823) |
| Net cash used in investing activities | | **(47,698)** | (1,046,823) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | **-** | 494,289 |
| Repayment of borrowings | | **(38,639)** | - |
| Net cash (used in)/provided by financing activities | | **(38,639)** | 494,289 |
| Net increase/(decrease) provided by cash held | | **392,974** | (31,584) |
| Cash and cash equivalents at beginning of financial year | | **291,506** | 323,090 |
| Cash and cash equivalents at end of financial year | 14(a) | **684,480** | 291,506 |

The accompanying notes form part of these financial statements.

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

## 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 and 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.

The financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

### (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.

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

### (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.

### (f) Property, Plant and Equipment

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

Freehold land is measured at fair value based on periodic valuations by external independent valuers. Buildings, plant and equipment are measured on the cost basis.

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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

### (f) Property, Plant and Equipment (Cont'd)

**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:

| Class of Fixed Asset | Depreciation Rates | Depreciation Basis |
|---|---|---|
| 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.

## 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.

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 2013 (2012: Nil).

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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

### (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 9 (2012:10) members.

### (q) Comparative Figures

Comparatives have been reclassified so as to be consistent with the presentation in the current year.

### (r) 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 2012 have been adopted by the Company in accordance with accounting policy described in Note 1 above.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **2. REVENUE** | | |
| State Government Grants (DHS) | **4,350,276** | 3,762,411 |
| Client fees | **937,835** | 814,102 |
| Donations and fundraising | **601,890** | 601,768 |
| Interest | **12,343** | 10,501 |
| Other (non DHS) Government Funding | **2,551,527** | 2,896,396 |
| Other revenue | **1,637,307** | 1,185,292 |
| | **10,091,178** | 9,270,470 |
| **3. SURPLUS BEFORE TAX** | | |
| Result before income tax has been determined after charging expenses as: | | |
| Depreciation of non-current assets | | |
| - Buildings | **81,917** | 71,136 |
| - Leasehold improvements | **2,956** | 1,098 |
| - Motor vehicles | **9,919** | 15,334 |
| - Plant & equipment | **52,922** | 56,537 |
| - Improvements | **132,889** | 118,033 |
| Depreciation of property, plant and equipment | **280,603** | 262,138 |

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| 3. | **SURPLUS BEFORE TAX (CONT'D)** | | |
| | Remuneration of the auditors for: | | |
| | - Audit or review services | **16,500** | 15,800 |
| | - Financial statement preparation | **6,200** | 5,900 |
| | | **22,700** | 21,700 |
| | Rental expense on operating leases | **476,313** | 459,479 |
| | Salaries and wages related expense | **5,755,941** | 5,324,251 |
| | Superannuation contribution expense | **475,228** | 448,177 |

## 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 Bruce C Hartnett
Ms Rowena Allsop
Mr David E F Bullard
Mr Nigel A Dick
Assoc Prof Margarita Frederico
Mr Andrew Hutchins
Mr Brian J Mallon
Mr Chris Neville-Smith
Mr Frank O'Sullivan
Ms Susan Mackay (resigned 16 October 2012)

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

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| 5. | **KEY MANAGEMENT PERSONNEL COMPENSATION** | | |
| | The following table discloses the aggregate of Key Management personnel compensation.<br>Key management personnel consist of the Chief Executive of the company and the four key executive managers. This reflects a change from the prior year, following a review by the board of the definition of key management personnel and the relevant roles within the organisation. Comparatives have been restated to reflect this change. | | |
| | Total remuneration | **584,544** | 549,022 |

## 6. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash on hand | **7,250** | 7,250 |
| Cash at bank | **677,230** | 284,256 |
| | **684,480** | 291,506 |

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| 7. | TRADE AND OTHER RECEIVABLES | | |
| | CURRENT | | |
| | Trade receivables | **803,268** | 103,081 |
| | Other receivables | **-** | 5,258 |
| | | **803,268** | 108,339 |

As at 30 June 2013, the ageing analysis of trade receivables is as follows:

| | Current | 30 days | 60 days | 90 days | Total |
|---|---|---|---|---|---|
| **2013** | $126,494 | $646,135 | $6,332 | $24,307 | $803,268 |
| **2013** | 15.7% | 80.4% | 0.8% | 3.1% | 100% |
| 2012 | $63,306 | $10,213 | $6,950 | $22,612 | $103,081 |
| 2012 | 61.5% | 9.9% | 6.7% | 21.9% | 100% |

Receivables past due but not considered impaired are $30,639 (2012: $29,562). 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.

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| 8. | OTHER ASSETS | | |
| | CURRENT | | |
| | Prepaid expenses | **71,634** | - |
| | Deposit for bank guarantee | **75,286** | 71,359 |
| | | **146,920** | 71,359 |

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| 9. | **PROPERTY, PLANT AND EQUIPMENT** | | |
| | **LAND** | | |
| | Freehold land: | | |
| | At independent valuation | **1,800,000** | 1,800,000 |
| | At cost | **-** | - |
| | | **1,800,000** | 1,800,000 |
| | **BUILDINGS** | | |
| | At cost | **3,696,699** | 3,690,017 |
| | Less accumulated depreciation | **(422,808)** | (340,891) |
| | | **3,273,891** | 3,349,126 |
| | **LEASEHOLD IMPROVEMENTS** | | |
| | At cost | **21,782** | 9,641 |
| | Less accumulated amortisation | **(11,408)** | (8,452) |
| | | **10,374** | 1,189 |
| | **PLANT AND EQUIPMENT** | | |
| | (a) Plant and equipment | | |
| | At cost | **1,509,013** | 1,502,901 |
| | Less accumulated depreciation | **(1,460,169)** | (1,407,247) |
| | | **48,844** | 95,654 |
| | (b) Improvements | | |
| | At cost | **2,011,084** | 1,994,410 |
| | Less accumulated depreciation | **(1,143,931)** | (1,017,130) |
| | | **867,153** | 977,280 |
| | (c) Motor vehicles | | |
| | At cost | **165,870** | 165,870 |
| | Less accumulated depreciation | **(153,564)** | (143,646) |
| | | **12,306** | 22,224 |
| | (d) Motor vehicles - leased | | |
| | At cost | **-** | - |
| | Less accumulated depreciation | **-** | - |
| | | **-** | - |
| | Total plant and equipment | **928,303** | 1,095,158 |
| | **Total Property, Plant and Equipment** | **6,012,568** | 6,245,473 |

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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

### (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 $ |
|---|---|---|---|---|
| **2013** | | | | |
| Balance at the beginning of the year | 1,800,000 | 3,349,126 | 1,189 | 95,654 |
| Additions | - | 6,682 | 12,142 | 6,112 |
| Revaluation increments | - | - | - | - |
| Depreciation expense | - | (81,917) | (2,957) | (52,922) |
| Carrying amount at the end of the year | 1,800,000 | 3,273,891 | 10,374 | 48,844 |

| | Motor Vehicles $ | Improvements $ | Total $ |
|---|---|---|---|
| **2013** | | | |
| Balance at the beginning of the year | 22,224 | 977,280 | **6,245,473** |
| Additions | - | 22,762 | **47,698** |
| Revaluation increments | - | - | - |
| Depreciation expense | (9,918) | (132,889) | **(280,603)** |
| Carrying amount at the end of the year | 12,306 | 867,153 | **6,012,568** |

| | Freehold Land $ | Buildings $ | Leasehold Improvements $ | Plant & Equipment $ |
|---|---|---|---|---|
| **2012** | | | | |
| Balance at the beginning of the year | 620,693 | 2,844,684 | 2,287 | 104,432 |
| Additions | - | 575,578 | - | 47,759 |
| Revaluation increments | 1,179,307 | - | - | - |
| Depreciation expense | - | (71,136) | (1,098) | (56,537) |
| Carrying amount at the end of the year | 1,800,000 | 3,349,126 | 1,189 | 95,654 |

| | Motor Vehicles $ | Improvements $ | Total $ |
|---|---|---|---|
| **2012** | | | |
| Balance at the beginning of the year | 37,558 | 671,827 | **4,281,481** |
| Additions | - | 423,486 | **1,046,823** |
| Revaluation increments | - | - | **1,179,307** |
| Depreciation expense | (15,334) | (118,033) | **(262,138)** |
| Carrying amount at the end of the year | 22,224 | 977,280 | **6,245,473** |

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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

### (b) Valuations of Freehold Land

The basis of the valuation of land is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location. The land at Lower Plenty was valued on 9 January 2012 based on an independent assessment by Egan National Valuers (VIC). The land at Benalla was valued at $200,000 on 25 February 2012 based on an independent assessment by Opean (Goulburn North East Victoria) Pty Ltd.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **10. TRADE AND OTHER PAYABLES** | | |
| **CURRENT** | | |
| Trade and other creditors | **437,390** | 328,754 |
| Unearned income | **1,185,074** | 607,620 |
| | **1,622,464** | 936,374 |

**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.

| | | |
|---|---|---|
| **11. BORROWINGS (SECURED)** | | |
| **CURRENT** | | |
| Bank loan | **35,000** | 49,429 |
| **NON CURRENT** | | |
| Bank loan | **420,650** | 444,860 |

**Assets pledged as security**

The bank loan is secured by first mortgages over the land at Lower Plenty.

Refer to note 15 for further information on financial instruments.

ODYSSEY HOUSE VICTORIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013 $ | 2012 $ |
|---|---|---|---|
| 12. | **PROVISIONS** | | |
| | **CURRENT** | | |
| | Annual leave | **364,203** | 322,933 |
| | Long service leave | **225,901** | 221,346 |
| | | **590,104** | 544,279 |
| | **NON-CURRENT** | | |
| | Long service leave | **91,301** | 57,073 |
| | (a) Aggregate employee entitlements liability | **681,405** | 601,352 |

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).

13. **CAPITAL AND LEASING COMMITMENTS**

(a) **Operating Lease Commitments - Copiers, Printers, Premises and Motor Vehicles**

| | | |
|---|---|---|
| Non-cancellable operating leases contracted for but not capitalised in the financial statements: | | |
| Payable | | |
| - not later than one year | **395,888** | 400,429 |
| - later than one year and not later than five years | **463,684** | 514,319 |
| | **859,572** | 914,748 |

14. **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 | **7,250** | 7,250 |
| Cash at bank | **677,230** | 284,256 |
| | **684,480** | 291,506 |

| | | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **14.** | **CASH FLOW INFORMATION (CONT'D)** | | |
| **(b)** | **Reconciliation of cash flow from operations with surplus/(deficit) after income tax** | | |
| | Net surplus | **203,055** | 404,900 |
| | Non-cash items included in the surplus/(deficit) | | |
| | Depreciation | **280,603** | 262,138 |
| | Changes in assets and liabilities | | |
| | Decrease/(increase) in receivables | **(694,929)** | 4,600 |
| | (Increase)/decrease in other assets | **(75,561)** | 18,668 |
| | Increase/(decrease) in payables | **686,090** | (162,577) |
| | Increase/(decrease) in provisions | **80,053** | (6,779) |
| | Cash flow from operations | **479,311** | 520,950 |

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

There were no non-cash investing or financing activities throughout the year (2012: $Nil).

**(d) Other disclosures**

The entity has an unused overdraft facility for $200,000 (2012: $200,000).

## 15. FINANCIAL INSTRUMENTS

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

The company's principal financial instruments comprise receivables, payables, borrowings 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.

## 15. FINANCIAL INSTRUMENTS (CONT'D)

### (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 $2,288 and decrease by $2,288 (2012: increase by $3,073 and decrease by $3,073). 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 14(d).

**Maturities of Financial Liabilities**

The table below analyses the company's financial liabilities.

| | Weighted average interest rate | Maturing within year | Maturing 1 to 5 years | Total |
|---|---|---|---|---|
| | % | $ | $ | $ |
| **2013** | | | | |
| Financial liabilities | | | | |
| Trade and sundry creditors | | 1,622,464 | - | 1,622,464 |
| Bank loan | 6.77 | 35,000 | 420,650 | 455,650 |
| Total financial liabilities | | 1,657,464 | 420,650 | 2,078,114 |
| | | | | |
| **2012** | | | | |
| Financial liabilities | | | | |
| Trade and sundry creditors | | 936,374 | - | 936,374 |
| Bank loan | 7.71 | 49,429 | 444,860 | 494,289 |
| Total financial liabilities | | 985,803 | 444,860 | 1,430,663 |

ODYSSEY HOUSE VICTORIA
ABN 11 005 583 960
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

## 15. FINANCIAL INSTRUMENTS (CONT'D)

### (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.

## 16. COMPANY DETAILS

| The registered office of the company is: | The principal place of business is: |
|---|---|
| Odyssey House Victoria | Odyssey House Victoria |
| 660 Bridge Road | 28 Bonds Road |
| Richmond Victoria 3121 | 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 15 to 33 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 2013 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
Chair

Dated 16/10/ 2013

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# INDEPENDENT AUDITOR'S REPORT

To the members of Odyssey House Victoria

## 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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. These Auditing 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Odyssey House Victoria, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

**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 2013 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.

**BDO East Coast Partnership**

James Mooney
Partner

Melbourne, 16 October 2013