

Royal District Nursing Service of SA Inc.

Annual Report  
2009/10

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# Royal District Nursing Service of SA Inc.

## Annual Report 2009/10



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# Royal District Nursing Service of SA Inc. Board

## The Board



Anne Skipper  
Chair



Terri Gibson



Geoff Doyle



Stephen Connor



Kathy Gramp



Robert Knowles

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## Message from the Chair



Anne Skipper AM  
CHAIR RDNS SA

Over the past year our blueprint for the future, Strategy 2015, has continued to guide us to develop and deliver innovative solutions to meet the growing needs of the community health sector.

The strategy the Board and Leadership group worked to develop is becoming a reality, through prioritising of key projects across the organisation to better prepare it as flexible and responsive, able to offer a suite of services beyond nursing, giving people access to the health services they want.

The growth in our Education Centre business over the past year has been unprecedented, with students turning to the trusted brand of RDNS to deliver the flexible education and training they need. In doing so we are not only growing the profit-making area of our business, we will be able deliver back into the community as a not-for-profit social enterprise.

We have also met the challenges of changing the RDNS brand to better reflect the organisation of today, and to allow for the growth of our business interstate.

During the past year we have established an allied health and home nursing business in South East Queensland, to trade under the name YourLife. As well as growing the health side of our work, in the future we plan to offer education and training in Queensland under the YourLife brand.

In South Australia we have reconfirmed our commitment to the iconic brand of RDNS and have been working to redefine and refresh our look to a modern, fresh, bolder brand which better reflects our current organisation. This change will involve the creation of one new RDNS brand for all work regardless of whether its publicly or privately funded and the dissolution of the Focus Healthcare brand.

I would like to thank and acknowledge the work of the RDNS Board, and to say how delighted we were to welcome Rob Knowles with his considerable expertise from the health sector to the Board in August 2009.

We continue to partner with State and Federal Government Departments, private and public hospitals and health funds. We are appreciative of the ongoing support and excellent working relationships we have with our partners.

One special group I would like to acknowledge are our donors. Many South Australians give generously to the RDNS Foundation year in and year out, because they believe in the work of delivering health services into the community.

In closing I would like to acknowledge and thank the hard work and commitment of our staff and our CEO, Dale Cleaver.

I look forward to the continued delivery of Strategy 2015 and the exciting growth opportunities for the organisation which lie ahead.

## Message from the CEO



Dale Cleaver  
CHIEF EXECUTIVE OFFICER

As CEO of such an iconic South Australian organisation I felt privileged to lead the RDNS as we took another step towards realising Strategy 2015.

As we change and move our service delivery model and focus ourselves on our Strategy 2015 Ambition, our direct care and administrative support staff continue to demonstrate their adaptability and confidence in enhancing even further the delivery of high quality and flexible care where and when its needed.

With the service changes and improvements there have also been considerable achievements. Examples of this include further enhancement of our clinical governance, the further development of our Virtual Hospital and the adoption by our direct care staff to using mobile technology more broadly to assist in the delivery of health care. This technology allows our people to have access to up-to-date health information specific to the client and allows for a more flexible, responsive and efficient service.

A great achievement during the year was the launch of our YourLife business into Queensland. We have the history, the trust and the knowledge to apply community health care beyond South Australia. Extending our delivery beyond our traditional boundaries was another milestone and demonstration of the maturity, strength and capability of the organisation. The coming year will be a focus on consolidation and growth of the Queensland presence in both health care as well as our education and learning activities.

With the announcement by the Federal Government Health and Hospitals Reform program this year, the RDNS has become very active in talking with governments about community health care and the valuable role that community based organisations can play in preventing unnecessary hospital attendance including in Emergency Departments. Programs such as the RDNS SA Integrated Care for Older Persons Program – achieving a 51 percent reduction in unplanned hospital presentations is just one example of the difference and the solutions that organisations like RDNS can offer.

It is these types of practical outcomes making a difference in people's lives that RDNS aims to further explore and expand.

The Virtual Hospital is another success story, providing a telehealth solution which is suitable for a range of clients, including those needing multiple daily checkups. This is being achieved through innovative health technology, enabling the client access to our direct care staff as they are needed.

Our commitment to the health disadvantaged remains at the heart of our reason for being and to this end we continue to deliver care to health disadvantaged South Australians through our homeless clinics in Byron Place and Hutt Street, among others, through our Breathing Space program which provides food and household assistance to those in extreme hardship as well as funding of medical products for hundreds of clients every day. Over the year the growth in our education and learning business has been an amazing success story, by way of example today we train and support over 350 Students in the Diploma of Nursing. Just as importantly more than 90 percent of RDNS students complete their chosen course. We are setting strategies and plans in place to further grow that side of our business with the new look refreshed RDNS brand in South Australia and as YourLife interstate. I pay tribute to our education and learning team and leader for their passion, energy and commitment to growing this part of our work.

Once again, on behalf of the RDNS I want to thank our government partners including SA Health and the SA Department of Families and Communities, along with the Australian Government Departments of Health and Ageing and Veterans Affairs. To our corporate supporters including Jarvis Toyota, Chemplus, Drake Foodlands, Optus, and CPS Credit Union who have continued to support us in many and varied ways – thank you. Our partnerships with you are highly valued and we look forward to continuing to work with you.

In closing I would like to recognise the significant efforts and commitment of our staff, they are truly amazing and committed health care professionals who on any one day face new and varying challenges. On a very personal note my sincere thanks to our leaders and managers for their drive, energy and passion for creating an even better organisation of the future and to our talented and committed Board for their support, advice and wisdom.



# Royal District Nursing Service of SA Inc.

## Annual Report 2009/10

### Financial Statements

	Note	Consolidated 2010 \$	Association 2010 \$	2009 \$
Revenue from Ordinary Activities	3.1	42,146,644	42,146,164	39,090,602
Finance Income		307,455	307,455	343,833
Employee Entitlements	3.2	(30,806,915)	(30,733,299)	(28,482,802)
Other Expenses from Ordinary Activities	3.3	(11,785,897)	(11,698,974)	(11,297,962)
<b>Operating Surplus/(Deficit) from Ordinary Activities</b>		<b>(138,713)</b>	<b>21,346</b>	<b>(346,329)</b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income</b>		<b>(138,713)</b>	<b>21,346</b>	<b>(346,329)</b>

The above Statement of Comprehensive Income should be read in conjunction with the attached Notes



	Note	Consolidated	Association	
		2010	2010	2009
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash Assets	4	317,703	317,380	1,367,830
Trade and Other Receivables	5	2,718,169	2,910,285	1,983,000
Prepayments	6	231,277	226,802	341,974
Total Current Assets		<u>3,267,149</u>	<u>3,454,467</u>	<u>3,692,804</u>
<b>NON CURRENT ASSETS</b>				
Interest Bearing Loan to Related Parties	19	3,565,408	3,565,408	3,405,356
Plant and Equipment	8	220,622	182,799	197,803
Leasehold Improvements	8	61,304	61,304	133,225
Intangible Assets	9	80,000	80,000	80,000
Other Investments	10	-	11	-
Total Non Current Assets		<u>3,927,334</u>	<u>3,889,522</u>	<u>3,816,384</u>
<b>TOTAL ASSETS</b>		<u>7,194,483</u>	<u>7,343,989</u>	<u>7,509,188</u>
<b>CURRENT LIABILITIES</b>				
Trade and Other Payables	11	1,843,099	1,832,546	1,991,074
Revenue Received in Advance	12	243,083	243,083	312,793
Employee Entitlements	13	2,405,853	2,405,853	2,389,636
Total Current Liabilities		<u>4,492,035</u>	<u>4,481,482</u>	<u>4,693,503</u>
<b>NON CURRENT LIABILITIES</b>				
Employee Entitlements	13	1,964,381	1,964,381	1,938,905
Total Non Current Liabilities		<u>1,964,381</u>	<u>1,964,381</u>	<u>1,938,905</u>
<b>TOTAL LIABILITIES</b>		<u>6,456,416</u>	<u>6,445,863</u>	<u>6,632,408</u>
<b>NET ASSETS</b>		<u>738,067</u>	<u>898,126</u>	<u>876,780</u>
<b>EQUITY</b>				
Retained Earnings		738,067	898,126	876,780
<b>TOTAL EQUITY</b>		<u>738,067</u>	<u>898,126</u>	<u>876,780</u>

	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
<b>Balance as at 1 July</b>	<b>876,780</b>	<b>876,780</b>	<b>1,223,109</b>
Operating Surplus/(Deficit) from Ordinary Activities	(138,713)	21,346	(346,329)
<b>Balance as at 30 June</b>	<u><b>738,067</b></u>	<u><b>898,126</b></u>	<u><b>876,780</b></u>

The above Statement of Financial Position should be read in conjunction with the attached Notes

The above Statement of Changes in Equity should be read in conjunction with the attached Notes



	Note	Consolidated	Association	
		2010	2010	2009
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Government Grants		29,305,510	29,305,510	28,212,952
Other Revenue		12,003,415	11,810,819	10,559,567
Interest Received		147,403	147,403	200,312
GST Received		3,941,437	3,941,437	3,810,685
Payments to Employees		(30,914,356)	(30,840,740)	(27,957,749)
Payments to Suppliers		(11,520,765)	(11,441,133)	(9,631,423)
GST Paid		(3,921,845)	(3,921,845)	(3,778,349)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	22	(959,201)	(998,549)	1,415,995
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for Investment in Subsidiaries		-	(11)	-
Payments for Acquisition of Plant and Equipment		(90,926)	(51,890)	(16,514)
Proceeds from the Sale of Plant and Equipment		-	-	27,098
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(90,926)	(51,901)	10,584
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
		-	-	-
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		<b>(1,050,127)</b>	<b>(1,050,450)</b>	<b>1,426,579</b>
Cash at the Beginning of the Financial Year		1,367,830	1,367,830	(58,749)
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	4	<b>317,703</b>	<b>317,380</b>	<b>1,367,830</b>

The above Statement of Cash Flows should be read in conjunction with the attached Notes

## 1. Objectives

The Royal District Nursing Service of SA Inc. (the Service) operates predominantly in the health industry with the following objectives: To provide skilled nursing and health care to people in the community based on the principles of primary health care, to promote, restore, maintain and palliate health status, to provide multi-disciplinary health education and wellness strategies to the community, to work collaboratively with health care providers and other community organisations to support people to live in the community, to expand and develop the role and function of the Service as the Board may determine.

## 2. Statement of Significant Accounting Policies

The financial report of the Royal District Nursing Service of SA Inc. for the year ended 30 June 2010 was authorised for issue by a resolution of the Board of Directors on 28 September 2010.

This financial report is a general purpose report which has been drawn up in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the Associations Incorporation Act 1985 of South Australia.

The Royal District Nursing Service of SA Inc. is an association incorporated in South Australia under the Associations Incorporation Act 1985. The financial report covers the Royal District Nursing Service of SA Inc. as an individual entity (referred to as "Association" in this financial report), as well as of Your Life Health Pty Ltd and Your Life Learning Pty Ltd (referred to as "Consolidated entity" in this financial report). Consolidated data is not separately disclosed for 2009 as the subsidiaries were established during the financial year (refer to Note 10).

Your Life Health Pty Ltd and Your Life Learning Pty Ltd are proprietary companies limited by shares, registered under the Corporations Act 2001. Your Life Health Pty Ltd commenced operations during the financial year. Your Life Learning Pty Ltd has not yet commenced operations.

The financial report, which has been prepared on an accruals basis, is based on historical cost and does not take into account current valuations of non-current assets. Intra-group balances and transactions have been eliminated in preparing the consolidated financial statements.

These financial statements are presented in Australian dollars, which is the Service's functional currency and the functional currency of the Consolidated entity.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period it was revised.

### Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with International Financial Reporting Standards cannot be made due to the Royal District Nursing Service of SA Inc. applying the not for profit sector specific requirements contained in AIFRS.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, except where otherwise stated.

### Consolidation

The Consolidated entity comprises the Service and its controlled entities. Control exists where the Service has the power, directly or indirectly to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

When control of an entity is obtained during a financial year, its results are included in the financial statements from the date on which control commences. Where control ceases during the financial year its results are included for that part of the year during which control existed. The investment in controlled entities is carried at its cost of acquisition in the Service's financial statements.



2.1 Plant and Equipment

All items of plant and equipment are brought to account at cost as separate assets where the cost exceeds \$1,000 per item. All items are depreciated over their estimated useful lives, using the straight line method, at the following annual rates of depreciation.

	2010	2009
General Equipment	10%	10%
Office Equipment	20%	20%
Computing Equipment	33%	33%
Medical Equipment	33%	33%

Leasehold improvements are amortised over the period of a lease or 5 years, whichever is the sooner.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount of those assets.

2.2 Employee Benefits

Liabilities arising in respect of employee entitlements for wages, salaries and annual leave that are expected to be settled within 12 months represent present obligations measured at undiscounted amounts based on wages and salaries they are expected to be settled. Related superannuation on-costs are included.

Liabilities for long service are measured by accruing long service leave entitlements for employees with five or more years of service, as an approximation of the present value of the estimated future cash flows in respect of services provided to balance date. Related superannuation on-costs are included.

Sick leave entitlements have not been recognised in the financial statements because it is estimated that sick leave entitlements taken were accrued during the year.

2.3 Exemption from Income Tax

The Service is not liable for payment of income tax.

The tax status of Your Life Health Pty Ltd and Your Life Learning Pty Ltd has not yet been determined. It is expected that these subsidiaries will also obtain exemption from Income Tax. For this reason a Deferred Tax Asset has not been recognised in this financial report, for the operating deficit incurred by Your Life Health Pty Ltd.

2.4 Trade and Other Receivables

Trade accounts receivable and other receivables are initially recognised at fair value and subsequently measured at amortised cost less, where applicable, provision for impairment (refer to Note 16.3). Amounts due from claims with the Department of Veterans' Affairs and private health insurers at balance date are estimates of likely recoveries.

2.5 Trade and Other Payables

Trade payables and other payables are initially recognised at fair value and subsequently measured at amortised cost. They are normally settled within 30 days.

2.6 Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at banks.

2.7 Revenue

Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at balance date having regard to the work performed. Other revenue is recognised when it is received.

Government Grants are recognised when control of the contribution or right to receive the contribution is obtained.

The net gain or loss on non-current asset sales is included as revenue at the date control passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Finance Income comprises interest income on funds invested and is recognised in profit and loss as it accrues.

2.8 Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and Payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the Australian Taxation Office, is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis.

2.9 Recoverable Amount of Assets

At each reporting date, the Consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of an impairment exists, the Consolidated entity calculates the recoverable amount of the asset. When the carrying amount of an asset is greater than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

2.10 Going Concern

The Consolidated entity has incurred an operating deficit of \$138,713 and the Service a surplus of \$21,346 (2009: \$346,329 deficit). The Consolidated entity has net deficiency of current assets over current liabilities of \$1,224,886 and the Service \$1,027,015 (2009: \$1,000,699). The accounts have been prepared on a going concern basis which contemplates continuity of business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. If assets and liabilities are not realised and extinguished in the ordinary course of business they may realise and settle for amounts that may be different to those stated at balance date.

The directors consider that there are reasonable grounds to believe the Consolidated entity and the Service will be able to pay its debts as and when they fall due as forecast operating cash reserves should be sufficient to fund operations.

	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
<b>3. Operating Revenues &amp; Expenses</b>			
3.1 Revenue from Ordinary Activities			
Fees and Charges	11,118,178	11,117,698	10,625,208
Donations from Foundation	1,555,500	1,555,500	19,635
Total Other Revenue	12,673,678	12,673,198	10,644,843
Government Grants	29,472,966	29,472,966	28,445,759
	<u>42,146,644</u>	<u>42,146,164</u>	<u>39,090,602</u>
3.2 Employee Entitlements			
Salaries	27,210,898	27,137,282	24,913,116
Leave Provisions	3,596,017	3,596,017	3,569,686
	<u>30,806,915</u>	<u>30,733,299</u>	<u>28,482,802</u>



3.3	Other Expenses from Ordinary Activities	Note	Consolidated	Association	
			2010	2010	2009
			\$	\$	\$
	Accommodation		1,492,098	1,491,230	1,515,813
	Audit Fees	17	22,000	22,000	16,000
	Communication and Technology		2,394,060	2,393,608	1,926,251
	Contracted Services		1,808,731	1,773,574	1,983,086
	Depreciation/Amortisation	7	140,028	138,815	198,985
	Directors Fees		119,849	119,849	112,435
	Motor Vehicles/Travel		1,834,556	1,825,697	1,774,626
	Staff Expenses		1,359,174	1,359,131	1,217,174
	Supplies		2,174,956	2,154,773	2,069,659
	Other Support Costs		440,445	420,297	483,933
			<u>11,785,897</u>	<u>11,698,974</u>	<u>11,297,962</u>
<b>4. Cash Assets</b>					
	Petty Cash		2,160	2,160	1,760
	Cash at Bank		315,543	315,220	1,366,070
			<u>317,703</u>	<u>317,380</u>	<u>1,367,830</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. All deposits are held in at call accounts.

**5. Trade and Other Receivables**

**Current**

Trade Receivables	721,902	721,374	718,463
Less: Provision for doubtful debts	(41,436)	(41,436)	(47,764)
	<u>680,466</u>	<u>679,938</u>	<u>670,699</u>
Receivable from the Foundation	485,653	485,653	-
Other Debtors	1,552,050	1,744,694	1,279,461
	<u>2,718,169</u>	<u>2,910,285</u>	<u>1,950,160</u>

**6. Prepayments**

Other	231,277	226,802	341,974
	<u>231,277</u>	<u>226,802</u>	<u>341,974</u>

**7. Movements in Plant & Equipment and Leasehold Improvements**

Movement in the carrying amount of each class of plant & equipment between the beginning and end of the financial year was as follows:

	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
<b>Plant &amp; Equipment</b>			
Balance at the beginning of the year	158,966	158,966	237,762
Additions	90,926	51,890	4,325
Disposals	-	-	(18,519)
Depreciation expense	(46,116)	(44,903)	(64,602)
Carrying amount at the end of the year	<u>203,776</u>	<u>165,953</u>	<u>158,966</u>
<b>Computer Equipment</b>			
Balance at the beginning of the year	38,837	38,837	65,050
Additions	-	-	3,611
Disposals	-	-	-
Depreciation expense	(21,991)	(21,991)	(29,824)
Carrying amount at the end of the year	<u>16,846</u>	<u>16,846</u>	<u>38,837</u>
<b>Leasehold Improvements</b>			
Balance at the beginning of the year	133,225	133,225	237,784
Amortisation expense	(71,921)	(71,921)	(104,559)
Carrying amount at the end of the year	<u>61,304</u>	<u>61,304</u>	<u>133,225</u>

**8. Plant and Equipment and Leasehold Improvements**

Plant and Equipment - at cost	713,858	674,822	622,932
Less: Accumulated depreciation	(510,082)	(508,869)	(463,966)
	<u>203,776</u>	<u>165,953</u>	<u>158,966</u>
Computer Equipment - at cost	228,852	228,852	228,852
Less: Accumulated depreciation	(212,006)	(212,006)	(190,015)
	<u>16,846</u>	<u>16,846</u>	<u>38,837</u>
Total Plant and Equipment	<u>220,622</u>	<u>182,799</u>	<u>197,803</u>
Leasehold Improvements - at cost	761,642	761,642	761,642
Less: Accumulated amortisation	(700,338)	(700,338)	(628,417)
	<u>61,304</u>	<u>61,304</u>	<u>133,225</u>



**9. Intangible Assets**

Following a formal due diligence process, in September 2005 the Service purchased Occupational Therapy Home Services Pty Ltd operations and net assets. The goodwill acquired represents the payment made in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is valued in the accounts at the cost of acquisition of \$80,000. Goodwill is reviewed annually for impairment, taking into account events or changes in circumstances which may indicate the carrying value may not be recoverable.

The review of Goodwill for impairment was based on the following key assumptions:

- A discount factor of 12.5% has been applied in determining the recoverable amounts of the business unit. The discount rate was estimated based on past experience and industry average weighted cost of capital.
- Cash flows were projected based on past experience, actual operating results and Management's estimates of the future profits of the business unit over the next 5 years.
- A growth rate of 10% was used, on the average profits generated by the business unit over the last 5 years, reflecting the varied trading results and conditions of the business unit. A review of the business unit with associated strategies to improve its financial performance is expected to conservatively achieve a 10% growth in the financial performance of the business unit. The goodwill would be impaired if the growth rate were to be below 8%.

	Consolidated		Association	
	2010	2010	2010	2009
	\$	\$	\$	\$
<b>10. Other Investments</b>				
<b>Investment in Subsidiaries</b>				
<b>Ownership</b>				
Your Life Health Pty Ltd	100%	-	10	-
Your Life Learning Pty Ltd	100%	-	1	-
		<u>-</u>	<u>11</u>	<u>-</u>

During the financial year, the Service established two subsidiaries named Your Life Health Pty Ltd and Your Life Learning Pty Ltd (the subsidiaries). The subsidiaries were established to promote the objectives of the Service beyond South Australia. They are wholly owned and operated by the Service. During the financial year, the Association purchased 10 ordinary shares in Your Life Health Pty Ltd to the value of \$10, and 1 ordinary share in Your Life Learning Pty Ltd to the value of \$1.

**11. Trade and Other Payables**

Trade Creditors and Accruals	1,813,579	1,804,713	1,888,187
RDNS Foundation of SA Inc.	1,687	-	61,806
GST Payable	27,833	27,833	8,241
	<u>1,843,099</u>	<u>1,832,546</u>	<u>1,958,234</u>

**12. Revenue Received in Advance**

Grant Funds	144,864	144,864	243,026
Other	98,219	98,219	69,767
	<u>243,083</u>	<u>243,083</u>	<u>312,793</u>

**13. Employee Entitlements**

	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
<b>Current</b>			
Long Service Leave	355,000	355,000	249,000
Annual Leave	2,050,853	2,050,853	2,140,636
	<u>2,405,853</u>	<u>2,405,853</u>	<u>2,389,636</u>
<b>Non Current</b>			
Long Service Leave	<u>1,964,381</u>	<u>1,964,381</u>	<u>1,938,905</u>
Number of Full Time Equivalent Employees at Year End	<u>415</u>	<u>414</u>	<u>401</u>

**14. Commitments**

Future non-cancellable operating lease rentals not otherwise provided for in the financial statements and payable:			
Not later than one year	830,618	830,618	342,917
Later than one year but not later than five years	967,944	967,944	924,939
Later than five years	-	-	-
	<u>1,798,562</u>	<u>1,798,562</u>	<u>1,267,856</u>

The commitments relate to leases for computer and communications equipment contracted for but not capitalised in the financial statements.

**15. Economic Dependency**

The Service is economically dependent upon the South Australian and Commonwealth Governments for funding for its care services and related operations.

During the financial year, the Service was notified that the Post Acute component of its contract with SA Health was going to be subject to a competitive tender, to which a response was submitted in June 2010. At the date of signing these accounts, the tender process is yet to be finalised.

**16. Financial Instruments**

The Consolidated entity and the Service's principal financial instruments comprise trade and other receivables, trade and other payables, cash and short term deposits. The main risks arising from these financial instruments are interest rate risk (market risk), liquidity risk and credit risk. Senior management, in conjunction with the Board, reviews and agrees policies for managing each of these risks.

**16.1 Interest Rate Risk**

The Consolidated entity and the Service do not engage in any significant transactions which are speculative in nature and exposure to interest rate risk is not significant.

At balance date, the Consolidated entity and the Service had the following financial assets exposed to variable interest rate risk:

Financial Assets			
Cash Assets	317,703	317,380	1,367,830
Total Financial Assets	<u>317,703</u>	<u>317,380</u>	<u>1,367,830</u>

The impact of a 1% change in interest rates would increase/(decrease) equity and operating surplus/(deficit) of the Consolidated entity and the Service by \$3,177 (2009: \$13,678).



16.2 Liquidity Risk

The Consolidated entity and the Service's objective is to maintain a balance between continuity of business funding and flexibility through the use of credit facilities and borrowings.

The Consolidated entity and the Service minimises liquidity risk by ensuring that it has sufficient cash and equivalents as well as access to the use of credit facilities including trade and other payables. The Consolidated entity and the Service manages cash on a daily basis by monitoring anticipated inflows and outflows and has in place a rigorous debt recovery process.

**Maturity Analysis of Financial Assets and Liabilities:**

	Total	0-30 Days	31-90 Days	+91 Days	1-5 Years
<b>2010</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	317,703	317,703	-	-	-
Trade and other receivables	2,718,169	2,511,342	127,746	46,784	32,297
	<u>3,035,872</u>	<u>2,829,045</u>	<u>127,746</u>	<u>46,784</u>	<u>32,297</u>
<b>Financial Liabilities</b>					
Trade and other payables	1,843,099	1,843,099	-	-	-
	<u>1,843,099</u>	<u>1,843,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Maturity</b>	<u>1,192,773</u>	<u>985,946</u>	<u>127,746</u>	<u>46,784</u>	<u>32,297</u>
<b>2009</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1,367,830	1,367,830	-	-	-
Trade and other receivables	1,983,000	1,696,386	215,091	29,474	42,049
	<u>3,350,830</u>	<u>3,064,216</u>	<u>215,091</u>	<u>29,474</u>	<u>42,049</u>
<b>Financial Liabilities</b>					
Trade and other payables	1,991,074	1,991,074	-	-	-
	<u>1,991,074</u>	<u>1,991,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Maturity</b>	<u>1,359,756</u>	<u>1,073,142</u>	<u>215,091</u>	<u>29,474</u>	<u>42,049</u>

16.3 Credit Risk

The Consolidated entity and the Service's maximum exposure to credit risk, is the carrying amount, of cash assets and trade and other receivables, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Consolidated entity and the Service does not have any material credit risk exposure to any single debtor or group of debtors. Trade and other receivable balances are monitored on an ongoing basis thus ensuring that the Consolidated entity and the Service exposure to impairment is minimised.

At balance date the aging analysis of trade and other receivables is as follows:

	Total	0-30 Days	31-60 Days	61-90 Days	+91 Days	+91 Days
			Past Due Not Impaired	Past Due Not Impaired	Past Due Not Impaired	Impaired
<b>2010</b>						
Trade receivables	721,902	515,075	82,020	45,726	37,645	41,436
The Foundation	485,653	485,653	-	-	-	-
Other receivables	1,552,050	1,552,050	-	-	-	-
Impairment	(41,436)	-	-	-	-	(41,436)
	<u>2,718,169</u>	<u>2,552,778</u>	<u>82,020</u>	<u>45,726</u>	<u>37,645</u>	<u>-</u>
<b>2009</b>						
Trade receivables	718,463	431,849	177,370	37,721	23,759	47,764
Other receivables	1,279,461	1,279,461	-	-	-	-
Impairment	(47,764)	-	-	-	-	(47,764)
	<u>1,950,160</u>	<u>1,711,310</u>	<u>177,370</u>	<u>37,721</u>	<u>23,759</u>	<u>-</u>

The provision for impairment is calculated by reviewing all individual outstanding debtor balance on a monthly basis. After all reasonable steps have been taken to determine the status of an outstanding debt, a determination is made as to whether the debt is impaired.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated 2010 \$	Association 2010 \$	2009 \$
Balance at 1 July	47,764	47,764	42,809
Impairment (gain)/loss recognised	(6,328)	(6,328)	4,955
Balance at 30 June	<u>41,436</u>	<u>41,436</u>	<u>47,764</u>

16.4 Financial Instruments Fair Value

The fair value of the Consolidated entity and the Service's financial assets measured at amortised cost approximates the carrying amount at balance date.



17. Auditors Remuneration	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
Audit of financial reports	22,000	22,000	16,000

The 2009 financial audit was undertaken by PKF.

**18. Related Party Disclosure**

18.1 Compensation received by key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Service, including members of the Service Board and senior management was as follows:

Short Term Benefits	2,332,410	2,279,650	1,710,313
Post Employment Benefits	197,889	193,141	141,435
Other Long Term Benefits	138,568	138,568	152,830
Termination Benefits	69,804	69,804	205,198
	<u>2,738,671</u>	<u>2,681,163</u>	<u>2,209,776</u>

18.2 The following were members of the Service Board during the reporting period:

Ms Anne Skipper, AM, Chair  
 Ms Alison Adair (until 22 September 2009)  
 Mr Stephen Connor  
 Mr Geoffrey J Doyle  
 Mr Dick Fidock, AO (until 22 September 2009)  
 Ms Terri Gibson  
 Ms Kathy Gramp  
 Mr Richard Hearn (until 22 September 2009)  
 Mr Robert Knowles (from 18 August 2009)

18.3 Certain members of the Service Board receive fees at a rate determined by the Board, in relation to their time and responsibilities. The remuneration for the years ended 30 June were as follows:

Number of Directors		Band
2010	2009	\$
3	4	0 -10,000
5	7	10,001-20,000
1	-	20,001-30,000

While membership of the Boards of the Service and the Foundation as at 30th June 2010 is comprised of the same members, all Board remuneration is paid by the Service only.

**19. Interest Bearing Loans To Related Parties**

While membership of the Boards of both the Service and the Royal District Nursing Service Foundation of SA Inc. (the Foundation) as at 30 June 2010 is comprised of the same members, the Foundation is a separate incorporated body and the Service is not a member of the Foundation, as a result, the financial results and position of the Foundation are not consolidated in the accounts of the Service.

The office premises at Wayville, Glenside and Beverley occupied by the Service are owned by the Foundation for which the Service pays a monthly rental based on a commercial assessment of the premises.

The Service's fleet of 179 vehicles was sold to the Foundation on 1 July 2001 for the written down value of \$2,553,217. This created a debt to the Service which has been indexed annually and is payable twelve months after demand for repayment has been served on the Foundation, or at other such time as may be agreed in writing between the Foundation and the Service. During the year this debt was increased by \$160,052 to \$3,565,408 using a compounded ABS Wage Cost Index of 4.7%. The \$160,052 increase in the value of the debt, was recognised as interest revenue in the Statement of Comprehensive Income.

**20. Segment Reporting**

The Service is a charitable organisation operating within the business and geographical segment of South Australia. During the financial year, Your Life Health Pty Ltd operated in Queensland.

**21. Association Details**

The principal place of business of the Association is:

Royal District Nursing Service of SA Inc.  
 44 Greenhill Road  
 Wayville SA 5034

**22. Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus/(Deficit)**

	Consolidated	Association	
	2010	2010	2009
	\$	\$	\$
Operating Surplus/(Deficit)	(138,713)	21,346	(346,329)
Depreciation/Amortisation	140,028	138,815	198,985
Change in Assets and Liabilities:			
Decrease/(Increase) in Receivables	(928,061)	(1,120,177)	(404,615)
Decrease/(Increase) in GST Receivable	32,840	32,840	102,599
Decrease/(Increase) in Other Current Assets	110,697	115,172	1,015,440
Increase/(Decrease) in Creditors and Accruals	(134,727)	(145,280)	452,114
Increase/(Decrease) in Revenue Received in Advance	(69,710)	(69,710)	(56,989)
Increase/(Decrease) in Employee Entitlements	41,693	41,693	525,053
Increase/(Decrease) in GST Payable	(13,248)	(13,248)	(70,263)
Net Cash Provided By / (Used In) Operating Activities	<u>(959,201)</u>	<u>(998,549)</u>	<u>1,415,995</u>


**ROYAL DISTRICT NURSING SERVICE OF SA INC.**
**STATEMENT BY THE BOARD OF DIRECTORS**

In the opinion of the Board of Directors of the Royal District Nursing Service of SA Inc. (the Service)

- the financial statements set out in pages 8 to 23 are drawn up so as to present fairly the results of the Service for the financial year ended 30 June 2010 and the state of affairs of the Service at 30 June 2010.
- at the date of this statement, there are reasonable grounds to believe that the Service will be able to pay its debts as and when they fall due.

In accordance with the requirements of Sections 35(5)(a) and 35(5)(b) of the Associations Incorporation Act 1985 as amended, the Royal District Nursing Service of SA Inc. Board of Directors reports that for the financial year ended 30 June 2010 that a company in which Board Member Mr Stephen Connor has a substantial financial interest in, received a financial payment of \$63,370 relating to the provision of property management and consulting services.

All other officers, being a director of the Royal District Nursing Service of SA Inc. Board of Directors or officer of the Royal District Nursing Service of SA Inc., or firm of which an officer is a member and no body corporate in which the officer has a substantial interest has received, or become entitled to receive, any payment or other benefit other than the following:

- remuneration as an employee of the Service.
- remuneration as a director of the Service, as disclosed in the notes to the financial statements for the year ended 30 June 2010.

Dated at Adelaide this 28th day of September 2010.

Signed in accordance with the resolution of the Royal District Nursing Service of SA Inc. Board of Directors.

**ANNE SKIPPER**  
DIRECTOR

**GEOFFREY J DOYLE**  
DIRECTOR

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE ROYAL DISTRICT NURSING SERVICE OF SA INC.**
**Scope**

We have audited the accompanying financial report of Royal District Nursing Service of SA Inc. ("the Association"), which comprises the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement in accordance with a resolution of the Board of Directors of the Group comprising the Association and the entities it controlled at the year's end or from time to time during the financial year.

**Director's responsibility for the financial report**

The directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1985*, as amended. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

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 Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Association, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Associations Incorporation Act 1985*, as amended, Australian Accounting Standards (including the Australia Accounting Interpretations), a view which is consistent with our understanding of the Association's and the Group's financial position, and of their performance.

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

**Auditor's Opinion**

In our opinion, the financial report of the Royal District Nursing Service of SA Inc. is properly drawn up so as to present fairly in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1985*, as amended, the financial position of the Association and the Group as at 30 June 2010 and of their financial performance and their cash flows for the year then ended.

KPMG

Darren Ball  
Partner  
Adelaide

28th September 2010



