

**ALZHEIMER'S AUSTRALIA NSW**

**ABN 27 109 607 472**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED  
30 JUNE 2011**

## DIRECTORS' REPORT

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The Directors present this report on the entity for the financial year ended 30 June 2011.

### **Directors**

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

The Hon. Professor Peter Erne Baume AC  
Mr Alistair Garrard Bell  
Ms Lucille Barbara Bloch  
Professor Maree Gleeson OAM  
Mr Barry James Groundwater  
Mr Ian Watts Horton  
Ms Gabrielle Kibble AO (appointed 29 July 2010)  
Mr John Gerard Morrison  
Mr Nicholas Kevin Francis O'Neill  
Ms Catharine Josephine Retter  
Ms Eesvarathevi (Eesa) Witt  
Dr Theam Hock (Robert) Yeoh AM

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

### **Company Secretary**

The following person held the position of Company Secretary during the financial year:

The Hon. John Arthur Watkins – MA, L.L.B., Dip Ed. Mr Watkins was appointed as Chief Executive Officer and Company Secretary on 20 October 2008.

### **Principal Activities**

The principal activity of the entity during the financial year was:

To provide services to Australians living with dementia through the provision of support, education, awareness and advocacy programs.

No significant changes in the nature of the entity's activity occurred during the financial year.

### **Operating Results**

The net surplus of the entity for the financial year amounted to \$158,177 (2010: \$3,476,341).

### **Dividends Paid or Recommended**

The entity is not permitted to pay dividends in accordance with its Constitution.

**DIRECTORS' REPORT**

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**Review of Operations**

The surplus for the financial year was a significant reduction from the surplus in the previous financial year. The main contributing factors to this result were:

- (a) bequest income of \$374,066, a decrease of \$3,445,224;
- (b) State/Federal and non-government grants amounted to \$4,967,029, compared to \$4,362,574 received in the previous year;
- (c) capital grants from both government and non-government sources amounted to \$48,678, compared to \$215,471 in the previous year, and
- (d) net losses on sale of investments of \$489,826 compared to \$82,473 in the previous year.

State and Federal Government grants received increased by 13.7% to \$4,712,338. The percentage of government grants to total revenue, excluding bequests and loss on sale of investments, of 64.9% compares to 66.4% for 2009/2010 and 63.7% for 2008/2009. The increase in grant revenue reflected the awarding of new recurrent grants and non-recurrent grants during the financial year.

**Objectives**

The company has a three year strategic planning cycle. The strategic plan for the years 2012 to 2015 is currently being reviewed.

The current strategic plan sets 5 goals:

- To ensure better quality dementia support
- To improve advocacy and empower consumers
- To increase dementia awareness and understanding of dementia
- To identify effective strategies to prevent and delay the onset of dementia, and
- To be a sustainable organisation.

**Strategy for achieving the objective and performance measure**

Each of these goals has a specific set of actions identified to achieve the goal. A report on progress against each action is presented to the Board each quarter.

The company is required to report regularly to funding bodies on progress against contractual work plans, and financial outcomes. The Board also receives monthly financial reports against agreed budgets and quarterly reports from departmental managers on activities.

The education programs offered by the company are offered to professionals in the aged care industry and also to family carers with the aim of improving the care and support to people living with dementia.

The conduct of regular Consumer Reference Committees across NSW, social research into the issues confronting people living with dementia, and the engagement of parliamentarians through the Parliamentary Friends of Dementia meetings are all methods of empowering consumers and advocating for more support and services.

**DIRECTORS' REPORT**

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The role of media, marketing and public relations is to increase recognition of the role of the company in the care of people living with dementia and the nature and scale of the condition. The effectiveness of these activities is evaluated by reference to a media monitoring service and market research.

The Mind Your Mind program is a community education program that teaches dementia risk reduction. This program is regularly presented to community groups and clubs, and leaflets are available to the public from the two Memory Vans that visit metropolitan and regional community venues.

In terms of sustainability, the key issues identified were diversification of income, quality accreditation and strong financial management. In the past year the company has achieved quality accreditation through QMS. Also the structure and strategy of the fundraising department has been reviewed and a new direction established and is currently being implemented. Financial issues are regularly reported through the Investment Advisory Committee, the Audit and Risk Committee and the Board of Directors.

**Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the entity that occurred during the financial year.

**Events Subsequent to Reporting Date**

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

**Future Developments**

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

**Environmental Issues**

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

**Options**

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

DIRECTORS' REPORT

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**Information on Directors**

**The Hon. Professor Peter Erne  
Baume AC**

Chairman (non-executive)

Qualifications

MB, BS, MD, Hon DUniv (ANU), Hon LittD (USQ), FRACP, HON FRACGP, FAFPHM

Experience

Emeritus Professor, physician at Royal North Shore Hospital, Senator for NSW, Government Whip, Minister for Aboriginal Affairs, Minister for Health, Minister for Education, Professor of Community Medicine at the University of NSW, Chancellor of the Australian National University, Director Sydney Water Corporation, Chair of Kolling Institute of Medical Research, Past Governor Foundation for Development Cooperation, Past Chair Family Drug Support, Past Chair of the Australian Sports Drug Foundation.

**Mr Alistair Garrard Bell**

Director

Qualifications

B.Ec (Sydney), MAICD

Experience

Senior commercial and financial executive with broad-based experience in fiscal and operational management of international businesses operating in a variety of markets.

Special Responsibilities

Mr Bell is Chair of the Building Committee and a member of the Investment Advisory Committee and the Audit and Risk Committee.

**Ms Lucille Barbara Bloch**

Director

Qualifications

Completed 3 years of medicine at a University in South Africa

Experience

Executive Member on the Management Committee of a newly established retirement home with a frail care unit. Treasurer of ESRA, which provides help to new immigrants. Primary carer of her husband, Keith, who had Fronto-Temporal Dementia and Parkinson's disease.

Special Responsibilities

AlzNSW representative on the National Consumers Committee of Alzheimer's Australia, member of the Sydney-based Consumer Reference Standing Committee, and facilitates a monthly Carers' Support Group.

DIRECTORS' REPORT

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<b>Professor Maree Gleeson OAM</b>	Director
Qualifications	BSc (Sydney), PhD (Newcastle), FAICD
Experience	Medical Researcher in Immunology in the Faculty of Health at University of Newcastle, Executive Director of the Hunter Medical Research Institute, Newcastle, previously Inaugural Director of Medical Research in the NSW Ministry for Science and Medical Research and Director of Immunology for the Hunter Area Pathology Service of Hunter New England Health. Director of Research Australia. Director on Board of Central Coast Local Health District.
<b>Mr Barry James Groundwater</b>	Director
Qualifications	5 year Engineering Trade Certificate 4 year Mechanical Engineering Certificate 4 year Management Certificate.
Experience	Worked for Southern Cross Care (NSW & ACT) Inc for 19 years until he retired in February 2007. During this time held roles including Regional Manager and Manager of Cardinal Gilroy Village, Merrylands
Special Responsibilities	Mr Groundwater is a member of the Investment Advisory Committee and the Audit and Risk Committee.
<b>Mr Ian Watts Horton</b>	Director
Qualifications	BComm (UNSW), FAICD, FCIS
Experience	From 1975 to 1998 occupied various senior positions within the investment management industry. Member of the Board of IFSA in 1998, Chair of IFSA's and also Member of AICD's Corporate Governance Committees from 1994 to 1997. Chair of the Apostle Asset Management Compliance Committee since 2008. Member of the Sydney Medical School Foundation and Chair of the Microsearch Foundation from 2011.
Special Responsibilities	Mr Horton is Chair of the Investment Advisory Committee and is a member of the Audit and Risk Committee.

DIRECTORS' REPORT

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<b>Ms Gabrielle Kibble AO</b>	Director
Qualifications	BA, Diploma of Town and Country Planning, FPIA, Hon.DSc (UNSW), Hon. DLitt (UWS)
Experience	Chair of NSW Heritage Council, Chair of the NSW Planning Assessment Commission, Chair of the Joint Regional Planning Panel for Western NSW. Ms Kibble has extensive experience in the public sector as CEO of the Department of Urban Affairs and Planning from 1987 to 1997, and Director General of the NSW Department of Housing. In the past, Ms Kibble has also been an Administrator of the Wollongong City Council and the Liverpool City Council, as well as a Director of the Sydney Olympic Park Authority, Chair of Sydney Water and Trustee and Deputy Chancellor of the University of Western Sydney. In 1997 Ms Kibble was awarded the Sidney Luker Memorial medal of the Royal Australian Planning Institute.
<b>Mr John Gerard Morrison</b>	Director
Qualifications	B Comm, CPA, FAICD, FTIA, FAICS
Experience	Honorary Treasurer June 2003 to July 2006. Consultant and practitioner in finance, secretarial practice, corporate governance and risk management.
Special Responsibilities	Mr Morrison is a member of the Investment Advisory Committee, Chair of the Audit and Risk Committee and a Director of Alzheimer's Australia Research.
<b>Mr Nicholas Kevin Francis O'Neill</b>	Director
Qualifications	LLB (Melbourne), LLM (London)
Experience	In 1989 became the first Deputy President of the Guardianship Tribunal of NSW and was President from 1994 to 2004. Inaugural Convenor of the NSW Chapter of the Council of Australasian Tribunals in 2003 – 2004. Principal author of <i>Retreat from Injustice: Human Rights in Australian Law</i> , the second edition of which was published in 2004. Professorial Visiting Fellow in the Faculty of Law at UNSW since 2004. Joint author with Associate Professor Carmelle Peisah of the ebook <i>Capacity and the Law</i> (2011) available on <a href="http://www.austlii.edu.au">www.austlii.edu.au</a> . Chair of the Nursing and Midwifery Tribunal since 2005 and from 2009 Deputy Chair of the Pharmacy Tribunal.

**ALZHEIMER'S AUSTRALIA NSW**  
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**DIRECTORS' REPORT**

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Special Responsibilities	Mr O'Neill is a member of the Remunerations Committee and the Policy sub-committee.
<b>Ms Catharine Josephine Retter</b>	Director
Qualifications	BA, MA, Grad Dip Editing and Publishing
Experience	Member of the NSW Government Carers Advisory Council, member of the Consumer Dementia Research Network, past chairperson of Austcare refugee week, committee member of Australians for UNHCR. Background in marketing, management and writing, and for the past decade in book publishing and distribution.
Special Responsibilities	Ms Retter is chair of the Strategic Planning Committee.
<b>Ms Eesvarathevi (Eesa) Witt</b>	Director
Qualifications	RN, Grad Dip Aged Care, MN
Experience	Board member since November 2006. Ms Witt has extensive practical nursing experience in caring for and managing patients with acute confusion, dementia and challenging behaviours.
<b>Dr Theam (Robert) Yeoh AM</b>	Director
Qualifications	MB, BS
Experience	Dr Yeoh is a General Practitioner who has a special interest in dementia and has been a Board member since 1994, holding positions as Vice President (1996 - 1998), President (1998 – 2000) and National President of Alzheimer's Australia from 2000 to 2005.
Special Responsibilities	Dr Yeoh represents the entity on the Aged Care Standards and Accreditation Agency NSW Liaison Committee, Dementia Assessment Instruments National Expert Reference Group, and is a member of the Chinese Liaison Committee and the Policy sub-Committee.



DIRECTORS' REPORT

**Meetings of Directors**

	<b>Directors' Meetings</b>	
	<b>No. eligible to attend</b>	<b>Number attended</b>
The Hon. Prof Peter Erne Baume AC	10	10
Mr Alistair Garrard Bell	10	8
Ms Lucille Barbara Bloch	10	10
Professor Maree Gleeson OAM	10	7
Mr Barry James Groundwater	10	7
Mr Ian Watts Horton	10	9
Ms Gabrielle Kibble AO	10	6
Mr John Gerard Morrison	10	9
Mr Nicholas Kevin Francis O'Neill	10	9
Ms Catharine Josephine Retter	10	9
Ms Eesvarathevi (Eesa) Witt	10	8
Dr Theam Hock (Robert) Yeoh AM	10	6

**Meetings of Board Sub-committees**

	<b>Investment Advisory Committee</b>	
	<b>No. eligible to attend</b>	<b>Number attended</b>
The Hon. Prof Peter Erne Baume AC	4	3
Mr Alistair Garrard Bell	4	3
Mr Phillip Cormack	4	4
Mr Barry James Groundwater	4	3
Mr Ian Watts Horton	4	4
Mr John Gerard Morrison	4	2

	<b>Audit and Risk Committee</b>	
	<b>No. eligible to attend</b>	<b>Number attended</b>
The Hon. Prof Peter Erne Baume AC	3	3
Mr Alistair Garrard Bell	3	3
Mr Barry James Groundwater	3	2
Mr Ian Watts Horton	3	2
Mr John Gerard Morrison	3	2

**DIRECTORS' REPORT**

**Indemnifying Officers or Auditor**

Other than detailed below no indemnities have been given by the entity, during or since the end of financial year, for any person who is or has been an officer or auditor of the entity.

The entity has paid premiums to insure all directors and officers against loss arising from any claim made against them jointly or severally by reason of any wrongful act committed or alleged to have been committed in their capacity as a director or officer of the Company. No such premiums have been paid in respect of the auditors.

**Proceedings on Behalf of the Entity**

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

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

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

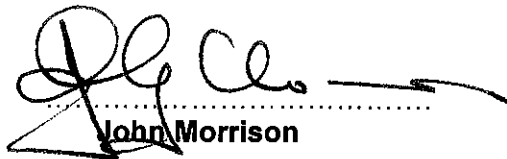
Signed in accordance with a resolution of the Board of Directors:

Director



.....  
**The Hon. Prof Peter Baume AC**

Director



.....  
**John Morrison**

Dated at North Ryde this 20th day of September 2011



Chartered Accountants  
& Business Advisers

**Auditor's independence declaration under Section 307C of the Corporations Act 2001**

**To:** the Directors of Alzheimer's Australia NSW

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

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

John Bresolin  
Partner

PKF Sydney  
27 September 2011

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**ALZHEIMER'S AUSTRALIA NSW**  
**ABN 27 109 607 472**

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

	Note	2011 \$	2010 \$
Revenue from ordinary activities	2	7,143,527	9,977,641
Employee benefits expense		(4,972,931)	(4,353,149)
Depreciation and amortisation	3	(327,216)	(310,504)
Partnership payments		(33,007)	(60,395)
Property expenses		(422,510)	(614,334)
Borrowing expenses		(316)	(6,283)
Administrative expenses		(357,798)	(327,339)
Special event expenses		(78,438)	(53,799)
Information technology expenses		(120,940)	(52,327)
Direct program expenses		(471,414)	(436,532)
Other expenses		(614,880)	(404,438)
Impairment of investments write-back upon sale		414,100	117,800
Surplus before income tax expense		158,177	3,476,341
Income tax expense	1(k)	-	-
Net surplus after income tax		158,177	3,476,341
Other comprehensive income for the year		22,665	(32,971)
Total comprehensive income attributable to members of the entity		<u>180,842</u>	<u>3,443,370</u>

The accompanying notes form part of these financial statements

**ALZHEIMER'S AUSTRALIA NSW**  
**ABN 27 109 607 472**

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

	Note	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,936,753	2,498,029
Trade and other receivables	5	240,701	158,956
Financial assets	7	6,390,930	4,999,208
Other current assets	6	<u>148,848</u>	<u>140,490</u>
<b>TOTAL CURRENT ASSETS</b>		<u>9,717,232</u>	<u>7,796,683</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	918,357	406,156
Property, plant and equipment	8	<u>3,381,215</u>	<u>3,610,805</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,299,572</u>	<u>4,016,961</u>
<b>TOTAL ASSETS</b>		<u>14,016,804</u>	<u>11,813,644</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	3,237,620	1,459,681
Short-term provisions	10	<u>462,797</u>	<u>375,195</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,700,417</u>	<u>1,834,876</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	774,875	611,095
Long-term provisions	10	<u>22,053</u>	<u>29,056</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>796,928</u>	<u>640,151</u>
<b>TOTAL LIABILITIES</b>		<u>4,497,345</u>	<u>2,475,027</u>
<b>NET ASSETS</b>		<u>9,519,459</u>	<u>9,338,617</u>
<b>MEMBERS' FUNDS</b>			
Investment revaluation reserve		(219,823)	(242,488)
Asset revaluation reserve		40,155	40,155
Accumulated surplus		<u>9,699,127</u>	<u>9,540,950</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>9,519,459</u>	<u>9,338,617</u>

The accompanying notes form part of these financial statements

**ALZHEIMER'S AUSTRALIA NSW**  
**ABN 27 109 607 472**

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

	2011	2010
	\$	\$
<b>Investment Revaluation Reserve</b>		
Balance at the beginning of the financial year	(242,488)	(209,517)
Reversal of impairment of financial assets upon disposal	(414,100)	(117,800)
Revaluation increments	<u>436,765</u>	<u>84,829</u>
Balance at the end of the financial year	<u><u>(219,823)</u></u>	<u><u>(242,488)</u></u>
<b>Asset Revaluation Reserve</b>		
Balance at the beginning of the financial year	<u>40,155</u>	<u>40,155</u>
Balance at the end of the financial year	<u><u>40,155</u></u>	<u><u>40,155</u></u>
<b>Accumulated Surplus</b>		
Retained surplus at the beginning of the financial year	9,540,950	6,064,609
Net surplus for the year attributable to members	<u>158,177</u>	<u>3,476,341</u>
Retained Surplus at the end of the financial year	<u><u>9,699,127</u></u>	<u><u>9,540,950</u></u>
<b>Total Members' Funds</b>		
Balance at the beginning of the financial year	9,338,617	5,895,247
Total comprehensive income for the year attributable to members	<u>180,842</u>	<u>3,443,370</u>
Balance at the end of the financial year	<u><u>9,519,459</u></u>	<u><u>9,338,617</u></u>

The accompanying notes form part of these financial statements

**ALZHEIMER'S AUSTRALIA NSW**  
**ABN 27 109 607 472**

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

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Government and other grants received		7,348,975	5,722,595
Other receipts		1,254,391	1,221,843
Dividends received		329,965	92,851
Interest received		301,521	101,168
Borrowing costs		(316)	(6,283)
Payments to suppliers and employees		<u>(7,103,766)</u>	<u>(6,574,923)</u>
<b>Net cash generated from operating activities</b>	11	<u>2,130,770</u>	<u>557,251</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(113,348)	(636,197)
Proceeds from sale of property, plant and equipment		4,219	3,736
Proceeds from sale of investments		2,368,938	712,590
Payments for investments		<u>(4,325,921)</u>	<u>(1,220,062)</u>
<b>Net cash used in investing activities</b>		<u>(2,066,112)</u>	<u>(1,139,933)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Bequests received, excluding equities in specie		<u>374,066</u>	<u>821,854</u>
<b>Net cash generated by financing activities</b>		<u>374,066</u>	<u>821,854</u>
Net increase in cash held		438,724	239,172
Cash at the beginning of the financial year		<u>2,498,029</u>	<u>2,258,857</u>
<b>Cash at the end of the financial year</b>	4	<u><u>2,936,753</u></u>	<u><u>2,498,029</u></u>

The accompanying notes form part of these financial statements

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), the requirements of the *Corporations Act 2001* and the *Charitable Fundraising Act 1991*.

The financial statements are for Alzheimer's Australia NSW as an individual entity, incorporated and domiciled in Australia. Alzheimer's Australia NSW is a company limited by guarantee.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

**Basis of Preparation**

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian Dollars, which is the company's functional and presentation currency.

**Accounting Policies**

**(a) Revenue**

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

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

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

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the statement of financial position.

Interest revenue and distribution income from investments is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets.

Dividends and distributions are brought to account at the time entitlement is established.

Other revenue is recognised when it is received or when the right to receive payment has been established.

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

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

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, accumulated depreciation and impairment losses.

**Property**

The carrying amount of freehold land and buildings is reviewed annually by the entity to ensure that it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed each year based on an independent valuation undertaken every 3 to 4 years.



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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Property, Plant and Equipment (Continued)**

**Property (continued)**

The building on leasehold land was revalued at 1 July 2007 by an independent valuer. The basis of the end-use valuation, being a purpose built specialised facility, was assessed as its written down current cost (depreciated replacement cost). The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying amount of the asset with the net amount restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

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

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, are depreciated on a straight-line basis, with the exception of motor vehicles, over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates and methods used for each class of depreciable asset are:

<b>Class of Fixed Asset</b>	<b>Depreciation/ Amortisation Rate</b>	<b>Depreciation Basis</b>
Buildings	2% - 2.73%	Straight line
Refurbishment on leasehold land	10 - 27%	Straight line
Leasehold land	2%	Straight line
Leasehold improvements	20% - 33%	Straight line
Furniture and equipment	13 -100%	Straight line
Motor vehicles	22.5%	Diminishing value

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Leases**

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 and amortised on a straight-line basis over the life of the lease term.

**(d) Financial Instruments**

***Recognition and initial measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the statement of comprehensive income immediately. Financial instruments are classified and measured as set out below.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

***Classification and subsequent measurement***

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

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short term profit making, derivatives not held for hedging purposes, or designated as such on initial recognition to eliminate or significantly reduce an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

***(ii) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Receivables are generally settled from customers within 30 days and are carried at amounts due.

Other debtors to be settled within 30 days are carried at amounts due.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are carried at fair value.

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Financial Instruments (Continued)**

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any other category. After initial recognition fair value movements are recognised directly in the share revaluation reserve. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Cumulative unrealised gains or losses previously reported in the share revaluation reserve is recognised in the statement of comprehensive income when the asset is derecognised or impaired.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Trade accounts payable are normally settled within 30 days.

**Fair value**

Investments in both listed companies and managed funds are carried at their fair value, which has been determined based on current bid prices for quoted investments. Unrealised increments or non-impaired decrements are held in the investment revaluation reserve.

Fixed interest securities are carried at cost.

**Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial asset or group of financial assets has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value below cost of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

**(e) Impairment of assets**

Under AASB 136 at each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**(f) Employee Benefits**

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the net present value.

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Employee Benefits (Continued)**

A change in accounting policy occurred during the 2009/2010 financial year in taking-up a pro-rata provision for long service leave for those employees who will have completed five years service by 30 June 2011.

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

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks or financial institutions, other short-term highly liquid investments in money market instruments with original maturities of three months or less.

**(h) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

**(i) Unexpended Grants and Monies in Advance**

The entity receives grant monies, either from government or private funding, to fund projects either for contracted periods of time or for specific projects, irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grant monies as unexpended grants in the statement of financial position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

**(j) Contributions**

Alzheimer's Australia NSW receives non-reciprocal contributions from the government and other parties for no or nominal value. These contributions are recognised at cost on the date of acquisition and acknowledged as Gifts in Kind or Free Use of Venue in the Annual Report.

**(k) Income Tax**

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

**(l) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(m) New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) New, revised or amending Accounting Standards and Interpretations adopted (continued)**

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

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the company.

**(n) Australian Accounting Standards and Interpretations issued not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2011. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

*AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9.*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase 1 of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 "Financial Instruments: Recognition and Measurement"). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit and loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any "recycling" of gains or losses through profit and loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the company.

**(o) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(p) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

*Key estimates - Impairment:*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Critical Accounting Estimates and Judgments (continued)**

*Key judgments:*

*Provision for impairment:*

After review of all receivables and investments it was assessed that no provision was required to be made at 30 June 2011.

*Non-current Deferred Income*

Classification of deferred revenue as non-current is determined by management on a project by project basis, taking into account spend to date and estimated time to completion. As at 30 June 2011, \$774,875 (2010: \$611,095) was classified as non-current.

**(q) Economic Dependence**

Alzheimer's Australia NSW provides services which are put to tender by the Australian Department of Health and Ageing and the New South Wales Department of Human Services Ageing, Disability & Home Care for the majority of its revenue used to operate the business, and to that extent it is dependent for its revenue on the Australian and State Government. At the date of this report the Board of Directors has no reason to believe either Department will not continue to support Alzheimer's Australia NSW.

Other revenue is derived from investment income, course fee income, subscriptions, donations and bequests.

**(r) Operating Segments**

The entity is domiciled in Australia and operates only in Australia. The principal activity of the entity is the provision of support and advocacy to Australians living with dementia.

The financial report was authorised for issue on 20 September 2011 by the Board of Directors.

	2011	2010
	\$	\$

**NOTE 2: REVENUE**

**Operating activities**

- State/Federal government grants	4,712,338	4,143,627
- Non-government grants	254,691	218,947
- State/Federal capital grants	35,358	74,556
- Non-government capital grants	13,320	140,915
- Donations, appeals and corporate sponsorship	1,132,510	876,451
- Special events - fundraising	69,518	63,829
- In Memoriam	89,160	100,627
- Membership fees	60,444	62,898
- Sales of goods	42,963	47,986
- Consultation and course fee income	150,856	199,322
- Rental income	20,139	69,548
- Other revenue	42,500	45,899
	6,623,797	6,044,605

**Non-operating activities**

- Bequests	374,066	3,819,290
- Interest received	301,521	101,168
- Dividends/Distributions received	329,965	92,851
- Gain on disposal of non-current assets	4,004	2,200
- Loss on sale of investments	(489,826)	(82,473)
	519,730	3,933,036
<b>Total Revenue</b>	<b>7,143,527</b>	<b>9,977,641</b>

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

	2011	2010
	\$	\$
<b>NOTE 3 : SURPLUS/(DEFICIT) FOR THE YEAR</b>		
<b>Expenses</b>		
- Depreciation and Amortisation:		
Buildings	135,520	136,936
Deferred Lease Charges	5,923	5,923
Leasehold Improvements	99,223	83,729
Furniture and equipment	57,028	59,905
Motor vehicles	29,522	24,011
	<u>327,216</u>	<u>310,504</u>
- Amounts set aside as a provision for employee entitlements	80,599	78,848
- Rental expense	285,523	435,433

**NOTE 4: CASH AND CASH EQUIVALENTS**

**CURRENT**

Cash on hand	3,550	3,100
Cash at bank	114,744	609,302
At call accounts	2,315,773	1,226,848
Cash management accounts	234,501	116,478
	<u>2,668,568</u>	<u>1,955,728</u>
Term deposits - at fair value	268,185	542,301
	<u>2,936,753</u>	<u>2,498,029</u>

Cash at bank has an average interest rate of Nil% (2010: Nil%).

The at call accounts have an average interest rate of 4.41% (2010: 3.46%)

The cash management accounts have an average interest rate of 4.31% (2010: 2.59%)

Term deposits have an average maturity of 2 August 2011 (2010: 26 July 2010) and have an average interest rate of 5.69% (2010: 4.48%). Fair value includes accrued interest at 30 June 2011.

**NOTE 5: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	107,355	73,780
Other receivables	133,346	85,176
	<u>240,701</u>	<u>158,956</u>

Receivables are non-interest bearing and are unsecured, with payment terms of normally within 30 days of date of invoice. As at year end, the amount of receivables past due date but not impaired is immaterial.

**NOTE 6: OTHER CURRENT ASSETS**

Prepayments	<u>148,848</u>	<u>140,490</u>
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7: FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Investments in listed corporations - at fair value	3,166,985	4,284,865
Monthly income fund - at fair value	49,803	-
Term deposits - at fair value	3,109,799	650,000
Fixed term securities - at cost	<u>64,343</u>	<u>64,343</u>
	<u><u>6,390,930</u></u>	<u><u>4,999,208</u></u>
Term deposits have an average maturity date of 16 October 2011 and have a weighted average interest rate of 6.11%.		
Fixed term securities have an average maturity date of 25 July 2011 (2010: 5 September 2010) and have a weighted average interest rate of 5.18% (2010: 5.30%).		
<b>NON-CURRENT</b>		
State government treasury bonds - at fair value	401,488	406,156
Term deposits - at fair value	<u>516,869</u>	<u>-</u>
	<u><u>918,357</u></u>	<u><u>406,156</u></u>
Treasury bonds mature in October 2012 (non-current) and an average interest rate of 6.25% (2010: 6.25%)		
Term deposits have an average maturity date of 21 December 2012 and an average interest rate of 6.55%. Fair value includes accrued interest at 30 June 2011.		
The company has potential exposure to a bank guarantee that has been issued to a third party in respect to a rental operating lease. The guarantee is held as a security deposit with a bank \$64,343 (2010: \$64,343).		
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Land and Buildings</i>		
Freehold land - at fair value	<u>440,000</u>	<u>440,000</u>
Leasehold land - at cost	296,167	296,167
Less: accumulated amortisation	<u>(97,793)</u>	<u>(91,870)</u>
	<u>198,374</u>	<u>204,297</u>
Total Land	<u><u>638,374</u></u>	<u><u>644,297</u></u>
Buildings:		
On Freehold land - at fair value	726,951	726,143
Less: accumulated depreciation	<u>(88,668)</u>	<u>(59,472)</u>
	<u>638,283</u>	<u>666,671</u>
On Leasehold land - at fair value	1,905,000	1,905,000
Less: accumulated depreciation	<u>(435,991)</u>	<u>(329,667)</u>
	<u>1,469,009</u>	<u>1,575,333</u>
Total Buildings	<u><u>2,107,292</u></u>	<u><u>2,242,004</u></u>
<i>Total Land and Buildings</i>	<u><u>2,745,666</u></u>	<u><u>2,886,301</u></u>
Leasehold improvements - at cost	486,805	453,233
Less: accumulated amortisation	<u>(131,830)</u>	<u>(39,464)</u>
	<u>354,975</u>	<u>413,769</u>



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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
Furniture and equipment - at cost	919,705	930,355
Less: accumulated depreciation	<u>(743,305)</u>	<u>(738,046)</u>
	<u>176,400</u>	<u>192,309</u>
Motor vehicles - at cost	378,863	363,593
Less: accumulated depreciation	<u>(274,689)</u>	<u>(245,167)</u>
	<u>104,174</u>	<u>118,426</u>
<i>Total property, plant and equipment</i>	<u><u>3,381,215</u></u>	<u><u>3,610,805</u></u>
<b>Reconciliation of movements in carrying amounts of property, plant and equipment</b>		
<b>Land and Buildings</b>		
Freehold land		
Carrying amount at beginning of the year	<u>440,000</u>	<u>440,000</u>
Carrying amount at end of the year	<u>440,000</u>	<u>440,000</u>
Leasehold land		
Carrying amount at beginning of the year	204,297	210,220
Amortisation expense	<u>(5,923)</u>	<u>(5,923)</u>
Carrying amount at end of the year	<u>198,374</u>	<u>204,297</u>
Total Land	<u><u>638,374</u></u>	<u><u>644,297</u></u>
Buildings on freehold land		
Carrying amount at beginning of the year	666,671	666,024
Additions at cost	808	27,694
Depreciation expense	<u>(29,196)</u>	<u>(27,047)</u>
Carrying amount at end of the year	<u>638,283</u>	<u>666,671</u>
Buildings on leasehold land		
Carrying amount at beginning of the year	1,575,333	1,685,222
Depreciation expense	<u>(106,324)</u>	<u>(109,889)</u>
Carrying amount at end of the year - at fair value	<u>1,469,009</u>	<u>1,575,333</u>
Total Buildings	<u><u>2,107,292</u></u>	<u><u>2,242,004</u></u>
Total land and buildings	<u><u>2,745,666</u></u>	<u><u>2,886,301</u></u>
<b>Leasehold Improvements</b>		
Carrying amount at beginning of the year	413,769	54,085
Additions at cost	40,429	443,413
Write-back of accumulated amortisation	(6,857)	(53,675)
Amortisation expense	<u>(92,366)</u>	<u>(30,054)</u>
Carrying amount at end of the year	<u><u>354,975</u></u>	<u><u>413,769</u></u>
<b>Furniture and equipment</b>		
Carrying amount at beginning of the year	192,309	122,855
Additions at cost	41,335	129,359
Disposals	(216)	-
Depreciation expense	<u>(57,028)</u>	<u>(59,905)</u>
Carrying amount at end of the year	<u><u>176,400</u></u>	<u><u>192,309</u></u>

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

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Reconciliation of movements in carrying amounts of property, plant and equipment (Continued)</b>		
<b>Motor vehicles</b>		
Carrying amount at beginning of the year	118,426	108,242
Additions at cost	15,270	35,730
Disposals	-	(1,536)
Depreciation expense	<u>(29,522)</u>	<u>(24,010)</u>
Carrying amount at end of the year	<u><u>104,174</u></u>	<u><u>118,426</u></u>

The entity's leasehold land and buildings was revalued at 1 July 2007 by independent valuers. The valuation was made on the basis of open market value. The revaluation surplus was credited to the asset revaluation reserve in members' funds.

**NOTE 9: TRADE AND OTHER PAYABLES**

**CURRENT**

Trade payables	43,218	47,734
Sundry payables and accruals	592,106	342,276
Deferred income - Grants and monies in advance	<u>2,602,296</u>	<u>1,069,671</u>
	<u><u>3,237,620</u></u>	<u><u>1,459,681</u></u>

**NON-CURRENT**

Deferred income - Grants and monies in advance	<u>774,875</u>	<u>611,095</u>
	<u><u>774,875</u></u>	<u><u>611,095</u></u>

Trade payables are unsecured, and are usually settled within the terms of the payment offered, which is normally within 30 days of date of invoice. No interest is applicable on these accounts.

**NOTE 10: PROVISIONS**

**Reconciliation of movements in carrying amounts of provisions**

	Current	Non-Current	Total
	\$	\$	\$
Opening balance at beginning of the year	375,195	29,056	404,251
Additional provisions raised during the year	415,363	(7,003)	408,360
Amounts used	<u>(327,761)</u>	<u>-</u>	<u>(327,761)</u>
Closing balance at end of the year	<u><u>462,797</u></u>	<u><u>22,053</u></u>	<u><u>484,850</u></u>
		<b>No.</b>	<b>No.</b>
Number of employees at year end		<u><u>87</u></u>	<u><u>78</u></u>

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

**NOTE 10: PROVISIONS (Continued)**

**Provision for Long-Term Employee Benefits**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. Due to a change in the Workplace Agreement all employees are entitled to be paid their entitlement to long service leave pro-rata after the completion of five years service, following which the provision for long service leave is now deemed to be a current liability for those employees. The measurement and recognition criteria relating to employee benefits have been included in note 1 to this report.

	2011	2010
	\$	\$

**NOTE 11: CASH FLOW INFORMATION**

**Reconciliation of Cashflow from Operations with Surplus after Income Tax**

Surplus from ordinary activities	158,177	3,476,340
Non-cash flows:		
Depreciation and amortisation	321,293	304,581
Deferred lease payments	5,923	5,923
Gain on disposal of fixed assets	(4,004)	(2,200)
Reversal of investment impairment	(414,100)	(117,800)
Loss on realisation of investments	489,826	82,473
Items classified as financing activities:		
Bequests received	(374,066)	(3,819,290)
Change in assets and liabilities:		
(Increase) in receivables	(81,745)	(25,490)
(Increase) in prepayments	(8,359)	(39,591)
Increase/(Decrease) in trade and other payables	260,821	(17,320)
Increase in employee provisions	80,599	78,848
Increase in unearned income	1,696,405	630,777
<b>Cash flows provided by operating activities</b>	<b>2,130,770</b>	<b>557,251</b>

**NOTE 12: REMUNERATION OF AUDITORS**

Amounts received or due and receivable by the auditors for:		
- auditing the financial report	24,000	22,000
- other services	5,000	7,600
- less donation	(5,000)	(4,000)
Total Auditors' Remuneration	24,000	25,600

**NOTE 13: ADDITIONAL INFORMATION FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 OF NSW**

Reportable fundraising refers to "fundraising appeal" as referred to and defined in sections 3, 4 and 5 of the *Charitable Fundraising Act 1991*.

Non-reportable fundraising refers to all other fundraising income which is not included under these sections of the *Charitable Fundraising Act 1991*.

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

	2011 \$	2010 \$
<b>NOTE 13: ADDITIONAL INFORMATION FURNISHED UNDER THE CHARITABLE FUNDRAISING ACT 1991 OF NSW (Continued)</b>		
<b>(a) Details of aggregate gross income and total expenses in fundraising appeals</b>		
Gross proceeds:		
Donations	526,756	426,774
Special events	132,163	17,876
Gross proceeds from fundraising appeals	<u>658,919</u>	<u>444,650</u>
Total expenditure:		
Donations	222,945	172,954
Special events	47,557	329
Total costs of fundraising appeals	<u>270,502</u>	<u>173,283</u>
Net surplus from fundraising appeals	<u>388,417</u>	<u>271,367</u>

**(b) Application of funds for charitable purposes**

During the year the entity achieved a net surplus of \$388,417 (2010: \$271,367) from fundraising activities defined under the Charitable Fundraising Act. This surplus contributed towards funding the following program operating deficits:

- Community education, awareness and social research	557,133	471,210
- Policy and advocacy	155,896	158,261
- Helpline and counselling	160,723	44,442
- Library and information services	173,342	112,554

**(c) Fundraising appeals conducted during the financial year**

During both the 2010/2011 and the 2009/2010 financial years direct mail appeals were held in September (Spring), November (Christmas), March (Easter) and May (Tax appeal) plus in August 2010 an additional (non-event) appeal was held.

**(d) Gross comparisons including fundraising not covered by the Charitable Fundraising Act**

	Cost \$	Income \$	2011 %	2010 %
Total cost of reportable fundraising/Gross proceeds from reportable fundraising	270,502	658,919	41%	39%
<i>Non-reportable:</i>				
Bequests	4,338	374,066	1%	0%
Other Donations	411,908	599,032	69%	53%
Other Fundraising	62,828	125,882	50%	62%
Total cost of all fundraising/Gross proceeds from all fundraising	749,576	1,757,899	43%	12%

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

**NOTE 13: ADDITIONAL INFORMATION FURNISHED UNDER THE CHARITABLE  
FUNDRAISING ACT 1991 OF NSW (Continued)**

**(e) Gross comparisons of monetary figures and percentages**

	Cost \$	Expenditure/ Income \$	2011 %	2010 %
Total cost of reportable fundraising/ Gross proceeds from reportable fundraising	270,502	658,919	41%	39%
Net surplus from reportable fundraising/ Gross proceeds from reportable fundraising	388,417	658,919	59%	61%

*NB: Reportable fundraising excludes donations from members, unsolicited donations and bequests.*

**(f) Service delivery cost ratios**

<i>Expenditure ratio</i>				
= Total cost of services/Total operating Expenditure	5,840,007	7,399,450	79%	80%
<i>Income ratio</i>				
= Total cost of services/Total operating Income	5,840,007	7,259,287	80%	84%

*NB: Operating income excludes bequests and realised investment gains/losses.*

*NB: Cost of services includes all costs related to providing services to people living with dementia.*

**NOTE 14: RELATED PARTIES**

**Board of Directors**

The names of each person holding the position of members of the Board of Directors of the entity during the year are as follows:

Professor Peter Baume AC (Chairman)	Ms Gabrielle Kibble AO (appointed 29 July 2010)
Mr Alistair Bell	Mr John Morrison
Ms Lucille Bloch	Mr Nicholas O'Neill
Professor Maree Gleeson	Ms Catharine Retter
Mr Barry Groundwater	Ms Eesvarathevi (Eesa) Witt
Mr Ian Horton	Dr Theam (Robert) Yeoh AM

The members of the Board of Directors did not receive any remuneration, superannuation or retirement payments from the entity. No member of the Board of Directors has entered into a material contract with the entity since the beginning of the financial year and there were no material contracts involving their interests at year end.

During the year ended 30 June 2011, the company received donations totalling \$14,983 on behalf of Alzheimer's Australia Research Limited, for whom Mr John Morrison acts as a Board member, and the representative of Alzheimer's Australia NSW, and in which Alzheimer's Australia NSW has no direct or indirect interest.

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

**NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION**

**Key Management Personnel**

**(a) Directors**

No Director received remuneration of any form for the financial years ended 30 June 2011 and 30 June 2010. For a list of Directors refer to note 14 - Board of Directors

**(b) Other Key Management Personnel**

John Watkins (Chief Executive Officer)

Brian Daniels (Fundraising and Community Relations Manager) - resigned 30 August 2010

Robyn Faine (Manager, Services)

Lisa Langlely (Manager Policy and Advocacy) - resigned 20 July 2011

Andrew Mills (Marketing & Communications Manager)

Saleemeh Moussa (Human Relations Manager) - resigned 9 September 2011

Susan Sackville (Manager Corporate Services)

	<b>Salary, Fees and Benefits</b>	<b>Superannuation Contribution</b>	<b>Total</b>
	\$	\$	\$
2011			
Total compensation	<u>717,374</u>	<u>117,175</u>	<u>834,549</u>
2010			
Total compensation	<u>707,632</u>	<u>113,884</u>	<u>821,516</u>

**NOTE 16: FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Policies**

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and trade payables.

The main risks the company is exposed to through its financial instruments are liquidity risk and price risk.

The entity does not have any derivative instruments at 30 June 2011.

(l) *Financial Risk Exposures and Management*

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and price risk.

*Interest rate risk*

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, are included under the appropriate note for that instrument.

*Foreign currency risk*

The entity is not exposed to fluctuations in foreign currencies.

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

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**NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Financial Risk Management Policies (Continued)**

*Liquidity risk*

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

At 30 June 2011 there was an unutilised business line of credit facility of \$494,512 with the company's bankers. This facility was closed on 24 August 2011.

*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, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial instruments. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

There are no material amounts of collateral held as security at 30 June 2011.

Credit risk is managed by the entity and reviewed regularly by the audit and risk committee. It arises from exposures to customers as well as through deposits with financial institutions.

The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- \* Only banks and financial institutions with an "A" rating or better are utilised.
- \* Only accredited fund managers linked to "A" rated or better financial institutions are used.
- \* No more than 10% of total equity investments may be held at one time in a particular equity investment.
- \* The credit standing of counterparties is reviewed on a regular basis monthly for liquidity and credit risk.

The trade receivables balances at 30 June 2011 and 30 June 2010 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

*Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

An Investment Advisory Committee meets on a regular basis to evaluate investment portfolio holding strategies in the context of the most recent economic conditions and forecasts and to recommend changes to portfolio appropriations and opportunities.

**(b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

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

**NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Financial Instrument Composition and Maturity Analysis (Continued)**

	Floating Interest Rate		Non Interest Bearing		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Financial Assets</b>						
Cash at bank	2,818,459	1,885,627	114,744	609,302	2,933,203	2,494,929
Cash on hand	-	-	3,550	3,100	3,550	3,100
Receivables	-	-	240,701	158,956	240,701	158,956
Financial assets	4,142,302	1,120,499	3,166,985	4,284,865	7,309,287	5,405,364
<b>Total financial assets</b>	<b>6,960,761</b>	<b>3,006,126</b>	<b>3,525,980</b>	<b>5,056,223</b>	<b>10,486,741</b>	<b>8,062,349</b>

The break down of cash at bank, which includes at call accounts, cash management accounts and bank bills is included in note 4, which also includes the weighted average interest rates.

The break down of investments, which includes fixed term securities (weighted average interest rate of 5.15%) and treasury bonds (weighted average interest rate of 6.25%) is included in note 7. Investments in listed corporations are included above under non interest bearing, whereas they provide investment income in the form of dividends, distributions and variable interest rates.

**Financial liabilities**

Trade payables	-	-	43,218	47,734	43,218	47,734
Sundry payables and accruals	-	-	592,106	342,276	592,106	342,276
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>635,324</b>	<b>390,010</b>	<b>635,324</b>	<b>390,010</b>

**(c) Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:



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

NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)

(c) Net Fair Values (Continued)

	2011		2010	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
<b>Cash and Cash Equivalents</b>				
Cash and cash equivalents	2,933,203	2,933,203	2,494,929	2,494,929
<b>Financial assets</b>				
Available-for-sale listed financial assets at fair value (Level 1)	3,166,985	3,166,985	4,284,865	4,284,865
<i>Held to maturity</i>				
State government treasury bonds	401,488	401,488	406,156	406,156
Term deposits	3,626,668	3,626,668	650,000	650,000
Monthly Income Fund	49,803	49,803	-	-
Fixed term securities	64,343	64,343	64,343	64,343
Total Held to maturity	4,142,302	4,142,302	1,120,499	1,120,499
<b>Total financial assets</b>	<b>7,309,287</b>	<b>7,309,287</b>	<b>5,405,364</b>	<b>5,405,364</b>

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of the available-for-sale listed financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

**Sensitivity analysis**

*Interest rate risk and price risk*

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on current year results and members' funds which could result from a change in the risk.

As at 30 June 2011, the effect on surplus and members' funds as a result of changes in the interest rate and market value, with other variables remaining constant, would be as follows:

	2011	2010
	\$	\$
<b>Change in surplus</b>		
- Increase in interest rate by 1%	60,400	52,000
- Decrease in interest rate by 1%	(60,400)	(52,000)
<b>Change in members' funds</b>		
- Increase in market value by 5%	158,300	214,243
- Decrease in market value by 5%	(158,300)	(214,243)

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

**NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)**

**Sensitivity analysis (continued)**

	2011	2010
	\$	\$
<b>Change in members' funds</b>		
- Increase in interest rate by 1%	60,400	52,000
- Decrease in interest rate by 1%	(60,400)	(52,000)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed for foreign exchange risk, as the entity is not exposed to fluctuations in foreign exchange.

**NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no material events that would significantly affect the accounts of the company in an adverse manner.

The market value of investments in listed corporations at date of signing is \$2,779,056.

**NOTE 18: CONTINGENT LIABILITIES**

The company is not subject to any material contingent liabilities at reporting date.

**NOTE 19: LEASE COMMITMENTS**

Lease payments on rented property during the financial year were \$285,523 (2010: \$435,433) with future annual commitments of \$922,360 (2010: \$1,137,169) of which \$267,758 is for the 2011/2012 financial year, with projected increases to \$246,168 for the 2014/2015 financial year for long-term leases.

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with an original five-year term for the major property lease. No further capital commitments exist in regards to the operating lease commitments at year-end. Increase in lease commitment may occur in line with CPI, with such estimated increases factored in.

In addition the equipment lease commitment is a non-cancellable operating lease contracted for but not capitalised in the financial statements with a four-year term. Future commitments total \$5,157, of which \$4,761 is for the 2011/2012 financial year.

**NOTE 20: INVESTMENT REVALUATION RESERVE**

The investments revaluation reserve records revaluation increments and decrements, that do not represent impairment write-downs, that relate to financial assets that are classified as available-for-sale.

**NOTE 21: ASSET REVALUATION RESERVE**

The asset revaluation reserve records increments and decrements in the fair value of buildings owned by the company, which are valued by an independent valuer every 3 to 4 years.

**NOTE 22: ENTITY DETAILS**

The registered office and principal place of business of the company is:

Alzheimer's Australia NSW  
Building 21, Macquarie Hospital Campus, 120 Cox's Road  
(Cnr Norton Road)  
NORTH RYDE NSW 2113

**NOTE 23: MEMBERS' GUARANTEE**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any outstanding and obligations of the entity. At 30 June 2011 the number of members was 2,840 (2010: 2,941).

**ALZHEIMER'S AUSTRALIA NSW  
ABN 27 109 607 472**


**DIRECTORS' DECLARATION**

In the opinion of the Directors of the company:

- the attached financial statements and notes, as set out on pages 11 to 33 comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with the accounting policies as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

Director  .....  
The Hon. Prof Peter Baume AC

Director  .....  


Dated at North Ryde this 20th day of September 2011



Chartered Accountants  
& Business Advisers

**INDEPENDENT AUDITOR'S REPORT  
TO THE DIRECTORS OF ALZHEIMER'S AUSTRALIA NSW**

**Report on the Financial Report**

We have audited the accompanying financial report of Alzheimer's Australia NSW, which comprises the statement of financial position as at 30 June 2011, 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' declarations.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

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

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### *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 Alzheimer's Australia NSW, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

the financial report of Alzheimer's Australia NSW is in accordance with the *Corporations Act 2001* including:

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

### **Report on Other Legal and Regulatory Requirements**

We also report that:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2011, as required by the *Charitable Fundraising Act 1991*;
- (b) the accounting and associated records of the Alzheimer's Australia NSW have been kept in accordance with the *Charitable Fundraising Act 1991* and the Regulations for the year ended 30 June 2011;
- (c) money received as a result of fundraising appeals conducted by the Alzheimer's Australia NSW during the year ended 30 June 2011 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the Regulations; and
- (d) at the date of this report, there are reasonable grounds to believe that the Alzheimer's Australia NSW will be able to pay its debts as and when they fall due.



**PKF**



**John Bresolin**  
**Partner**

27 September 2011  
Sydney